

GRUPO **MAS** MOVIL

**REGULATIONS OF THE BOARD OF DIRECTORS**  
**OF LORCA TELECOM BIDCO, S.L.U.**

## **PREAMBLE**

The following regulations (henceforth referred to as the “**Regulations**”) are adopted by the Board of Directors of Lorca Telecom Bidco, S.L.U. (the “**Company**”). The following regulations will apply to the Company and all of its subsidiaries (the “**Group**”) and related entities mentioned in article 42 of the Spanish Code of Commerce.

## **PART I**

### **Preliminary Overview**

#### **Article 1. Objective**

The present Regulations serve to determine the operating principles of the Board of Directors (including its commissions and the members of which they are composed) of the Company, the basic and fundamental regulations, as well as guidelines for compliance for the good governance recommendations in force at any time.

The code of conduct established in these Regulations for the Board of Directors of the Company is also applicable to the top executives of the Company (this includes all those who report directly to the Board of Directors or any executives with delegated powers, as well as any parties responsible for internal Company audits and/or those who have been considered as such by the Board of Directors), to the extent to which they are compatible with the nature of the issue (if any) at hand.

#### **Article 2. Interpretation**

The present Regulations are to be interpreted in conformity with the legal regulations and statutes applicable to the Board of Directors regarding good corporate governance practices of companies.

#### **Article 3. Modifications**

The present Regulations can only be modified by action taken by the Chairman or by Board members who represent 2/10 of the Board.

#### **Article 4. Disclosure**

The members of the Board of Directors are obligated to be aware of and comply with the present Regulations. To this end, the Secretary of the Board of Directors must provide a copy of the Regulations to each member.

## PART II

### **General Functions and Operating Guidelines of the Board of Directors**

#### **Article 5. General functions**

1. The Board of Directors is, in accordance with the provisions prescribed by the revised text of the Corporate Enterprises Act, which came into force by Legislative Royal Decree 1/2010 on July 2<sup>nd</sup> of that year (the “**Corporate Enterprises Act**” or the “**Law**”) and all Articles of Association, the highest administrative entity and representation of the Company, and is empowered to adopt and execute any and all agreements, acts, or legal negotiations to further the Company’s business objectives, other than those prohibited by Law and all Articles of Association applicable to the General Shareholders.

2. Without prejudice to the provisions of the above paragraph, the Board of Directors is organized as a vessel of supervision and control, entrusting the general management of the Company through its executives and management team.

3. The powers legally or statutorily reserved exclusively for the Board of Directors, as well as those necessary for the exercise of basic supervision and control, cannot be delegated to other parties under any circumstances.

4. Within the scope of the supervision and control functions, the following non-delegable powers (among others) correspond to the Board of Directors plenary session:

- a) The supervision of the effective operation of the committees it has constituted and the actions of the delegated bodies and executives it has appointed.
- b) The deliberation of the politics and general business strategy to be employed by the Company.
- c) The authorization and/or revocation of obligations arising from the duty of loyalty under applicable law.
- d) The Board of Director’s own organization and function.
- e) The structuring of annual financial statements and their presentation to the General Shareholders.
- f) The formulation of any kind of report required by Law to be created exclusively by the Board of Directors. In addition, the operations referred to in the report cannot be delegated.
- g) The nomination and dismissal of the Chief Executive Officers of the Company, as well as the establishment of the conditions of the contracts created in light of those nominations and dismissals.
- h) The nomination and dismissal of the directors who report directly to the Board of Directors or any of its members, including the establishment of the conditions of related contracts and their remuneration.

