



**REGULATIONS OF THE BOARD OF  
DIRECTORS**

**AMREST HOLDINGS, SE**

*(Last amended on 14 December 2022)*



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## TITLE I - INTRODUCTION

### **Article 1.- Purpose of the Regulations**

1. These Regulations (the “**Regulations**”) are approved by the Board of Directors of AmRest Holdings, SE (the “**Company**”). Their purpose is to specify the Board of Directors’ principles for action, the basic rules of its organisation and functioning and the rules of conduct for its members. The Regulations seek to achieve the greatest transparency, effectiveness, motivation, supervision and control of the Board of Directors in its management and representation functions regarding the corporate interests.
2. These Regulations have been drafted in accordance with the good governance recommendations generally recognised in international markets.

### **Article 2.- Scope of application**

1. These Regulations apply to the Board of Directors, its representative decision-making bodies (whether constituted by one or more people), its internal committees, as well as to all the members that make up those bodies.
2. The persons to whom these Regulations apply will have the duty to get to know them, comply with them, and enforce them. For this purpose, the Secretary of the Board of Directors shall provide them with a copy, notwithstanding their publication on the Company’s corporate website.

### **Article 3.- Priority and interpretation**

1. These Regulations further develop and supplement the law and bylaws applicable to the Board of Directors, which prevail in the event of any conflict with the provisions set forth herein and should be interpreted in accordance with the legal and Statutory applicable provisions.
2. As a general rule, the Secretary of the Board of Directors, following consultation with the Chairman should the Secretary consider it necessary, is responsible for resolving queries arising from the application of these Regulations pursuant to the general criteria of interpretation of the law.
3. Notwithstanding the foregoing, directors may submit their queries to the Board of Directors for its opinion, which will prevail.

### **Article 4.- Modification**

1. The modification of the present Regulations must be initiated at the proposal of the Chairman of the Board of Directors, the Appointments, Remuneration and Corporate Governance Committee or one third of the Board of Directors members. The proposed modification must include a report justifying the reform.
2. The proposed modifications must be informed by the Appointments, Remuneration and Corporate Governance Committee, unless the proposals come from that committee.



3. Modifications to the Regulations must be approved by the majority of the Board of Directors' members.
4. The Board of Directors shall report on the modifications to these Regulations that, as the case maybe, it may approve, at the first General Shareholders' Meeting to be held after such modifications.

## **TITLE II – FUNCTIONS AND POWERS OF THE BOARD OF DIRECTORS**

### **Article 5.- Board of Directors' general functions**

1. Except for those matters reserved by law or the bylaws to the competence of the General Shareholders' Meeting, the Board of Directors is the Company's supreme decision-making body.
2. The Board of Directors must perform its duties with unity of purpose and independent judgement, treating all shareholders in the same position equally. It should be guided, at all times, by the Company's best interests, understood as the creation of a profitable business that promotes its sustainable success, while promoting its continuity and maximising its economic value over time.
3. Furthermore, the Board of Directors shall aim that the Company complies with all applicable laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; acts based on ethics; respects the rules, customs and good practice of the industries and territories in which it operates.
4. The Board of Directors is responsible for the governance, management and administration of the Company's business and interests, in all aspects not specifically reserved by law or the Bylaws to the competence of the General Shareholders' Meeting. This notwithstanding, it will generally entrust the management of the Company's day-to-day affairs to the executive team and concentrate its activities on supervising and considering any affairs that are particularly important to the Company. Despite this, all powers established as not delegable by law or the Bylaws, or the Regulations of the Board of Directors, will be reserved to, and dealt with directly by, the Board of Directors.
5. The Board of Directors also exercises the Company's organic representation in the terms established by law and the bylaws. Should the Board delegate or assign this power of representation to one or several directors, the director(s) must notify the Board of Directors of any actions taken in exercise of the power that go beyond the ordinary administration.

### **Article 6.- Powers reserved to the Board of Directors**

1. Notwithstanding the powers of representation and execution granted to the Chairman in the Bylaws and any powers of attorney or delegations granted directly by the Company, the following powers, among others, shall be within the exclusive authority of the Board of Directors, in addition to the powers that may not be delegated in accordance with the applicable regulations:

- (i) Call the General Shareholders' Meeting, prepare the agenda, and approve any proposals that directors submit for its consideration.
- (ii) Prepare the Company's annual accounts and management report and those of the consolidated group and submit them to the General Shareholders' Meeting.
- (iii) Approve the policies and general strategies of the Company and of the group of companies of which the Company is the parent (the "**Group**"), such as:
  - The Group's strategic plan (and its term), management objectives and annual budgets;
  - The investment (including the financial ones) and financing policy;
  - The conflict of interest policy;
  - The corporate governance policy;
  - The corporate social responsibility and sustainability policy;
  - The senior management remuneration policy;
  - The powers of attorney policy;
  - The control and risk management policy, including taxation, and supervision of the internal information and control systems;
  - The dividend policy, as well as the treasury stock policy;
  - The policy regarding the communication of economic-financial, non-financial and corporate information and communication with stakeholders;
  - The diversity policy relating to the Board of Directors and the selection of directors;
  - The definition of the corporate group's structure, of which the Company is the parent; and
  - The Company's tax planning strategy.
- (iv) Adopt the following decisions regarding appointments and remuneration:
  - Appoint directors in the event of vacancies, until the General Shareholders' Meeting next meets;
  - Appoint and remove the Chairman, Secretary and Vice-Secretary of the Board of Directors and the directors who are to sit on the different committees contemplated in these Regulations;
  - Appoint and remove the Chief Executive Officers, as well as the establishment of the conditions of their contracts, and assign and revoke any other executive duties in respect of a Board of Directors member;
  - Determine directors' remuneration for the performance of their duties, including those within the statutory framework, the remuneration policy of the directors, and the ceiling set by the General Shareholders' Meeting;

- Define executive directors’ remuneration package, for performance of their executive duties, in accordance with the Bylaws and the directors’ remuneration policy, and approve the remaining terms and conditions of their contracts;
  - Appoint and dismiss executives who directly report to the Board of Directors or its members, and establish the basic conditions of their contracts, including their remuneration and powers.
- (v) Oversee the effective operation of the committees and the actions of the delegated bodies and the designated executives.
- (vi) Oversee the process for preparing and disclosing, as well as the formulation, mandatory financial information and the management report, which shall include, when applicable, mandatory non-financial information.
- (vii) Approve the financial information, which as a listed Company, must periodically disclose to the public, as well as any other financial information of significance that the Company makes public.
- (viii) Approve the following investments and transactions, except when the General Shareholders’ Meeting is responsible for such approval, and without prejudice of the Board’s ability of delegation and substitution:
- Incorporation of companies and entities or initial acquisition of stakes in existing companies or entities, contribution and donation to foundations, or other contributions of any nature to any person or entity not included in the Group.
  - Creation or acquisition of shareholdings in special purpose entities, or those registered in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the Company’s transparency and that of its Group.
  - Mergers, takeovers, demergers, disposal of assets and liabilities or concentrations of strategic importance in which any relevant company, in which any of the Group’s companies holds a direct stake, is interested.
  - Related party transactions, after a report from the Audit and Risk Committee, of upon the terms set forth in Article 24 bis of these Regulations, unless approval is reserved to the shareholders at the General Shareholders’ Meeting. The Board of Directors of the Company may delegate the approval of transactions between companies forming part of its Group that are executed within the scope of day-to-day management and on arms-length terms, as well as transactions concluded pursuant to contracts with standardized terms that apply generally to a large number of customers, are carried out at generally established prices or rates, and the amount of which does not exceed 0.5% of the net revenue of the Company, determined in accordance with the calculation rules provided for by law.
  - Transactions related to the trademarks owned by the Group, or by third parties managed by the Group; management of the development and master franchise



