

REGULATIONS OF THE BOARD OF DIRECTORS

31ST March, 2022

Section I. PRELIMINARY

Article 1. Purpose.

The purpose of these Regulations is to determine the principles of action of the Board of Directors of Ence Energía y Celulosa, S.A. (hereinafter, the "**Company**" or the "**Corporation**"), the basic rules of its organisation and operation and the rules of conduct of its members.

These Regulations apply to the Company's directors and, insofar as they are concerned, to the Board's Secretary and Deputy Secretary, as well as to the Company's Senior Management.

Directors who report directly to the Board, to its commissions, to executive directors of the Company or who are members of the Management Committee shall be considered Senior Managers for the purposes of these Regulations.

Article 2. Interpretation.

The Regulations shall be interpreted pursuant to the applicable legal and statutory rules and the most widely recognised principles and recommendations of good corporate governance at the time.

Article 3. Amendment.

1. These Regulations may only be amended at the request of the Chairman, the Vice-Chairman (or the first Vice-Chairman if there are several of them), a majority of the Audit Commission or the Appointments and Remuneration Commission, or one third of the number of directors in office.
2. Proposed modifications must be reported by the Appointments and Remuneration Commission.
3. The text of the proposal, the report of the Appointments and Remuneration Commission and, where appropriate, the justification memorandum of its authors, shall be made available to the Directors sufficiently in advance of the meeting of the Board that is to deliberate on it.

In order to be valid, amendments to the Regulations shall require a resolution adopted by a majority of the present or represented Directors.

Article 4. Dissemination.

Directors are obliged to know, comply with and enforce these Regulations. To this end, the Board Secretary shall provide all of them with a copy thereof.

The Board of Directors of the Company shall take appropriate measures to ensure that the contents of the Regulations are disseminated to shareholders and the investing public in general. The Regulation and its amendments will be sent to the National Securities Market Commission (Comisión Nacional del Mercado de Valores) and filed for registration with the Trade Register. Likewise, the Board shall inform the General Meeting of Shareholders of its approval and any amendments thereto.

Chapter II. MISSION OF THE BOARD

Article 5. General supervisory function.

1. Except in matters where, pursuant to the Law or the Articles of Association, the competence falls on the General Meeting, the Board of Directors is the Company's highest decision-making body.
2. The Board's policy is to delegate the day-to-day Company management in accordance with the Law and the Articles of Association and to focus its activity on the general supervisory function.
3. Pursuant to the provisions of the Capital Companies Act, the Board of Directors may not delegate those powers that cannot be delegated.
4. Exceptionally, when there are duly justified reasons of urgency, the delegated bodies or persons may adopt those powers that cannot be delegated according to the provisions of the Capital Companies Act. Following the adoption of the decision, such decisions shall be ratified during the first Board of Directors.

Article 6. Creation of shareholder value.

1. The Board of Directors shall at all times follow the criterion of maximising the company's long-term value creation while also observing the principles of sustainability. For such purpose, the company's financial and business strategies shall be directed in pursuit of the corporate interest.
2. At the corporate organisation level, the Board shall take the necessary measures to ensure:
 - a) that the company's management has the right incentives in their pursuit of shareholder value creation;
 - b) that the management of the company is under the effective supervision of the Board;
 - c) that no single person or small group of persons holds decision-making power that is not subject to checks and balances; and
 - d) that no shareholder receives privileged treatment in relation to other shareholders.

Article 7. Other interests.

The maximisation of the value of the company in the interest of the shareholders shall be developed by the Board of Directors while necessarily respecting the requirements imposed by the law and by the uses and good practices of the sectors and countries where the Company operates, complying with the explicit and implicit contracts entered into with employees, suppliers, financing entities and customers in good faith, and taking into account the legitimate interests of stakeholders as well as the impact of the Company's activities on the community and the environment. Likewise, the Board of Directors shall ensure that the Company complies with the principles of social responsibility that it has voluntarily accepted at all times, such as

the objectives of sustainable development and overall compliance with such ethical duties as may reasonably be required for the responsible conduct of business.

Chapter III. COMPOSITION OF THE BOARD

Article 8. Qualitative composition.