- i) Decisions relating to the remuneration of the Directors, in compliance with the statutory framework and, in any case, in accordance with the remuneration guidelines approved by the General Shareholders.
- j) Organization of the General Meeting of Shareholders, the preparation of the agenda for that meeting and the resolutions to be proposed.
- k) Policies relating to the Company's own shares and/or holdings.
- l) The powers of the General Shareholders delegated to the Board of Directors, except those expressly authorized to be sub-delegated by the General Shareholders.
- m) The approval of strategic business plans, management objectives, and annual budgets, investment and financial policies, corporate social responsibility policies, and dividend policies.
- n) Decisions relating to policies of risk management and control (including fiscal risks), and the supervision of the internal information and control systems.
- o) Decisions relating to corporate governance policies of the Company and of its lower entities, its organization and function, and, in particular, the approval and modification of its own operating rules.
- p) Defining of the structure of the group of entities over which the Company dominates.
- q) The approval of the investment and operations of any kind that, due to their high quantity or other special circumstances, involve strategy or fiscal risk, other than those requiring approval from the General Shareholders.
- r) The approval and creation or acquisition of holdings in vehicles for special purposes or entities in countries or territories considered "tax havens", including any other transactions or operations of a similar nature that, by their complexity, could undermine the transparency of the Company and its entities.
- s) The approval, following the preliminary report from the Audit and Control Commission, of the Company operations or entities of its group carried out with their directors, in accordance with applicable legislation, or with incumbent shareholders, in an individual or collective manner, of a significant holding, including shareholders among the Board of Directors of the Company or other entities included in the same group or in related groups. The affected Directors representing or related to affected shareholders must abstain from participating in the deliberation and voting on the issue at hand. Only operational tasks with the following three characteristics shall be exempted from this approval:
  - i. Those executed by virtue of contracts whose conditions are standardized and applied en masse to a large number of clients;
  - ii. Those executed at prices or rates by whoever acts as a supplier of the good or service in question; and

- iii. Those whose quantity does not exceed one hundred percent of the Company's annual earnings.
- t) The organization of the fiscal strategy of the Company.
- u) Any other powers that the applicable legislation prohibits from delegation by the Board of Directors.

In cases of exigent or urgent circumstances, duly justified, decisions and actions corresponding to the above issues discussed in letters m), n), o), p), q), r), s) and t), by the bodies or persons delegated, that should be ratified in the first Board of Directors meeting held to adopt said decision.

5. Additionally, within the scope of its supervisory and control functions, it is incumbent upon the Board of Directors (among others) to perform the following duties in relation to corporate governance of the Company and regulatory compliance, which may in any case be delegated:

- a) Promote the Company's corporate governance strategy.
- b) Ensure compliance with legal requirements and standards of the Company's corporate governance system.
- c) Supervise the suggested modifications to the Code of Ethics.
- d) Manage incoming information from the *Compliance Officer* regarding the initiatives seeking to modify the Code of Ethics and with any issues relevant to promoting awareness of and compliance with the Code of Ethics.
- e) Revise, with the *Compliance Officer*, the Company's internal policies and procedures to assess its effectiveness in preventing inappropriate conduct and identify potential policies and procedures that are more effective in promoting the highest ethical standards.
- f) Review and ratify the Company's annual crime prevention budget, to be submitted to the Chairman of the Board of Directors, and its annual plan of activities, and supervise the material possessed by the Compliance Officer and human resource functions.

Under the supervision of the Board of Directors, there will be an internal compliance function exercised by one unit or department of the Company. In this sense, the *Compliance Officer* will report directly to the Board of Directors at regular intervals, to the degree required by the internal compliance regulations.

In every case, the Board of Directors will establish and impose as one of the fundamental values of the Company that the actions of the members must conform to in terms of legal regulations (particularly, the applicable criminal codes), promoting a culture of *Compliance* or in appropriate regulatory compliance with the norms of the Group.

## **Article 6. Functions of the Board of Directors in Relations to the Entities of the Company**

In relation to the entities integrated within the Group, the Board of Directors, within legal limits, will establish the basis for adequate and efficient coordination between the company and the entities within the Group, respecting in all cases the autonomy of the decisions made by the lower entities, and in conformance with the Company's own corporate interest and of that of each of its entities.

For the above purposes and within the referenced limits, the Board of Directors of the Company will establish good relations based in the mutual interests, with respect to their own social interests.

## **Article 7. Principles of Action of the Board of Directors**

The Board of Directors shall develop its functions in conformity with the interests of the Company, and, to this end, will act to guarantee the long-term viability and maximize its value, considering in addition their legitimate interests, public and private, that converge in the development of all organizational activity. In this sense, in the pursuit of social interest, in addition to the respect of applicable law and regulations, and of the ethics and respect to the uses and approved community practices, the Board of Directors will seek to reconcile their own social interests with the legitimate interests of its employees, supplier, clients and all other groups with interests that may be affected, such as by being impacted by business activities in the community and close environment.