agreements of the Group; advice and support to investee companies or those companies with which the Company cooperates by virtue of contractual relationships such as development, master franchise and similar agreements.

- Sale of shares in companies or other fixed assets.
  - Issue of bonds and other securities, according to the laws and Bylaws.
  - Any investments or transactions, which due to their amount or special features, are of strategic importance or pose special tax risks. In particular, any transaction the amount of which exceeds 10% of the consolidated net equity according to the last approved financial statements, or any transaction which represents an indebtedness of the Group with an amount of 10 million euros or more.
  - Any transactions related to real estate properties (sale and purchase, lease or any other way of transfer), carried out by the Company or any Group's entity, other than following the development of the ordinary business of the Company.
  - Signing of long-term and joint ventures agreements, of commercial, industrial or financial character of strategic importance for the group.
- (ix) The annual assessment of the functioning of the Board of Directors and its committees and the approval, based on their respective results, of the appropriate actions aimed at correcting any deficiencies detected.
- (x) Prepare any kind of report, as may be required by law of the Board of Directors, provided the operation to which the report refers cannot be delegated.
- (xi) Exercise the powers delegated by the General Shareholders' Meeting, unless the Board of Directors has been expressly authorised to sub-delegate them.
- (xii) On a case-by-case and exceptional basis, authorize or waive obligations arising from the duty of loyalty set forth in the law and the Company's internal regulations.
- (xiii) Decide on any other item or matter exclusively reserved in these Regulations for approval by the Board of Directors.
2. Notwithstanding the above, under urgent and duly justified circumstances, and as permitted by law, decisions regarding the above matters may be made by the delegated bodies or persons but must be ratified at the first meeting of the Board of Directors held after the decision is made.

### **TITLE III – COMPOSITION OF THE BOARD OF DIRECTORS**

#### **Article 7.- Number of directors**

1. In accordance with what is set out in the Bylaws, the Board of Directors will be comprised of at least five and, at most, fifteen members.
2. The Board of Directors will propose, to the General Shareholders' Meeting, the number of directors that it deems most appropriate to ensure proper representation and effective



functioning of the Board, based on the Company's existing circumstances and the terms set out in the Bylaws.

**Article 8.- Classes of directors**

1. Directors who perform management duties within the Company or its Group, whatever legal relationship they maintain, will be deemed executive directors.
2. All other Company directors, whether proprietary, independent, or other external directors, shall be deemed non-executive directors, in accordance with the law and other applicable regulations.
3. The Board of Directors will endeavour to ensure that the number of executive directors is the minimum necessary, taking into account the Group's complexity, the percentage of interest held by executive directors in the Company's share capital, and that at least one third of the members of the Board of Directors are independent directors. The relationship between the number of proprietary directors and the total number of non-executive directors will attempt to reflect, as far as possible, the ratio of the Company's voting share capital represented by proprietary directors to the rest of the share capital.
4. The Board of Directors will justify each director's position at the General Shareholders' Meeting at which their appointment is to be made or ratified. The position will be maintained or, where applicable, modified annually, by the Board of Directors after being verified by the Appointments, Remunerations and Corporate Governance Committee and will be reported in the annual corporate governance report.

**Article 9.- Appointment and re-election of directors**

1. Directors will be natural persons appointed by the General Shareholders' Meeting or by the Board of Directors, pursuant to the law and the diversity policy relating to the Board of Directors and the selection of directors.
2. The proposals for the appointment, re-election and ratification of directors submitted by the Board of Directors for consideration by the General Shareholders' Meeting, and the Board of Directors' decisions in the exercise of its legally assigned power to make interim appointments to fill vacancies, shall be preceded by the following documents:
  - (a) The Appointments, Remuneration and Corporate Governance Committee's proposal, for independent directors.
  - (b) A report from such committee, for all other directors.
3. The Board of Directors shall aim that the procedures for selecting directors favor diversity and are free from implicit biases that might imply any discrimination.
4. Any director may request the Appointments, Remunerations and Corporate Governance Committee to consider, should they deem them suitable, potential candidates to fill director vacancies.
5. If the Board of Directors deviates from the recommendations made by the Appointments, Remunerations and Corporate Governance Committee, it must give reasons for doing so and record the reasons in the minutes.



6. The proposals must be accompanied by an explanatory report prepared by the Board of Directors, evaluating the competency, experience and merits of each candidate proposed, which will be added to the General Shareholder's Meeting minutes or those of the Board of Directors. In the case of re-election or ratification, such report or proposal of the Appointments, Remunerations and Corporate Governance Committee shall contain an evaluation of the work and level of commitment to the position during which the proposed director's most recent tenure.
7. If the vacancy arises after the General Shareholders' Meeting has been called but before it is held, the Board of Directors may appoint a director until the next General Shareholders' Meeting is held.

#### **Article 10.- Term of directors' office**

1. Directors will exercise their office for a four-year term, and may be re-appointed for one or more additional periods of the same maximum duration. Once the period has expired, the appointment will be terminated when the next General Shareholders' Meeting is held, or when the legal period for holding the Meeting that must approve the previous year's annual accounts has elapsed.
2. A director who finishes his term of office, or who, for any other reason, ceases to hold office, may not, for a period of two years, begin to render services to another entity that has a similar or analogous corporate purpose to that of the Company or to that of any of the companies comprising the Group or competing with the Company.

The Board of Directors, if it deems it appropriate, may exempt the outgoing director from this obligation or shorten the period of its duration.