1. In the exercise of its powers of proposal to the General Meeting and of vacancy co-option, the Board of Directors shall endeavour to ensure that external and non-Executive Directors represent a large majority of the Executive Directors on the board and that, in general, the different categories of Directors are adapted in their proportion and characteristics to the best corporate governance practices.
2. In order to establish a reasonable balance between Proprietary Directors and Independent Directors, the Board will consider the Company's ownership structure, so that the relationship between each type of Director reflects the relationship between stable capital and floating capital.
3. The Board of Directors will explain each type of Director to the General Meeting of Shareholders, which must make or ratify their appointment or re-election. This type will be reviewed annually, after verification by the Appointments and Remuneration Commission, and shall be duly depicted in the Annual Corporate Governance Report.

Article 8 bis. Categories of directors.

1. Directors who perform management functions within the Company or its group shall be considered executive directors. For the purposes of these Regulations, when a director performs management functions and concurrently is or represents a significant shareholder or one that is represented on the Board, they shall also be considered an executive director.

Directors who are senior managers or directors of companies belonging to the group of the Company's parent company shall, conversely, be considered proprietary directors.

All other Directors of the Company shall be non-executive Directors, and may be proprietary, independent or other external directors.

2. External or non-executive directors who hold a shareholding interest equal to or greater than that legally considered significant or who have been appointed on account of their status as shareholders, even if their interest does not reach that amount, shall be considered proprietary directors. Those representing or appointed by said shareholders shall also be considered proprietary directors.

For the purposes of this section, a director shall be presumed to represent a shareholder in the following cases:

- a) when they have been appointed in the exercise of the right to a proxy;
- b) when they are a director, senior manager, employee or non-occasional provider of services to that shareholder, or to companies belonging to the same group;
- c) when it is deduced from company documents that the shareholder assumes that the director has been appointed by or on behalf of the shareholder; and

d) when they are the spouse, a person linked by a similar relationship, or a relative up to the second degree of a significant shareholder.

3. Independent Directors shall be those who, appointed on the basis of their personal and professional qualifications, are able to perform their duties without being influenced by relationships with the Company, its significant shareholders or its Senior Management.

Under no circumstances may they be classified as independent directors if they:

a) Have been employees or executive directors of group companies, unless 3 or 5 years, respectively, have elapsed since the end of that relationship.

b) Receive any amount or benefit for an item other than director's remuneration from the Company or from another company of the same group, unless said benefit or amount is not significant.

For the purposes of the provisions in this section, dividends and pension supplements received by the director by reason of their previous professional or employment relationship shall not be taken into account, provided that such supplements are unconditional and that, consequently, the company paying them may not suspend, modify or revoke their accrual at its discretion without it constituting breach of duty.

c) Are or have been a partner at some point in the last 3 years of the external auditor or of the person responsible for the audit report, whether that period concerns the audit of the Company or of any other company in its group.

d) Are executive directors or senior managers of another company in which one of the Company's executive directors or Senior Managers is an external director.

e) Maintain, or have maintained during the last year, a significant business relationship with the Company or any company in its group, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such a relationship.

Business relationships shall be considered to be those of a supplier of goods or services, including financial, advisor or consultant services.

f) Are significant shareholders, executive directors or senior managers of an entity that receives or has received donations from the Company or its group in the last 3 years.

This point is not applicable to those who are merely patrons of a foundation which receives donations.

g) Are spouses, persons linked by a similar relationship or relatives up to the second degree of one of the Company's executive directors or Senior Managers.

h) Have not been proposed, either for appointment or renewal, by the Appointments and Remuneration Commission.

i) Are in any of the situations indicated in letters a), e), f) or g) of this section with respect to any significant shareholder or shareholder represented on the Board. In the case of the family relationship referred to in point g), the limitation shall apply not only regarding the shareholder but their proprietary directors in the investee company as well.

j) Are directors for a continuous period of more than 12 years.

4. A director who holds a shareholding interest in the Company may hold an independent director status, provided that they meet all the conditions set forth in this article and, in addition, their interest is not significant.
5. Proprietary directors who lose their Proprietary status as a result of the sale of their shareholding by the shareholder they represented may only be re-elected as independent directors once the shareholder they had represented until then has sold all of their Company shares.
6. If there is an external director who cannot be considered a proprietary director or an independent director, the Company shall disclose this as well as their relationship with either the Company, its Senior Management or with its shareholders.