The Board of Directors will perform its functions with unity, independent of judgement, dispensing the same deal to all shareholders of the Company who are in the same position and are guided by social interests. The Company will ensure that its relations with the Company shareholders are in conformity with applicable laws and regulations, in good faith its obligations and contracts, respecting the uses and acceptable practices of the Company's business sector and territories where they can exercise business activities, and observe whichever additional principles of social responsibility that can be done voluntarily.

## **PART III**

### **Structure, Composition and Foundation of the Board of Directors**

#### **Article 8. Numbers of Members and Composition of the Board of Directors**

1. The Board of Directors will be formed by a number of members determined by the General Shareholders, within the limits fixed by the Company By-Laws.

2. The Board of Directors will propose to the General Shareholders the number of members that, in accordance with all circumstances relevant to the general state of affairs of the Company, is the most appropriate figure to ensure the due representativeness and effective functioning of the organization's branches, while also reflecting an agreed-upon balance of experiences and knowledge that enrich the decision-making processes by bringing multiple points of view to debate matters dealt with by the Board of Directors. This number must be within the limits established by the Company By-Laws.

## **Article 9. Chairman of the Board of Directors**

1. The Chairman of the Board of Directors will be elected from among the Board's members following a report from the Appointment and Remunerations Committee, who are responsible for directing the Board in its effective functioning.

2. The Chairman of the Board of Directors has the ordinary power to convene the Board of Directors, determine the agenda for the meetings, and direct and stimulate debates and active participation among the Directors, while protecting the Directors' general right to free speech, expression, position and opinion during meetings. The Chairman, however, must gather the Board and include in the meeting agenda any issue raised by Board members who represent 2/10 of the Board.

By consequence, in addition to the above powers granted, the Chairman is also subject to the Corporate Enterprises Act, other applicable statutes, the Board of Directors Regulations, the Internal Code of Conduct, the present Regulations, and the following:

- a) The ordinary powers to convene and preside over the Board of Directors meetings, following the meeting agenda and directing discussions and deliberations, preparing and submitting to the Board of Directors a schedule of dates and subjects to be discussed.
- b) Presiding over the General Shareholders Meetings, in accordance with the Company's By-laws, exercising the appropriate competencies required to meet all conditions.
- c) Ensuring that the Directors receive sufficient information in advance to adequately debate the issues mentioned in the meeting agenda.
- d) Stimulating debate and participation of the Directors during the meetings, while saving the freedom of position and opinion of each Board member and ensuring that sufficient time has been dedicated to the discussion topics and questions of strategy.
- e) Raising to the Board of Directors the suggestions made to improve Company operations and, specifically, those regarding the functioning of the Board of Directors and other branches of the business.
- f) Coordinating and organizing the regular evaluation of the Board of Directors and, when needed, that of the Chief Executive Officer.
- g) Agreeing upon and review the knowledge updating process for each Director, when the circumstances warrant it.

3. The Board of Directors may designate, from among its members, one or more Vice-Chairman, establishing their order of action, which will temporarily replace the Chairman in case of impossibility or absence.

## **Article 10. The Secretary of the Board**

1. The Board of Directors will elect (and shall cease, where appropriate) a Secretary and, in this case, one or more Vice-Secretaries, who will substitute for the Secretary and his or her functions where impossible or absent. The Secretary and the Vice-Secretaries of the Board of Directors cannot be Directors themselves.
2. The Secretary shall assist the Chairman in its functions and shall provide for the proper functioning of the Board of Directors by ensuring that directors receive sufficient information appropriately in advance to debate issues on the meeting agendas, to provide directors with the necessary advice and information, protect the company's documentation, duly record in the meeting minutes all progress in such debates, and attest to the meeting's content and solutions adopted as a result.
3. The Secretary shall ensure the legality of all actions taken by the Board of Directors, so that all procedures and rules of governance are respected and regularly revised.
4. The Secretary shall take special care to ensure the actions of the Board of Directors are (i) followed closely according to the norms of application, (ii) conform to all applicable statutes, the Regulations of the Board of Directors, and the present regulations, and (iii) are informed by good corporate governance recommendations.
5. The Secretary will channel the directors' requests for information and documentation regarding issues corresponding to the Board of Directors.
6. The Secretary will have at its disposal any necessary information that must be incorporated into the Company's web page.
7. The Secretary of the Board of Directors will act as Secretary of the General Shareholders Meeting.