#### **Article 11.- Removal of directors**

1. Directors will be terminated from their position in the following circumstances: when decided by the General Shareholders' Meeting, when they notify the Company of their resignation and at the expiration of the period for which they were appointed. The effective date of termination in this last case shall be the date of the first General Shareholders' Meeting.
2. Directors shall make their position available to the Board of Directors and formalise, if the Board considers it appropriate, the relevant resignation in the following cases: (a) when they cease to hold the executive positions to which their appointment as director was associated; (b) when they are involved in any of the situations deemed to be incompatible or prohibited according to law; (c) when they have committed a serious violation of their obligations as director; (d) when remaining on the Board of Directors may endanger the Company's interests, generate a situation of structural conflict of interest or when there are situations affecting them, whether or not related to their conduct within the Company itself, that may adversely affect the credit and reputation thereof; or e) when the reasons for which they were appointed disappear (for example, when proprietary directors transfer or reduce their shareholding in the Company).
3. In this regard, the directors must report to the Board of Directors any situation affecting them, whether or not related to their conduct within the Company itself, that may



adversely affect the credit or reputation thereof and, in particular, of any criminal cases in which they are under investigation, as well as the progress of any such legal proceedings.

Having been notified or otherwise become aware of any of the circumstances mentioned in the preceding paragraph, the Board of Directors shall examine the case as soon as possible and, based on the specific circumstances, and after a report from the Appointments, Remunerations and Corporate Governance Committee, shall decide, whether or not to take any action, such as opening an internal investigation, requesting the resignation of the director or proposing his or her removal to the next General Shareholders' Meeting. Any such matter shall be included in the annual corporate governance report, unless special circumstances justify otherwise, which circumstances must be recorded in formal minutes. Those obligations shall be without prejudice to any information that the Company must disseminate when any such measures are adopted.

4. Without prejudice to the provisions of the preceding section, the Board of Directors will not propose the removal of any independent director before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a previous report from the Appointments, Remuneration and Corporate Governance Committee. In particular, just cause will be presumed to exist when: directors take up new posts or responsibilities that prevent them from allocating sufficient time to their work as a Board member, are in breach of their fiduciary duties, or fall under one of the disqualifying grounds for classification as independent, established in the 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 the changes to the structure of the Board of Directors promotes the proportionality criterion set out in the good governance recommendations adopted by the Company.

5. In the event of the removal of a director before their tenure expires -whether by resignation or by resolution of the General Meeting- the director should state the reasons for this decision or their opinion of the reasons for the General Meeting resolution (in the case of non-executive directors), in a letter to be sent to all members of the Board of Directors.

Without prejudice to the disclosure in the annual corporate governance report, to the extent that it is relevant to investors, the Company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.

## **TITLE IV – OPERATION OF THE BOARD OF DIRECTORS**

### **Article 12.- Notice of call and venue**

1. The Board of Directors shall approve an annual calendar of its meetings, with provisional dates and agendas for the relevant matters to be dealt with at each meeting. These must be held with the necessary frequency to effectively perform its functions and at a minimum on a quarterly basis. The calendar may be amended by resolution of the Board



of Directors itself, or by decision of the Chairman of the Board of Directors, in which case the directors shall be made aware of the amendment as soon as practicable.

The Board of Directors shall meet as often as called by the Chairman or acting Chairman and also when so requested by at least one third of its members, or by the lead independent director, if any, in which case it must be called by order of the Chairman or the lead independent director. Meetings of the Board of Directors may also be called at a previous meeting.

2. If, after requesting the Chairman to convene a meeting no such meeting is called within a month and no justified reason is provided, one third of the members of the Board of Directors may call a Board meeting to be held in the municipal area of the Company's registered office, indicating the agenda items.
3. As an exception, provided no directors object, the Board of Directors may adopt written resolutions, without meeting. In this case, directors may send their votes and any comments they wish to be recorded in the minutes by e-mail or by any means of communication, providing evidence of receipt.
4. The Board of Directors may meet simultaneously in separate assembly halls, so long as audio visual, telematic and telephone equipment is provided to ensure real-time inter-communication and interactivity and consequently guarantee the meeting's continuity. In this case, the communication system will be stated in the call of the meeting and, if appropriate, the location of the necessary technical equipment for attending and participating in the meeting will be made available, so that all attendees are able to access them. The Secretary of the Board of Directors shall acknowledge the identity of the attendees, expressing it in the minutes, and the resolutions will be deemed adopted at the registered office.
5. The call of the ordinary sessions shall be carried out at least three working days prior to the date scheduled for the meeting to be held, using any written means, including email or outlook calendar invitation, or by any means of communication providing evidence of receipt thereof, addressed personally to each director by the Chairman of the Board of Directors, or by the Secretary or Vice Secretary of the Board of Directors by order of the Chairman.

The call shall contain the agenda, without prejudice to the possibility of holding meetings with an open agenda. The agenda shall clearly indicate the items which the Board of Directors must make a decision or adopt a resolution.

When circumstances so require, the Chairman of the Board of Directors may call a Board meeting, by any means of communication providing evidence of receipt thereof, addressed personally to each director, and on an extraordinary basis, without respecting the period of notice or the other requirements indicated in the previous section.

6. The relevant documentation for each meeting (agenda, presentations, reports, minutes of previous meetings and other supporting documentation) shall be provided to the directors, among other possible means to ensure its receipt, through an application that the Company shall make available to the directors (the "Application"), with the same advance



notice indicated in the preceding section, without prejudice to the conservation and custody of such documentation by the Secretary.

7. Meetings will normally be held at the registered office but may be held anywhere else as decided by the Chairman and indicated in the call of the meeting.

#### **Article 13.- Procedure for meetings**

1. Board meetings shall be quorate when attended by more than one half of its members, in person or by proxy.
2. Notwithstanding the foregoing, the Board of Directors will also be quorate without prior notice of call, when the totality of its members attends the meeting, whether in person or represented.
3. Directors should attend the sessions held in person. When this is impossible for them, they may, using any written means including email and for that session alone, delegate their representation to another director, indicating, to the extent practicable, the appropriate instructions. This representation will be notified to the Chairman or to the Secretary of the Board of Directors. A single director may hold several representations. Non-executive directors may only delegate their representation to another non-executive director.
4. At the proposal of the Chairman of the Board of Directors, the Company's executives shall attend the meetings of the Board of Directors whenever their participation is necessary or appropriate, to report on matters within their competence.
5. Resolutions will be adopted by an absolute majority of the directors that are present, unless the law, the Bylaws or these Regulations specifically require a supermajority, In case of a tie, the Chairman shall have the deciding vote.
6. When directors cannot exercise the right to vote upon a matter due to prohibition by law or the Bylaws, the quorum of attendance for the Board of Directors sessions will be reduced by the number of directors affected by the prohibition, and the majority necessary to adopt a resolution will be calculated on the basis of the quorum so reduced.
7. Exceptionally, for reasons of urgency, the Chairman may submit decisions or resolutions that were not on the meeting agenda to the Board of Directors for approval, in which case the majority of directors present must provide prior consent to their inclusion on the agenda, which must be duly recorded in the meeting minutes.
8. The Secretary shall prepare minutes of each meeting and of the resolutions adopted. The minutes shall be approved by the Board of Directors at the same meeting or at a subsequent meeting, and a copy shall be made available to the directors at the Application.