Article 9. Quantitative composition.

1. The Board of Directors shall consist of a number of directors determined by the General Meeting, within the limits set by the Company's Articles of Association.
2. The Board shall propose to the General Meeting of Shareholders the number that, in accordance with the Company's changing circumstances, is most appropriate to ensure the due representativeness and effective functioning of the body.

Chapter IV. STRUCTURE OF THE BOARD OF DIRECTORS

Article 10. The Chairman of the Board.

1. Following a report from the Appointments and Remuneration Commission, the Chairman of the Board of Directors shall be elected by the Board from among its members.

The position of Chairman of the Board of Directors may be held by an Executive Director. In this case, their appointment will require the favourable vote of two thirds of the members of the Board.

2. In addition to the functions determined by law, the Articles of Association, these Regulations and those delegated to them by the Board, if any, the Chairman is responsible for promoting the governance of the Company and of all its investee companies, as well as for representing the Company, especially before the various Public Administrations, Securities Market Institutions, Organisations, Companies and Associations in the Sector.

Likewise, the Chairman shall organise and coordinate the periodic assessment of the Board and the Company's CEO with the Commissions' Chairmen.

3. The Chairman shall be the Chairman of the Board of Directors. In this respect, they have the ordinary power to submit a programme of dates and matters to be discussed to the Board of Directors, to convene the Board of Directors, to set the agenda for its meetings and to direct the Board's functioning and discussions by ensuring that sufficient discussion time is devoted to strategic issues. However, the Chairman shall convene the Board and include the matters in question in the agenda when so requested by the coordinating director, as the case may be, or by one third of the directors in office if,

after request to the Chairman, the latter has not called a meeting within a period of one month without just cause.

4. The Chairman, with the collaboration of the Secretary, shall ensure that the directors have the necessary information beforehand and sufficiently in advance for deliberation and the adoption of decisions on the matters to be discussed, except in those cases where the Board has been constituted or exceptionally convened for urgent reasons. It shall also encourage internal debate and the active participation of its members during Board meetings, safeguarding their freedom to take a position and favouring diversity of opinion.

In the event of a tied vote, the Chairman shall have the casting vote.

Article 10 bis. The Coordinating Director.

1. In the event that the Chairman of the Board of Directors is an executive director, the Board of Directors, at the proposal of the Appointments and Remuneration Commission and with the abstention of the executive directors, must necessarily appoint a coordinating director from among the independent directors who, without prejudice to other duties assigned by law or the Board, shall have the following basic responsibilities:
 - a) chair the Board of Directors in the absence of the Chairman and the Vice-Chairman;
 - b) request the Chairman to convene the Board of Directors and participate in the planning of the annual meetings calendar together with the Chairman;
 - c) echo the concerns of non-executive directors;
 - d) maintain contact with investors and shareholders to ascertain their views in order to form a view on their concerns, in particular in relation to the Company's corporate governance; and
 - e) direct the periodic evaluation of the Chairman and lead and organise, where appropriate, the Chairman's succession plan.
2. The revocation of any of the foregoing powers shall require a prior report from the Appointments and Remuneration Commission, except in the case of powers recognised by law, in which case they may not be revoked.

Article 11. The Vice-Chairman.

1. Following a report from the Appointments and Remuneration Commission, the Board may appoint one or more Vice-Chairmen who shall follow a numbered order.
2. In the event of the Chairman's absence or inability, the Vice-Chairmen, in the order established or, failing that, the director designated for this purpose on an interim basis, shall replace the Chairman.

Article 12. The Secretary of the Board.

1. The Secretary of the Board of Directors may or may not be a director.

2. The Secretary shall assist the Chairman in their duties and shall ensure the smooth running of the Board, especially by providing the directors with the necessary advice and information, keeping the corporate documentation, duly recording the proceedings of the meetings in the minute books, including those statements that have been requested to be recorded in the minutes, and attesting to the resolutions of the body.
3. The Secretary of the Board shall also ensure that the actions of the Board comply with the provisions of the law, the Articles of Association and the Regulations of the General Meeting, the Board and other internal regulations of the Company at the time, and that the good governance recommendations applicable to the Company are observed.
4. The appointment and removal of the Secretary shall be approved by the full Board, following a report from the Appointments and Remuneration Commission.