## **Article 11. Board of Directors Meetings and Development of such Sessions**

1. The Board of Directors shall meet a minimum of once per quarter, and whenever the interests of the Company so require, on the initiative of the Chairman or whoever is acting as Chairman or requested by Board members who represent 2/10 of the Board with a registered letter to the Chairman. If a meeting is called at the request of Board members who represent 2/10 of the Board, the Chairman must call for the meeting within a minimum of fifteen (15) days from the receipt of the request.
2. The notice of the meetings will be sent by any written notice and can be sent by the Secretary by order of the Chairman or whoever is acting in place of the Chairman. The notice must include the agenda of the meeting, notwithstanding the fact that each Director can propose other action items for the agenda not initially included. A notice for a subsequent meeting made by the Board of Directors shall also be considered valid.

At ordinary meetings, the Board of Directors shall discuss the general progress and economic results of the Company and, where appropriate, of its subsidiaries, as well as the matters referred to in Article 5 of these Regulations, if applicable, and, in any case, the other items included on the agenda.

3. Extraordinary sessions of the Board of Directors may be called by telephone and the other requirements indicated in the previous section shall not apply when, in the opinion of the Chairman or whoever is acting in his place, the circumstances so warrant.



4. The Board of Directors shall be validly constituted when half plus one (1) of its members are present or represented at the meeting. Also, the Board shall be validly constituted when all Board members are present or duly represented and decide unanimously to hold the meeting. Directors shall make every effort to attend the meetings of the Board of Directors, reducing the cases of non-attendance to the essential cases and, when they are unable to do so personally, they shall endeavour to grant their representation with written instructions, telegram, fax or e-mail and specifically for each Board of Directors. By decision of the Chairman, the meetings may be attended by any person, executive or otherwise, of the Company, who considers it appropriate, and who will be considered an invited guest or observer, to whom the Chairman must inform about the duty of confidentiality on what is discussed or deliberated in said meetings in the same terms as for the directors. The Board of Directors will deliberate and agree on the issues included in the agenda and also on all those that the Chairman or the majority of the directors, present or represented, propose for reasons of urgency, even if they were not included in the agenda sent with the call, which will be duly recorded in the minutes.

The Chairman of the Board of Directors, with support from the Secretary, must ensure that directors have the necessary information in advance for deliberation and the adoption of resolutions on the matters to be dealt with that have been defined in the agenda, unless the Board of Directors has been constituted or exceptionally convened for reasons of urgency.

5. Without prejudice to the provisions of law, resolutions shall be adopted by an absolute majority of the votes of the directors, present or represented, at the meeting. The Chairman or whoever is acting as Chairman shall direct the deliberations, the order of the deliberations and the form of the votes being left to his prudent discretion. Voting in writing and without a meeting will only be admitted when no director opposes this procedure.

The provisions of this section shall be without prejudice to the resolutions that by law, the Articles of Association or by these Regulations of the Board of Directors require reinforced quorums for their adoption.

6. During the meetings the directors will receive the information necessary to form criteria in relation to each of the items on the agenda, and the Chairman and Secretary will be responsible for the preparation of said information.

7. Directors must clearly express their opposition when they consider that any proposal for a decision submitted to the Board of Directors may be contrary to the corporate interest, as well as in the case of decisions that may harm shareholders not represented on the Board of Directors.

8. The minutes of the meeting shall record those statements made by the directors or the Secretary expressing their concern about the Company's progress with respect to a particular matter or proposal, respectively, when that matter or proposal is not resolved by the Board of Directors and such evidence is expressly requested.

9. The deliberations and resolutions of the Board of Directors shall be recorded in a book of minutes, which shall be signed by the Secretary with the approval of the person who acted as Chairman of the meeting. The minutes shall be approved by the Board of Directors at the end of the meeting or at the following one. They shall also be considered approved when, within five (5) days following receipt of the draft minutes, no director has raised any objection.

## PART IV

### BOARD COMMITTEES

#### CHAPTER I

##### The Chief Executive Officer

#### **Article 12. Delegation of Responsibilities: The Executive Committee**

1. The Board of Directors, at the proposal of the Chairman and following a report from the Appointments and Remuneration Committee, may appoint from among its members one or more Managing Directors, establishing the content, limits and modalities of delegation, requiring the appointment for its validity the favourable vote of two thirds (2/3) of the members of the Board of Directors when it entails the permanent delegation of powers.