## TITLE V – STRUCTURE OF THE BOARD OF DIRECTORS

### Chapter I. Internal positions on the Board of Directors

#### Article 14.- Chairman of the Board of Directors

1. The Chairman of the Board of Directors shall be responsible, among others, for the following:
  - (a) To institutionally represent the Company and its Group, notwithstanding the powers corresponding to the Board of Directors in this area.
  - (b) To ensure legitimacy in the Board's decision-making procedures and control that sufficient powers have been delegated to the Company's executives.
  - (c) To ensure that the Board of Directors has a central and constructive position in the development and determination of the strategies and the global commercial objectives of the Group.
  - (d) To call Board of Directors' meetings, establish the items on the agenda, and lead their functioning, promoting the regularity and frequency of its meetings.
  - (e) To verify that the Board's agenda items take into account those matters relevant for the Company and its Group, as well as the directors' concerns.
  - (f) To ensure that the directors receive sufficient information in advance to deliberate on the items on the agenda.
  - (g) To facilitate the effective contribution of the non-executive directors and the constructive relationship between them and the executive directors, as well as enabling the directors' involvement generally, organizing and stimulating discussions, seeking and promoting the active participation of all the directors in the discussions, safeguarding their ability to freely take positions.
  - (h) To ensure that the Board of Directors receives precise, relevant and clear information about the functioning, objectives, strategies and results of the Group and about the matters reserved to it for decision.
  - (i) To identify and secure the development needs of individual directors as well as of the Board of Directors as a whole, with the assistance of the Secretary of the Board of Directors.
  - (j) To coordinate the work performed by the different committees of the Board of Directors and regular assessments of the Board of Directors and its members.
  - (k) To act as an information channel – providing the means and resources required to do so – between the Board of Directors, its committees, the directors and the managers and employees of the Company and, in general, within the Company's Group.
  - (l) To promote, with the assistance from the Secretary of the Board of Directors, the highest standards of integrity, probity and corporate governance in the whole Group, and, especially, regarding the Board of Directors.



- (m) To endorse the minutes, certificates and other documents related to the resolutions of the General Shareholders' Meeting, the Board of Directors and, if applicable, the committees that he/she chairs.
2. The Chairman can be re-elected as a member of the Board of Directors, by a resolution of the General Shareholders' Meeting, and thereby continue as Chairman without the need for a new election, notwithstanding the Board's power to remove him/her.
3. The Board of Directors shall appoint a Vice-Chairman to assist the Chairman of the Board of Directors or replace him/her in the event of delegation, absence, impossibility or indisposition and in any other circumstance in which the Chairman is unable to perform his/her duties.
4. The Vice-Chairman can be re-elected as a member of the Board of Directors, by a resolution of the General Shareholders' Meeting, and thereby continue as Vice-Chairman without the need for a new election, notwithstanding the Board's power to remove him/her.

#### **Article 15.- Secretary of the Board of Directors**

1. The Secretary shall ensure: the formal and substantive legality of all actions taken by the Board of Directors; observance of the good governance recommendations adopted by the Company; and observance and regular review of governance procedures and rules.  
The Secretary must organise and ensure the sending of the notice of call for the Board of Directors' meetings. The Secretary is also responsible for keeping and safeguarding the relevant documentation made available to the Board Members for each meeting.
2. The Board of Directors may appoint a Vice-Secretary to assist the Secretary of the Board of Directors or replace him/her when he/she is absent, unable to act or ill.
3. Should the Secretary and the Vice-Secretary of the Board of Directors be absent, unable to act or are ill, they may be replaced by the director appointed by the Board of Directors from one of the directors present at the meeting in question.
4. The Secretary and, if applicable, the Vice-Secretary of the Board of Directors, may or may not be directors.
5. The Secretary of the Board of Directors will also act as the secretary of all the Board's committees.

#### **Article 16.- Lead Independent Director**

1. The Board of Directors will appoint a Lead Independent Director among its independent directors, who will be specifically empowered to:
  - (a) Request the call of the Board of Directors or the inclusion of new items on the agenda in a session of the Board of Directors which has already been called;
  - (b) Chair the Board of Directors in the absence of the Chairman and the Vice-Chairman;



- (c) Give voice to the concerns of the non-executive directors, in particular those of the independent directors, and to coordinate and convene them when he/she deems it appropriate;
  - (d) Lead the regular assessment of the Chairman of the Board of Directors and coordinate, as the case may be, the process of his/her succession; and
  - (e) Maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those regarding the Company's corporate governance .
2. The Lead Independent Director shall report annually to the Board of Directors.
  3. The Lead Independent Director will be appointed for an indefinite term and with the executive directors' abstention.

## **Chapter II. Delegated and Advisory Bodies**

### **Article 17.- Committees of the Board of Directors**

1. Notwithstanding the delegations of powers made on an individual basis, where applicable, in favour of the Chairman of the Board of Directors or any other director, and of its power to create Delegated Committees for specific activity areas, the Board of Directors must create, and delegate general decision powers to, an Executive Committee.
2. The Board of Directors may also create committees with supervisory, information, advisory and proposal powers in the areas within its responsibility. In any case, the Board must create an Audit and Risk Committee, an Appointments, Remuneration and Corporate Governance Committee and a Sustainability, Health and Safety Committee.
3. In order to facilitate an appropriate and fluid relationship with the Company, each committee may have an assigned executive (the "**Assigned Executive**") responsible for coordinating access to and channelling of the relevant information for each meeting, who shall attend the committee meeting as a permanent guest. In any case, the Assigned Executive shall be absent from the meeting when, due to the nature of the matters to be discussed, the Chairman of the committee deems it appropriate.
4. The meetings of each committee may also be attended by any person it deems appropriate, at the invitation of its Chairman and under the terms established by the committee. Their participation shall be strictly limited to those items on the agenda to which they are called.
5. The matters dealt with by the committees shall be fully reported at the first meeting of the Board of Directors following their meetings in order for it to be informed of such matters in the exercise of its powers. Likewise, minutes of the committees shall be available in all cases to the members of the Board of Directors for examination.

### **Article 18.- Executive Committee**

1. The Executive Committee consists of a minimum of three and a maximum of five directors. At least two must be non-executive directors, including at least one independent.



2. At least two-thirds of Board of Directors members actually in office must vote in favour to appoint members of the Executive Committee.
3. The Chairman and Secretary of the Board of Directors shall be Chairman and Secretary, respectively, of the Executive Committee, which may also be attended by the Vice-Secretary.
4. The Executive Committee meetings shall be quorate when attended, in person or by proxy, by half of the members, plus one.
5. The members will step down from the Executive Committee when they retire as directors or whenever determined by the Board of Directors. The Board of Directors shall promptly fill any vacancies.
6. The Board of Directors will permanently delegate all of its powers to the Executive Committee, save any which may not be delegated according to law, the Statute or these Regulations.
7. The Executive Committee shall meet as and when called by the Chairman. The Secretary shall record the resolutions adopted in the meeting minutes, a copy of which shall be made available to the Board of Directors members. The Board of Directors will be informed of all such resolutions at its next meeting.
8. The Executive Committee will inform the Board of Directors about the important matters and decisions adopted in its sessions.
9. These Regulations concerning the procedures and actions of the Board of Directors, will also be applicable to the Executive Committee, insofar as is practical.