Article 13. The Deputy Secretary of the Board.

1. The Board of Directors may appoint a Deputy Secretary, who may or may not be a director, to assist the Secretary of the Board of Directors or to replace them in the event of absence in the performance of their duties.
2. Unless otherwise decided by the Board of Directors, the Deputy Secretary may attend meetings of the Board of Directors to assist the Secretary in drawing up the meeting minutes.

Article 14. Delegated and advisory bodies of the Board of Directors. Common rules.

1. Without prejudice to the powers delegated to the Executive Commission and to the managing directors in a personal capacity, the Board of Directors shall always set up an Audit Commission, an Appointments and Remuneration Commission and a Sustainability Commission with powers of information, advice and proposal regarding the matters determined in Articles 15, 16, 17 and 17 bis.
2. The Appointments and Remuneration Commission shall assess the profile of the persons that are the most suitable to be members of the various Commissions and shall submit the corresponding proposals to the Board, ensuring that they have the knowledge, skills and professional experience necessary to perform their duties and promoting gender diversity in their composition. It shall always take into consideration the suggestions made by the Chairman.
3. The Commissions shall regulate their own functioning for matters not regulated by the articles of association or these regulations. However, the Board of Directors shall appoint the Chairman of each commission from among its members. The Secretary of the Commissions shall consist of the Secretary of the Board of Directors, who may be replaced or assisted by the Deputy Secretary. They shall meet when convened by their Chairman. Where not specifically provided for, the operating rules for the Board established by these Regulations shall apply, insofar as they are compatible with the nature and function of the Commission.
4. The Commissions shall be validly constituted by the attendance, either directly or by proxy, of the majority of their members and shall adopt their resolutions by a majority of those present or represented. In the event of a tie, the Chairman shall have the casting vote. The members of the Commissions may delegate their representation to another

Commission member, but no member may represent more than two other members in addition to themselves.

5. The Secretary shall draw up the minutes of the resolutions adopted at each of the Commissions meetings, which shall be reported at the next Board of Directors meeting. Likewise, copies of the minutes of the Commissions' meetings shall also be made available to all directors.
6. The Chairman of the Commissions shall preside over their meetings and shall direct the deliberations of the matters to be dealt with, favouring freedom and diversity of opinion. Likewise, they shall ensure that the required means are available for channelling and providing the necessary information and documentation to the other members of the Commission, with sufficient time for them to analyse it prior to their meetings.
7. For the better performance of their duties, the Commissions may seek the opinion of external advisors. For such purpose, the provisions of these Rules of Procedure shall apply. The Commissions may also request the attendance of any of the Company's management team member or staff. In any case, the attendance of third parties at Commission meetings shall be at the invitation of the Chairman of the Commission, to deal with those specific items on the agenda for which their collaboration or information is required, and shall have a voice but no voting rights. They shall not be present during deliberations or voting under any circumstances.

Article 15. Executive Commission.

1. The Executive Commission shall consist of a number of directors to be determined by the Board of Directors within the limits established by the Company's Articles of Association and taking into account the Company's circumstances, ensuring the presence of at least two non-executive directors, at least one of whom shall be independent.

The members of the Executive Commission shall resign when they cease to be directors or upon the Board's resolution. Vacancies shall be filled as soon as possible by the Board of Directors.

2. The permanent delegation of powers to the Executive Commission by the Board of Directors shall include all of the Board's powers, except those that cannot be delegated pursuant to the Law, the Articles of Association and Article 5 of these Regulations, and said delegation shall require the favourable vote of two thirds of the Board members in order to be valid.
3. The Executive Commission shall hold its meetings as many times as it deems necessary and at the request of at least three of its members or of its Chairman.

In those cases where, in the opinion of the Chairman or three of the members of the Executive Commission, the importance of the matter calls for it, the resolutions adopted by the Executive Commission shall be submitted for ratification by the Board sitting in full session. The same shall apply to those matters which the Board sitting in full session has referred to the Executive Commission for examination and which it reserves the right to decide on.