2. When a member of the Board of Directors is appointed Chief Executive Officer or is assigned executive functions under another title, a contract must be signed between him and the Company, which must be previously approved by the Board of Directors with the favourable vote of two thirds (2/3) of its members. The director concerned must abstain from attending the deliberation and from participating in the vote. The approved contract must be included as an annex to the minutes of the meeting.

The contract shall detail all the items for which remuneration may be obtained for the performance of executive duties, including, where applicable, any compensation for early termination of such duties and the amounts to be paid by the Company in respect of insurance premiums or contributions to savings systems. Directors may not receive any remuneration for the performance of executive functions whose amounts or concepts are not provided for in the contract.

The contract must conform to the appropriate remunerations policies made by the General Shareholders.

#### CHAPTER II

##### The Audit and Control Committee

#### **Article 13. Number of Members and Composition of the Committee**

1. The Board of Directors shall set up an Audit and Control Committee which shall be formed by four (4) directors appointed by the Board of Directors.
2. The members of the Audit and Control Committee will be designated, specifically its Chairman, according to the knowledge and material experience in accounting, audit, and risk management.
3. The Board of Directors may appoint replacements for the members of the Audit and Control Committee who may only attend meetings of the Committee due to the absence or impossibility of the member they replace. In the event of substitution, the substitute shall act in the meeting of the Audit and Control Committee in his own name and not on behalf of the member he replaces.
4. The Chairman of the Committee will be appointed by the Board of Directors from among the directors who form part of it.  
  
In the absence or impossibility of the Chairman, he shall be replaced by the member of the Audit and Control Committee provisionally appointed for this purpose by the Board of Directors and, in his absence, by the oldest member of said Committee.
5. The Secretary of the Board of Directors shall act as Secretary, or in his absence any other director appointed to the position by the Board of Directors.
6. The meetings of the Audit and Control Committee shall be attended, whenever deemed appropriate by its Chairman, by the external auditor, the internal auditor and the Compliance Officer of the Company, as well as by any member of the staff of the Company or its Group, whose activity may be related to the functions performed by said Committee.

## **Article 14. Functions**

The Audit and Control Committee does not have delegated powers and is an internal informative and consultative body. Without prejudice to other tasks assigned by the Board of Directors, the Articles of Association or the Law, the Audit and Control Committee shall have the following basic responsibilities:

1. Reporting to the General Shareholders' Meeting on the issues raised within its competence, in particular, on the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role played by the Committee in this process. In this respect, the Audit and Control Committee must ensure that the Board of Directors endeavours to present the accounts to the General Shareholders' Meeting without limitations or qualifications in the audit report and that, in the exceptional cases where there are qualifications, both the Chairman of the Audit and Control Committee and the auditors clearly explain to the shareholders the content and scope of such limitations or qualifications.
2. Supervising the effectiveness of the company's internal control, internal audit, where applicable, and risk management systems (financial and non-financial), and to discuss with the auditors or audit firms the significant weaknesses in the internal control system detected, where applicable, in the performance of the audit, without infringing on their independence. To this end, and where appropriate, they may submit recommendations for proposals to the Board of Directors and the corresponding period for their follow-up.

3. Supervising the process of drafting of the annual accounts as well as any other financial information and to present recommendations or proposals to the Board of Directors aimed at safeguarding its integrity, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and the correct application of accounting criteria.

4. Submitting to the Board of Directors the proposals for the selection, appointment, re-election and replacement of the Auditor, taking responsibility for the selection process, as well as the terms and conditions of his hiring, and regularly obtaining from him information on the audit plan and its execution, in addition to preserving his independence in the exercise of his functions, without prejudice to the regulations governing the auditing of accounts.

5. Establishing the appropriate relations with the auditors or audit firms in order to receive information on those matters that may pose threats to their independence, for examination by the Commission, and any others related to the process of carrying out the auditing of accounts as well as those other communications provided for in auditing legislation and auditing standards, without prejudice to the regulations governing auditing of accounts.

In any case, they must receive annually from the auditors of accounts or audit firms written confirmation of their independence from the entity or entities directly or indirectly related to it, as well as detailed and individualised information on the additional services of any kind provided to these entities by the aforementioned auditors or companies, or by the persons or entities linked to them in accordance with the provisions of the regulations governing the activity of auditing accounts.