#### **Article 19.- Audit and Risk Committee**

1. The Audit and Risk Committee will be made up of a minimum of three and a maximum of five directors.
2. All of the Audit and Risk Committee members will be appointed and, if necessary, replaced, by the Board of Directors and shall be non-executive directors, the majority of whom, at least, must be independent directors. The members of the committee as a whole, and particularly its Chairman, will be appointed considering their knowledge and experience accounting, auditing and management of both financial and non-financial risks. The Audit and Risk Committee members, as a group, must have the relevant know-how regarding the industry of the Company.
3. The committee shall appoint the Chairman out of its members. The Chairman must be an independent director. The Chairman of the Audit and Risk Committee will exercise his/her office for four years, and may not be re-elected until at least one year after his/her removal has elapsed.
4. The Audit and Risk Committee shall be responsible, in any case, without prejudice to any other duties that may be assigned to it from time to time by the Board of Directors and by the applicable legislation:
  - (a) To report, through its Chairman, to the General Shareholders' Meeting on questions raised by the shareholders regarding matters within its remit and explain the audit's

results and how it contributed to the integrity of the financial information and the Audit and Risk Committee's role in this process.

- (b) To oversee the effectiveness of the Company's internal control system, the internal audit, and the risk management system (both financial and non-financial) and discuss with the accounting auditor any significant weaknesses of the internal control system that may be revealed in the course of the audit, while maintaining its independence. For such purposes, the committee may, if appropriate, submit recommendations or motions to the Board of Directors, with the relevant time period for follow-up.
- (c) To oversee and assess the preparation and presentation process and the integrity of the financial and non-financial information, reviewing compliance with legal requirements, the proper determination of the scope of consolidation and the correct application of accounting standards, and submit recommendations or motions to the Board of Directors for the purposes of safeguarding the integrity of the financial information.
- (d) To aim that the annual accounts are prepared by the Board of Directors in accordance with the legal provisions on accounting. However, in cases where the auditor has included a qualification in its audit report, the Chairman of the committee shall clearly explain the Committee's view of its content and scope, being a summary of such view available to the shareholders at the time of publication of the call to the General Meeting.
- (e) To submit motions to the Board of Directors regarding the recruitment, appointment, re-election and replacement of the auditor. The committee takes responsibility for the recruitment process, as well as the terms and conditions of the agreement to be executed with them, the scope of their professional mandate, the renewal or not of their mandate and where appropriate, and regularly gather information about the audit plan and its implementation, while preserving its independence in the performance of its duties.
- (f) To liaise with the external auditor to receive information on: matters that could represent a threat to its independence; any matter related to the implementation of the audit process; and, where appropriate, the authorisation of any services, other than those forbidden under the terms of the applicable audit regulations, and other communications envisaged by these regulations.

In any event, the Audit and Risk Committee must receive, annually from the accounting auditor: a declaration of its independence regarding the entity or those entities that it has direct or indirect links to; information on any additional services rendered of any kind and the relevant fees received by the auditor or persons, natural or legal, related to the auditor, from the abovementioned entities, pursuant to the provisions of the prevailing audit regulations.

- (g) Regarding the auditor, the Audit and Risk Committee shall also be responsible for the following duties:

- (i) In the event of the resignation of the auditor, examine the circumstances that gave rise to the resignation.
- (ii) Ensure that the compensation received by the auditor for its work does not compromise the quality or independence thereof.
- (iii) Oversee that the Company communicates through the CNMV any change in auditor and attaches a statement regarding any disagreements with the outgoing auditor and, if any, the substance of the disagreement.
- (iv) Ensure that the auditor meets annually with the full Board of Directors to inform them of the work performed and on the accounting status and the risks of the Company.
- (v) Ensure that the Company and the auditor comply with the applicable legal provisions regarding the provision of non-audit services, limits on the concentration of the auditor's business, and generally all other provisions regarding the independence of the auditors.
- (h) To issue, annually prior to the issue of the audit report, a report expressing an opinion on whether the independence of the accounting auditor has been jeopardised. The report must include a reasoned assessment of the provision of each and every additional service referred to in the foregoing paragraph f (other than the legal audit), individually and as a whole, and in relation to the independence system or the audit regulations.
- (i) To report on related-party transactions that must be approved by the shareholders acting at a General Shareholders' Meeting or by the Board of Directors and to supervise the internal process established by the Company for those transactions for which approval has been delegated by the Board of Directors.
- (j) To advise the Company's Board of Directors, in advance, of all of the topics covered by law, the bylaws and these Regulations, and namely, of:
  - (i) The financial information and the directors' report that the Company must disclose on a regular basis;
  - (ii) The creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories considered to be tax havens; and
  - (iii) The structural modifications and corporate transactions that the Company plans to carry out, analysing and reporting to the Board of Directors on their financial terms, accounting impact and in particular, if applicable, on the proposed exchange ratio.
- (k) Monitor the independence of the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the service's budget; approve or make a proposal for approval to the board of the priorities and annual work programme of the internal audit unit, ensuring that it focuses primarily on the main risks the company is exposed to (including reputational risk); receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

The head of the internal audit service will submit an annual work program to the Audit and Risk Committee, for approval by this committee or the Board of Directors and shall report to the committee on (i) its execution, as well as any incidents or scope limitations arising during its implementation, (ii) the results, and (iii) the follow-up of its recommendations.

- (l) Establish and supervise the mechanisms that allow employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors to report, confidentially and, if deemed appropriate, anonymously, any irregularities of potential significance, financial, accounting or those of any other nature, that are noticed within the Company, respecting in all cases the personal data protection regulations and the fundamental rights of the parties involved.
- (m) Monitor in general that the internal control policies and systems established are applied effectively in practice.

In particular, regarding the Company's risk control and management policy, the Audit and Risk Committee is responsible for supervising that it identifies or determines, at least:

- (i) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, and risks relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
  - (ii) A risk control and management model based on different levels.
  - (iii) The level of risk that the company considers acceptable.
  - (iv) The measures in place to mitigate the impact of identified risk events should they occur.
  - (v) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.
- (n) Oversee the risk control and management unit, which shall perform the following responsibilities:
- (i) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
  - (ii) Participate actively in the preparation of risk strategies and in key decisions about their management.
  - (iii) Ensure that the risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.
5. The Audit and Risk Committee must meet at least four times a year and can meet as many times as it is called by its own resolutions or by its Chairman. The Chairman is obliged to attend the Audit and Risk Committee's meetings and to collaborate and give access to



the information that any executive or the employees of the Company may have. The Audit and Risk Committee can require the accounting auditor to attend its meetings. One of the Audit and Risk Committee's meetings must be held to prepare the financial information that the Board of Directors has to approve and include within the public annual documentation.