For all other cases, the provisions of this Regulation on the functioning of the Board of Directors shall apply to the Executive Commission, insofar as is possible.

Article 16. The Audit Commission.

1. The Audit Commission shall be made up of the number of directors determined by the Board of Directors, within the provisions of the Articles of Association, with a minimum of three and a maximum of seven members. The Audit Commission members shall be exclusively non-Executive Directors, the majority of whom shall be Independent Directors, and as a whole shall be appointed based on their knowledge and experience in accounting, auditing, and risk management, both financial and non-financial.

The Chairman of the Audit Commission shall be elected by the Board of Directors from among the independent Directors who are its members and must be replaced at least every four years. The Chairman may be re-elected after one year has elapsed since termination.

2. Without prejudice to other duties determined by law, the Articles of Association or the Board, the Audit Commission shall have the following responsibilities:
 - 1) report to the Annual General Meeting of Shareholders, through the Chair of the Commission, on any issues arising within its area of competence;
 - 2) propose to the Board of Directors, for submission to the Annual General Meeting of Shareholders, the appointment, contracting conditions, scope of their commission, and their re-election and, where appropriate, the removal or non-renewal of the external auditors or audit firms, encouraging the group's auditor to assume responsibility for the audits of the companies comprising the group;
 - 3) ensure the independence and efficiency of the internal audit's functions, propose the selection, appointment and removal of the person responsible for this service, propose a budget, review the information that this system periodically generates about its activities, check that senior management has taken note of the reports' conclusions and recommendations, and approve its guidance and work plans, ensuring that its activity is concerned mainly with the risks that are relevant to the Company (including reputational risks);
 - 4) regularly obtain information from the internal audit on the audit plan and its execution and supervise the Company's internal audit based on the annual internal audit plan presented by the person responsible for this area every financial year, on the information supplied about possible incidents and limitations to the scope of the audit that have arisen during that have arisen during its development, and on the results and follow-up of its recommendations and the activity report submitted by the head of the internal audit to the Commission for consideration at the end of each financial year;
 - 5) monitor and evaluate the process of preparing financial and non-financial information and their integrity;
 - 6) supervise compliance with the Company's internal codes of conduct and make the necessary proposals for their improvement;
 - 7) establish appropriate relations with the Account Auditors in order to receive information on matters that may jeopardize their independence (in particular, so that

the auditor's remuneration for its work does not compromise its quality or independence), for consideration by the Commission and any other matters related to the process of conducting the accounts audit, as well as any other communications established in accounts auditing law and in technical audit rules;

in any event, each year the Audit Commission shall receive from the account auditors or audit firms the written confirmation of their independence from the Company or companies related to it directly or indirectly, as well as information on additional services of any kind provided and the corresponding fees received from these companies by the aforementioned account auditors or audit firms, or by the persons or entities linked to them in accordance with the provisions in the Accounts Auditing Act;

Likewise, the external auditor must hold at least one meeting a year with the Board of Directors in full session to report on the work performed and the evolution of the Company's accounting and risk situation.

- 8) annually issue, prior to the issuance of the audit report, a report expressing an opinion on the independence of the auditors or audit firms; this report shall be published on the Company's website and must, in any case, express an opinion on the provision of the additional services referred to in the preceding section, considered individually and as a whole, other than the statutory audit, the limits on the concentration of the auditor's business and, in general, in relation to the rule on independence or the regulatory audit regulations;
- 9) ensure that the company notifies the CNMV of a change of auditor and enclose a statement with the notice of any disagreements with the outgoing auditor and, if any, their content, and, in the event of the auditor having resigned, a review of the circumstances that gave rise to the resignation;
- 10) ensure that the annual accounts that the Board of Directors submits to the Annual General Meeting of Shareholders are drawn up in accordance with accounting regulations; monitor compliance with legal requirements, the correct application of generally accepted accounting principles, and the proper delimitation of the scope of consolidation, as well as the correct application of accounting criteria, reporting on proposals for the modification of accounting principles and criteria suggested by management;
- 11) serve as a communication channel between the Board of Directors and the auditors, evaluate the results of each audit and the responses of the management team to their recommendations, and mediate in the event of discrepancies between them in relation to the principles and criteria applicable in the preparation of the financial statements;
- 12) supervise and assess the effectiveness of the internal control and financial and non-financial risk management systems relating to the Company and, where appropriate, the group, including operational, technological, legal, social, environmental, climate, political, reputational, and corruption-related risks; and discuss with the auditors or audit firms any significant weaknesses in the internal control system detected in the course of the audit;
- 13) monitor in general that the established internal control policies and systems are effectively implemented in practice;