6. Informing, in advance, the Board of Directors on all matters provided for in the Law, the Articles of Association and the Regulations of the Board of Directors as being within its competence and, in particular, on: (i) the creation or acquisition of holdings in special purpose vehicles or entities domiciled in countries or territories that are considered tax havens, and (ii) transactions with related parties.

7. Under the direct supervision of the Audit and Control Committee, there shall be an internal risk control and management function (financial and non-financial) exercised by an internal unit or department of the Company.

8. Any other functions entrusted to it in the Regulations of the Board of Directors or specifically in a resolution of the Board of Directors.

The Board of Directors may agree to the performance of the internal audit task by a specific person responsible for ensuring the proper functioning of the information and internal control systems, who will report functionally to the Chairman of the Audit and Control Committee. In such a case, at the proposal of the Audit and Control Committee, it shall appoint an Internal Audit Director responsible for this function, based on its knowledge and experience in accounting, auditing or risk management matters. In this case, the Director of Internal Audit shall: (i) present a work plan to the Audit and Control Committee; (ii) report directly to it on any incidents that occur during its development; and (iii) at the end of each financial year, submit an annual report on its activities to the Audit and Control Committee.

In addition, the Audit and Control Committee shall have the following functions:

1. Relating to the internal control and information systems:

- a) Supervising the preparation process and the integrity of the financial information relating to the Company and, where appropriate, to the group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and the correct application of accounting criteria.
- b) Ensuring the independence of the unit that assumes the internal audit function, if applicable; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the budget for this service; approve the orientation and its work plans, ensuring that its activity is focused mainly on the Company's relevant risks (financial and non-financial); receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establishing and supervise a mechanism that allows employees to report, confidentially and, if possible and appropriate, anonymously, potentially significant irregularities, especially financial and accounting irregularities, that they detect within the company.

## 2. Relating to the external audit:

- a) In the event of the resignation of the external auditor, examine the circumstances giving rise to the resignation.
- b) Ensuring that the external auditor's remuneration for his work does not compromise his quality or independence.
- c) Ensuring that the external auditor holds, provided the Board of Directors deems it appropriate, an annual meeting with the full Board of Directors to report on the work carried out and on the evolution of the Company's accounting and risk situation.
- d) Ensuring that the Company and the external auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other regulations on the independence of auditors.

## 3. Corporate Reputation:

The scope of corporate reputation includes issues relating to image management, brand, external communication, institutional relations and other aspects relating to the generation of trust and transparency towards its stakeholders, which correspond to the Group's business model and are determined by the Board of Directors.

In this sense their competences are:

- a) Being aware of, promoting, guiding and supervising the Company's actions in matters of corporate reputation and to inform the Board of Directors accordingly.
- b) Reporting on the contents relating to corporate reputation of the Group's annual reports, prior to their approval by the Board of Directors.
- c) Promoting the inclusion of improvement elements in the management of intangible assets such as reputation, brand image, intellectual capital, transparency and ethics.

- d) Evaluating and reviewing the Company's strategy execution plans in terms of corporate reputation and monitoring their degree of compliance.

## **Article 15. Meetings of the Audit and Control Committee and the conduct of its meetings**

1. The Audit and Control Committee shall meet as often as convened by its Chairman and when requested by one (1) of its members or at the request of the Board of Directors.
2. The meetings of the Audit and Control Committee shall take place at the registered office or at any other place determined by the Chairman and indicated in the notice of call, and shall be validly constituted when the majority of its members are present, either by proxy or by substitution, and its resolutions shall be adopted with the favourable vote of the majority of its members attending the meeting. In the event of a tie, the Chairman or whoever exercises his functions shall have the casting vote.
3. Any member of the management team or of the Company's personnel required for this purpose shall be obliged to attend the meetings of the Audit and Control Committee and to collaborate with it and provide it with access to the information at its disposal, and the latter without the need to be in the presence of any other manager. This Committee may also require the attendance at its meetings of the external auditors.