6. The Audit and Risk Committee shall be considered to have a valid quorum when the majority of its members, present or represented, attend. The resolutions shall be adopted by the absolute majority of the attending members, present or represented.
7. The Audit and Risk Committee may seek the advice of external experts up to the amount approved by the Board of Directors, and in excess with the authorization of the Board of Directors.
8. In the absence of a specific rule, to the extent that it is not incompatible with its nature, the provisions of these Regulations regarding the functioning of the Board of Directors will be applicable to the Audit and Risk Committee.

#### **Article 20.- Appointments, Remuneration and Corporate Governance Committee**

1. The Appointments, Remuneration and Corporate Governance Committee shall be made up of no less than three and not more than five non-executive directors, the majority of whom must be independent directors.
2. The Board of Directors shall endeavour to ensure that the members, and in particular the Chairman, of the Appointments, Remuneration and Corporate Governance Committee, have the appropriate knowledge, qualifications and expertise to discharge the duties entrusted to them.
3. The Appointments, Remuneration and Corporate Governance Committee shall appoint the Chairman out of its members. The Chairman must be an independent director.
4. Notwithstanding other tasks the Board of Directors and applicable legislation may entrust to it, the Appointments, Remuneration and Corporate Governance Committee shall have the following responsibilities:
  - (a) To assess the qualifications, knowledge and experience required for the Board of Directors. For such purposes, to define the functions and qualifications required from candidates who must fill each vacancy, evaluate the exactly amount of time and dedication required for them to effectively discharge their duties, and ensure that the non-executive directors have sufficient time available for the proper performance of their duties.
  - (b) Submit proposals on independent directors to be appointed by co-option to the Board of Directors for it to put for decision before the General Shareholders' Meeting, as well as the proposals for the re-election or removal of said directors.
  - (c) To issue a report regarding proposals to appoint the remaining directors for their appointment by co-option or to be submitted to the General Shareholders' Meeting, as well as the proposals for their re-election or removal.

- (d) To inform on proposals for the appointment, re-election and removal of internal positions on the Company's Board of Directors.
- (e) To inform on the design of the overall organizational structure of the Group and its modification, establishing appropriate policies, systems or procedures for performance assessment and compensation.
- (f) To inform on proposals for the appointment and removal of members of senior management, the basic conditions of their contracts, their periodic performance and the corresponding decisions regarding remuneration, promotion or any other decisions related to their employment; as well as those relating to any other executive that, due to their significance, merit being assessed by the committee and the Board of Directors. For the purposes of these Regulations, senior management is understood to be those executives who report directly to the Board of Directors, the chief executive officer or the first executive of the Company.
- (g) To inform the Board of Directors about gender matters and, particularly, to ensure that the selection procedures for directors and executives do not implicitly bias female candidates.
- (h) To propose to the Board of Directors: (a) the remunerations policy for the directors and senior management; and (b) the individual remuneration for the executive directors and the other conditions of their contracts, ensuring that they are followed.
- (i) To analyse, and periodically review, the remuneration policy applied for executive directors and senior executives including the remuneration packages with shares and their application and ensure that individual remuneration is proportionate to that paid to the other directors and executives of the Company.
- (j) To monitor compliance with the remuneration policy established by the Company.
- (k) To review and arrange for the succession of the Chairman of the Board of Directors and of the Company's Chief Executive Office and, where appropriate, to propose motions to the Board of Directors for succession to take place in an orderly and well-planned manner, as well as ensuring that succession plans are in place for the various key functions and positions in the organization.
- (l) To inform the shareholders about the exercise of its functions, attending the General Shareholders' Meeting for this purpose.
- (m) To assist the Board of Directors in the elaboration of the directors' remuneration report and submit to the Board any other remuneration reports foreseen in these Regulations, verifying the information about the directors and senior executives' remuneration established in corporate documents, including the annual report on directors' remuneration.
- (n) To oversee compliance with corporate governance policies and rules, as well as the Company's internal codes of conduct in force from time to time, ensuring that the corporate culture is aligned with its purpose and values.

- (o) To evaluate and periodically review the Company's corporate governance system, so that it fulfils its mission of promoting the corporate interest and takes into account the legitimate interests of the remaining stakeholders.
  - (p) To oversee and evaluate the relationship processes with the different stakeholders.
  - (q) To ensure that possible conflicts of interest do not impair the independence of the external advice provided to the Committee.
  - (r) To oversee application with the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders, monitoring the way in which the Company communicates and relates to small and medium-sized shareholders.
  - (s) To oversee compliance with the Company's other policies.
5. The Appointments, Remuneration and Corporate Governance Committee shall meet at least three times a year and whenever the Chairman deems it necessary. The Chairman will call a meeting whenever a report is issued or proposals need to be adopted and, in any case, whenever it is suitable for the successful performance of its functions.
  6. The Appointments, Remuneration and Corporate Governance Committee shall be considered to have a valid quorum when the majority of its members, present or represented, attend. The resolutions shall be adopted by the absolute majority of the attending members, present or represented.
  7. The Appointments, Remuneration and Corporate Governance Committee may seek the advice of external experts up to the amount approved by the Board of Directors, and in excess with the authorization of the Board of Directors.
  8. The Appointments, Remuneration and Corporate Governance Committee shall consult with the Chairman of the Board of Directors, especially when dealing with matters relating to executive directors and senior management.
  9. In the absence of a specific rule, to the extent that it is not incompatible with its nature, the provisions of these Regulations regarding the functioning of the Board of Directors will be applicable to the Appointments, Remuneration and Corporate Governance Committee.

#### **Article 20bis.- Sustainability, Health and Safety Committee**

1. The Sustainability, Health and Safety Committee shall be made up of no less than three and not more than five non-executive directors, the majority of whom must be independent directors.
2. The Board of Directors shall endeavour to ensure that the members, and in particular the Chairman, of the Sustainability, Health and Safety Committee have the appropriate knowledge, qualifications and expertise to discharge the duties entrusted to them.
3. The Sustainability, Health and Safety Committee shall appoint the Chairman out of its members. The Chairman must be an independent director.

4. Notwithstanding other tasks the Board of Directors and applicable legislation may entrust to it, the Sustainability, Health and Safety Committee shall have the following responsibilities:
- (a) Regarding occupational safety, nutrition, food safety and sustainability:
    - (i) Reviewing, monitoring and recommending to the Board of Directors the respective management framework and policies.
    - (ii) Advising, reviewing, and recommending to the Board of Directors for approval strategies for achieving the Company's objectives in these areas, and assessing performance against those targets.
    - (iii) Aiming the Company's compliance with its sustainability and health policies, and with the laws applicable to such matters, particularly in relation to the areas referred to in item (a).
    - (iv) Aiming that the systems used to identify and manage the risks related to these areas are fit-for-purpose, being effectively implemented, regularly reviewed and continuously improved.
    - (v) Ensuring that the Board of Directors is properly and regularly informed and updated on matters relating to the risks related to the areas referred to in item (a).
    - (vi) Aiming that the Company is effectively structured to manage risks related to these areas, including having competent workers, adequate communication procedures and proper documentation.
    - (vii) Reviewing and recommending to the Board of Directors regarding the appropriateness of resources available for operating the health and safety management systems and programmes, in particular for the areas already indicated.
    - (viii) Reviewing and monitoring all health and safety related incidents / issues, in particular those related to the areas referred to in item (a) and the actions taken by the Board of Directors to prevent their recurrence.
  - (b) To oversee and evaluate the preparation and presentation process and the integrity of the non-financial information, reporting to the Audit and Risk Committee and submitting recommendations or proposals.
  - (c) To assist the Board of Directors in the supervision of preparation and presentation of the mandatory non-financial information and to submit recommendations or proposals to the Board of Directors that safeguard the integrity of the information.
  - (d) To evaluate and periodically review the Company's environmental and social policy, in order to ensure that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the remaining stakeholders.
  - (e) To oversee that the Company's practices in environmental and social matters are in line with its established strategy and policy.



5. The Sustainability, Health and Safety Committee shall meet each time the Chairman deems it necessary. The Chairman will call a meeting whenever a report is issued or proposals need to be adopted and, in any case, whenever it is suitable for the successful performance of its functions.
6. The Sustainability, Health and Safety Committee shall be considered to have a valid quorum when the majority of its members, present or represented, attend. The resolutions shall be adopted by the absolute majority of the attending members, present or represented.
7. The Sustainability, Health and Safety Committee may seek the advice of external experts up to the amount approved by the Board of Directors, and in excess with the authorization of the Board of Directors.
8. In the absence of a specific rule, to the extent that it is not incompatible with its nature, the provisions of these Regulations regarding the functioning of the Board of Directors will be applicable to the Sustainability, Health and Safety Committee.

#### **Article 21.- Chief Executive Officer**

The Board of Directors, upon a proposal of the Chairman thereof, after a report from the Appointments, Remuneration and Corporate Governance Committee and with the favourable vote of at least two-thirds of the directors, may appoint one or more Chief Executive Officers (*Consejeros Delegados*) with the powers it deems appropriate, and which may be delegated pursuant to law and the Statute.

### **TITLE VI – DIRECTOR DUTIES**

#### **Article 22.- General duty of due diligence**

1. The directors' function is to promote, guide and control the management of the Company. In carrying out their duties, directors have to act with the diligence of a prudent business person, taking into account the nature of the role and the duties under their responsibility.
2. Directors must have appropriate dedication and must adopt the necessary measures for the Company's good management and control.
3. When carrying out their duties, directors have the duty and the right to demand and seek from the Company the relevant information necessary for them to comply with their obligations.
4. The duty of due diligence specifically obliges directors:
  - (a) To be sufficiently informed about the Company's affairs and its Group and adequately prepare for meetings of the Board of Directors and any other committees to which the director belongs.
  - (b) To collaborate and participate actively in the Board's functions, attend meetings, unless just cause exists, and give their responsible opinion and vote. Unless there is a justified reason preventing it, the directors who are unable to attend the meeting to which they have been called, shall nominate in written another director as their



proxy, and, if possible, give instructions to the director who has to represent them regarding how they intend to vote.

- (c) Dedicate the appropriate time and effort to their duties on the Board of Directors in order to perform them effectively.

Directors cannot form part of more than four other listed companies' Boards of Directors. To these effects, all of the companies' Boards of Directors belonging to the same group will be considered to have one single mandate as well as those holding board memberships as proprietary directors proposed by a company of the same group even if the stock held in the company, or the level of control, may not qualify that company to be considered as part of the group.

Exceptionally and provided there is a just cause, the Board of Directors may exempt the directors from this prohibition. In addition, directors shall inform the Appointments, Remuneration and Corporate Governance Committee of any material changes in their professional situation and any that may affect the nature or condition by virtue of which they have been appointed as a director.

- (d) Oppose resolutions that are contrary to the law, the Statute or the Company's interest.
- (e) Undertake any specific task assigned to them by the Board of Directors reasonably falling within their commitment of dedication.

#### **Article 23.- Duty of loyalty**

1. Directors must perform their roles as loyal representatives, operating in good faith and in the Company's best interest. This requirement involves, among others, the duties outlined in the proceeding paragraphs.
2. Directors must refrain from exercising their powers for purposes other than those for which they have been granted.
3. Directors must keep deliberations of the Board of Directors and of the committees to which they belong secret, and refrain, in general, except in case of express Board of Directors resolutions in this regard, from making declarations to the public media and from revealing the information to which they had access while serving as a director to any third party.

The confidentiality obligation will apply even when directors have left their post.

Directors must also refrain from participating in the deliberation and voting on agreements or decisions in which they, or a related person, as described in the Companies Law, has a direct or indirect conflict of interest. The foregoing obligation to abstain shall exclude those agreements or decisions which affect them in their standing as director, such as their designation for, or release from, roles on the Board of Directors or others of similar significance.

4. Directors must adopt necessary measures to avoid the occurrence of situations in which their interests, whether on their own or those of another, might enter into conflict with the corporate interest and their duties to the Company.



5. Breach of the duty of loyalty shall result in the director being obliged to compensate the damages caused to the corporate assets and to return the unjust enrichment obtained.

**Article 24.- Conflicts of interest and non-compete obligation**

1. Particularly, the obligation to refrain from being involved in conflicts of interest established under paragraph 4 above, obliges the directors to refrain from:
  - (a) Carrying out transactions with the Company, except when they are part of the Company's ordinary business, are carried out under normal market conditions and are of little significance, with these being understood to be those involving information that is not required to express a true image of the Company's property, financial situation and results, except for those transactions that are approved by the Company upon the terms set forth in the rules on related party transactions established by law, the Statute and these Regulations.
  - (b) Using the Company's name or adducing their standing as director to have undue influence when carrying out private transactions.
  - (c) Making use of corporate assets, including the Company's confidential information, for private ends.
  - (d) Taking advantage of the Company's business opportunities.
  - (e) Obtaining advantages or remuneration from third parties other than the Company or its Group, associated to the discharge of their duties, other than minor matters of mere courtesy.
  - (f) Carrying out activities on their own, or another's, behalf which entail effective competition, whether currently or potentially, or which, in any other way, places them in permanent conflict with the Company's interests.

For purposes of the provisions of this paragraph, the following shall not be deemed to be in a situation of actual competition with the Company, even if they have the same or a similar or complementary corporate purpose: (i) companies belonging to the same group to which the Company belongs; and (ii) companies with which the Company has established a strategic alliance. Proprietary directors of competitor companies appointed at the instance of the Company or in consideration of the interest the Company may have in any such competitor company shall not be deemed to be in breach of the prohibition on competition.