## **Chapter III**

### **The Appointments and Remuneration Committee**

#### **Article 16. Number of members and composition of the Appointments and Remuneration Committee.**

1. Within the Board of Directors, an Appointments and Remuneration Committee will be set up consisting of four (4) directors appointed by the Board of Directors,
2. The members of the Appointments and Remuneration Committee shall be appointed to ensure that they have the knowledge, skills and experience appropriate for the functions they are called upon to perform.
3. The Board of Directors may appoint substitutes for the members of the Appointments and Remuneration Committee who may only attend its meetings due to the absence or the member's inability to attend. In the event of substitution, the substitute will act at the meeting of the Appointments and Remuneration Committee in his own name and not on behalf of the member he replaces.
4. The Chairman of the Committee will be appointed by the Board of Directors from among directors who are members of it.

In the event of the Chairman's absence or inability to attend, he will be replaced by the member of the Appointments and Remuneration Committee appointed for that purpose by the Board of Directors and, failing that, by the senior member of the committee.

5. The Board of Directors shall act as Secretary, or, failing that, any other director appointed to the position by the Board of Directors.

6. The meetings of the Appointments and Remuneration Committee must assist, whenever it is deemed convenient by its Chairman, the person responsible for executing the remuneration policy in the Company or any other person that the said Committee deems appropriate.

## **Article 17. Functions**

The Appointments and Remuneration Committee does not have delegated powers, being an internal body of an informative and consultative nature. Without prejudice to other tasks assigned to it by the Board of Directors, the Appointments and Remuneration Committee shall be responsible for the study, issuance of reports and preparation of proposals for the Board of Directors, on the following matters:

### 1. Appointments:

- a) Criteria to be followed for the composition and structure of the Board of Directors, as well as for the selection of candidates to be part of the Board of Directors, always having to inform prior to the appointment of a director by co-optation or the elevation of any proposal to the General Meeting on the appointment or removal of any of the directors.

The procedure for selecting candidates for directors must be transparent and will evaluate, in any case, the competences, knowledge and professional experience of each candidate, evaluating all the candidacies and guaranteeing at all times non-discrimination for any cause among all possible candidates. Any director may request from the Appointments and Remuneration Committee to take into consideration, in case he finds them suitable in his opinion, potential candidates to fill vacancies for directors.

- b) Evaluate the necessary competences, knowledge and experience in the Board of Directors. For this purpose, it will define the functions and aptitudes necessary in the candidates who must fill each vacancy and will evaluate the time and dedication required so that they can effectively perform their duties.
- c) Report the appointment or removal of the Secretary, whether or not a director.
- d) Consult the Chairman and the chief executive of the Company, especially to deal with matters relating to directors and senior executives.
- e) It will report on the proposal for the appointment of senior executives of the Company, as well as the setting of its conditions on hiring and remuneration.
- f) Report on the position of the Company regarding the appointment and removal of

members within the management bodies of the investees.

- g) Submit proposals to the Board of Directors for the appointment of directors for the appointment by co-option or for submission to the decision of the General Meeting, as well as proposals for the re-election or removal of such directors by the General Meeting.
- h) Report the proposals of the Chairman of the Board of Directors regarding the appointment or removal of the Vice-Chairman or Vice-Chairmen of the Board of Directors and the Secretary or Deputy Secretaries.
- i) Resolve the conflicts of interest that the directors have raised with the Secretary of the Board of Directors

## 2. Remunerations:

- a) Make a proposal for the remuneration of the directors, in accordance with the remuneration regime established in the Bylaws and the manner in which the directors with executive functions are linked to the Company. The aforementioned proposal will be presented to the General Board for approval.

Their proposals for remuneration of independent directors should be designed to reward their dedication, qualification and the responsibility that the position requires; bearing in mind that the proposals should not be excessive in order not to compromise their independence.

Their proposals will report on the individual remuneration and contractual conditions of the executive directors.

- b) Propose to the Board of Directors the remuneration policy for directors and general managers or those who perform their functions of senior management under the direct dependence of the Board or CEOs, as well as individual compensation and other contractual conditions concerning executive directors, ensuring their observance. It will ensure that the individual remuneration of the executive directors is proportionate to that paid to the other directors and officers of the Company. It will propose the basic conditions of the contracts of the latter and evaluate the criteria of the training policy, promotion and selection of the Company's management personnel.
- c) Ensure compliance with the remuneration policy established by the Company and, in this regard, promote a remuneration policy for directors and senior managers and propose their modification and updating.

## 3. Matters of Corporate Social Responsibility:

- a) The revision of the Company's policy of corporate responsibility, ensuring that it is aimed at the creation of value.
- b) The follow-up of the corporate social responsibility strategy and practices and the evaluation of their degree of compliance.
- c) The supervision and evaluation of the process of relationships with the different



interest groups.

## **Article 18. Appointments and Remuneration Committee meetings and the development of its sessions**

1. The Appointments and Remuneration Committee shall meet as often as convened by its Chairman and when requested by one (1) of its members or at the request of the Board of Directors
2. The sessions of the Committee will take place at the registered office or any other office determined by the Chairman and indicated in the notice, being validly constituted when the majority of its members attend, present or represented, and their reports will also be adopted with a favorable vote of the majority of its members attending the meeting. In case of a tie, the vote of the Chairman or whoever exercises his / her functions will have a deciding character.

## **Chapter IV**

### **Article 19. Risk control and management policy**

The Board of Directors will approve, in response to the evolution of the Company, a risk control and management policy.

Said policy shall identify, at least, the following extremes:

- a) The different types of risks (operational, technological, financial, legal, reputation, etc.) that the Company may face, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
- b) The determination of the level of risk that the Company considers acceptable
- c) The measures planned to mitigate the impact of the risks identified, should they materialize.
- d) The information and internal control systems that will be used to control and manage the aforementioned risks, including contingent liabilities or off-balance-sheet risks.

## **Title V**

### **Statute of the director**

### **Article 20. Appointment of directors and term of office**

1. The directors will be appointed by the General Meeting.

All directors shall exercise their duties for an indefinite term.

2. The designation of substitutes will not proceed

## **Article 21. Remuneration of directors**

Directors shall be remunerated. Said remuneration shall consist of a fixed amount, the total amount of which shall be approved annually by the General Meeting. Said remuneration may be unequal for each of the directors and which will remain in effect as long as your modification is approved. The determination of the remuneration of each director in his capacity as such shall correspond to the Board of Directors, which shall take into account for this purpose the functions and responsibilities attributed to each director, the membership of Board Committees and the other objective circumstances that he considers relevant.

The remuneration of the directors may also consist, and independently of what is established in the previous section, in per diems, in the delivery of shares or option rights over the same or is referenced to the value of the shares of the Company, or consist of in a variable remuneration. The application of these systems must be agreed by the General Meeting, which will determine the maximum number of shares that can be assigned in each year to this remuneration system, the exercise price or the calculation system of the exercise price of the options on actions, the value of the actions that, where appropriate, are taken as a reference, the term of the system that is agreed and as many conditions as it deems appropriate.

The Company must contract civil liability insurance for its directors and executives.

The remuneration of the directors must in any case keep a reasonable proportion with the importance of the Company, the economic situation that it had at all times and the market standards of comparable companies. The established remuneration system should be aimed at promoting the long-term profitability and sustainability of the Company and incorporating the necessary precautions to avoid excessive assumption of risks and the reward of unfavorable results.

The position of director will be compatible with any other position or executive function in the Company from which it derives a different remuneration from the one received as a director, and the Appointments Committee must have full knowledge of these other functions and their corresponding remuneration, thus guaranteeing the principle of transparency with respect to the remuneration of directors for all the relevant concepts.

The directors who perform executive functions shall be entitled to receive, in addition, the compensation for the performance of said responsibilities provided for in the contract signed for this purpose between the director and the Company.

Said contract shall be adjusted to the remuneration policy of the directors to be approved by the General Meeting, and shall include the amount of the annual fixed remuneration, the annual variable remuneration and any multi-annual variable remuneration, including the parameters for its accrual, as well as the eventual compensation for termination of the contract, provided that the termination was not motivated by the breach of his duties as a director, as well as the possible commitments of the Company to pay amounts in the form of insurance premiums or contribution to savings systems or of anticipation.

## **Article 22. General duties of the directors**

The members of the Board of Directors shall hold their office complying with all the duties established in the Corporate Enterprises Act and the Company's By-laws. Therefore, they shall act with the diligence of an orderly businessman and the loyalty of a faithful representative, acting in good faith and in the best interest of the Company, taking into account the nature of the position and the functions attributed to each one of them.

## **Title VI**

### **FINAL PROVISIONS**

## **Article 23. Entry into effect**

This Regulation has indefinite validity, and will be applicable to the Boards of Directors and Commissions that must be convened after the date of entry into effect of this Regulation.