2. The foregoing provisions also apply in the event that the beneficiary of the prohibited acts or activities is related to the director.
3. In any event, directors must notify the Board of Directors of any direct or indirect conflict of interest, which they or persons related to them may have with the Company's interests.
4. The situations giving rise to the conflict of interest in which the directors are involved will be the object of information in the report.
5. The Company may only waive the prohibitions derived from the duty of loyalty in very unusual cases and in accordance with the law.



#### **Article 24 bis.- Rules on related-party transactions.**

1. The Board of Directors, after a favourable report from the Audit and Risk Committee, will approve transactions of the Company or subsidiaries thereof with Directors, with shareholders owning 10% or more of the voting rights or represented on the Company's Board of Directors, or with any other persons who should be considered related parties as provided by law, provided that they are considered related-party transactions under applicable law, and unless approval is reserved to the shareholders acting at a General Shareholders' Meeting. This power may not be delegated, except in the cases and upon the terms provided by law and Article 6 of these Regulations.
2. Where the Board of Directors has the power to adopt the resolution approving related-party transactions and this power has not been delegated, the affected Director, or the Director representing or connected to the affected shareholder must abstain from participating in the deliberation and voting as provided by law.
3. If the Board of Directors delegates the approval of related-party transactions as provided by law and Article 6 of these Regulations, the Board of Directors will establish an internal regular reporting and control procedure, in which the Audit and Risk Committee participates. to verify the fairness and transparency of these transactions and, where appropriate, compliance with the applicable legal standards. The approval of these transactions shall not require a prior report from the Audit and Risk Committee.
4. As regards related-party transactions for which approval is reserved to the shareholders at a General Shareholders' Meeting, the proposed resolution on approval adopted by the Board of Directors must be submitted to the shareholders at the General Shareholders' Meeting along with a statement as to whether it has been approved by the Board of Directors with or without the dissenting vote of a majority of the independent Directors.

### **TITLE VII – INFORMATION FOR DIRECTORS**

#### **Article 25.- Right to counsel and information**

1. Directors shall have access to all of the Company's services and may, with the fullest powers, obtain any information and advice they may need to perform their duties. The right to information is extended to the subsidiaries, in Spain or overseas, and shall be channelled through the Chairman or Secretary of the Board of Directors. The Chairman or Secretary of the Board will attend to all requests from directors by: supplying the information directly; putting the directors in touch with the appropriate persons; or taking such measures as may be necessary for the requested examination.
2. Directors shall also be entitled to propose to the Board of Directors, by majority, engaging any legal, accounting, technical, financial, commercial or other advisers as they may consider necessary for the Company's interests, to assist them in the performance of their functions whenever they come up against specific, important, or complex problems relating to their duties.
3. The Secretary of the Board must notify the Company's Chairman of the proposal. The Board of Directors may withhold its approval if it considers the engagement unnecessary



for the performance of the commissioned duties, either in view of its cost (disproportionate to the importance of the problem and the Company's assets and revenues) or if it considers that the technical assistance requested could be adequately given by experts and officers within the Company.

4. The Company shall provide any support necessary to enable new directors to rapidly acquire a sufficient knowledge of the Company and its corporate governance rules and organise, if necessary, guidance programs for this purpose. The Company shall also offer training programs and continuous refresher programs for directors whenever circumstances so require.

## **TITLE VIII – DIRECTORS' REMUNERATION**

### **Article 26.- Directors' remuneration**

1. Members of the Board of Directors shall receive, in their capacity as such, remuneration pursuant to the Statute. The maximum yearly amount for the whole of the Board of Directors will be determined by the General Shareholders' Meeting. It will be reviewed and updated according to the factors or criteria established by the General Shareholders' Meeting. The remuneration will include the following items: (i) a fixed payment; and (ii) allowances for effective attendance at the meetings of the Board of Directors and its delegate or advisory committees.

The Board of Directors must, for each financial year, define the method and time of payment. It must also agree upon the exact allocation among its members of the total remuneration prescribed by the Statute, as described in paragraph one above. The allocation may be calculated individually, taking into account: the functions and responsibilities allotted to each director, membership of the Board's committees and any other objective circumstances that the Board of Directors deems relevant.

2. The Board of Directors will determine the remuneration that executive directors will receive for performing the executive functions delegated or entrusted to them by the Board of Directors. This remuneration must be in line with the directors' remuneration policy approved by the General Shareholders' Meeting and be reflected in the contract between the director and the Company required by law.

In particular, and without limitation, the remuneration provided in this section and subject to the remuneration policy referred to above, may include: fixed salaries; variable remunerations (based on reaching business objectives and/or personal performance); equity awards, stock options rights or other securities entitling their holders to obtain shares; severance pay for reasons other than a failure to fulfil duties; pensions; insurance; forecast systems; differed payment plans; and retirement plans consisting of the provision of shares or options for shares of the Company, or which are indexed to the value of shares; established for those members of the Board of Directors who perform executive functions.

3. The Company can purchase civil liability insurance for its directors.



#### **Article 27.- Directors' Remuneration Policy**

1. The directors' remuneration policy will be approved by the General Shareholders' Meeting at least once every three years as a separate agenda item in accordance with the applicable legislation.
2. The remuneration policy, which must be in line with the remuneration scheme envisaged in the Statute, will establish the maximum annual remuneration payable to all members of the Board of Directors for the purpose of remunerating the Board members, in their capacity as such.
3. With respect to the remuneration of executive functions, the remuneration policy will set out: the amount of the fixed annual remuneration and its variation during the period to which the policy refers, the different parameters to set the variable components and the main terms and conditions of the contracts signed with executive directors. The main terms and conditions of the contracts should include, in particular: their duration, compensations for early termination or termination of the contractual relationship and exclusivity agreements, and post-contractual non-competition and permanence or loyalty clauses.
4. If the annual report on directors' remuneration is rejected in the advisory vote of the ordinary General Shareholders' Meeting, the company may only continue to apply the compensation policy in force on the date on which the General Shareholders' Meeting was held until the next annual Shareholders' Meeting.
5. In the event that the proposal for a new remuneration policy is rejected by the General Shareholders' Meeting, the Company shall continue to remunerate its directors in accordance with the remuneration policy in force on the date on which of the General Shareholders' Meeting was held and must submit a new proposed remuneration policy to the next annual Shareholders' Meeting for approval.

#### **TITLE IX – APPROVAL, DISCLOSURE AND EFFECTIVE TERM**

#### **Article 28.- Approval, disclosure and effective term of the Regulations**

1. The Board of Directors shall be in charge of approving these Regulations and the amendments thereof.
2. After approval thereof, these Regulations shall be recorded with the Commercial Registry and they shall be included on the Company's website.
3. The Regulations shall be effective indefinitely as from the date of approval by the Board of Directors.

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