- 14) supervise compliance with the audit contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are drafted in a clear and precise manner;
 - 15) provide advance notice about the Board's adoption of the corresponding agreement regarding the prospectus and the periodical financial information that the Company must provide to markets and supervisory bodies;
 - 16) establish and supervise a mechanism that allows employees and other parties related to the Company, such as directors, shareholders, suppliers, contractors, or subcontractors, to report potentially significant irregularities, including financial, accounting, or any other irregularities related to the Company that they notice within the Company or its group. This mechanism must guarantee confidentiality and, in any case, establish the possibility for communications to be made anonymously, respecting the rights of the accuser and the accused;
 - 17) report on related-party transactions to be approved by the General Meeting or the Board of Directors and supervise the internal procedure established by the Company for those whose approval has been delegated, where appropriate, to the Board of Directors;
 - 18) report to the Board of Directors, prior to the adoption by the latter of the corresponding decisions, on all matters set out by Law, the Articles of Association, and these Regulations and, in particular, in relation to the creation or acquisition of shareholdings in special purpose vehicles or entities domiciled in countries or territories considered tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could undermine the transparency of the group;
 - 19) evaluate, at least once per year, its performance and the quality of its work;
 - 20) analyse and report in advance to the Board of Directors on the structural and corporate modifications that the Company plans to carry out, their economic conditions and their accounting impact, and, in particular, if appropriate, on the proposed exchange ratio;
 - 21) supervise the communication and relationship strategy with shareholders and investors, supervise the application of the general policy regarding the communication of economic-financial, non-financial, and corporate information, and monitor the way in which the entity communicates and interacts with small and medium-sized shareholders;
 - 22) those specifically provided for in the Law, the Articles of Association and these Regulations.
3. The Audit Commission will meet periodically as necessary, and at least four times a year.
 4. Members of the executive team or Company staff must attend the Commission sessions, collaborate and allow it to access the information they possess when required to do so, and shall have a voice but no voting rights. The Commission may also request meeting attendance from persons from outside the Company, including the Auditors, who shall have a voice but no voting rights.

Article 17. Appointments and Remuneration Commission.

1. The Appointments and Remuneration Commission shall be composed exclusively of non-executive directors, and the Board of Directors shall appoint them and determine their number, with a minimum of three and a maximum of seven members, the majority of whom must be independent directors.

The Chairman of the Appointments and Remuneration Commission shall be appointed by the Board of Directors from among the independent directors who are members of the Commission.

2. Without prejudice to other duties determined by law or by the Board, the Appointments and Remuneration Commission shall have the following basic responsibilities:
 - a) assess the skills, knowledge and experience required on the Board; define, accordingly, the roles and skills required of the candidates to fill each vacancy; and assess the time and dedication necessary for them to perform their duties well;
 - b) examine the Company's compliance with corporate governance rules and make the necessary proposals for improvement. Specifically, the Appointments and Remuneration Commission is responsible for reviewing the Annual Corporate Governance Report prior to its approval by the Board of Directors, carrying out a periodic evaluation of the adequacy of the Company's corporate governance system and receiving information and, where appropriate, issuing a report on disciplinary measures to members of the company's Board of Directors;
 - c) submit to the Board proposals for the re-election, removal, or appointment of independent directors, and report on proposals for the re-election, removal or appointment of the remaining directors, so that the Board may proceed directly to appoint them (co-opting) or take them on board for submission to the Meeting's decision;
 - d) ensure, within the scope of its competences, that, when filling new vacancies or appointing new directors, selection procedures favour diversity with respect to issues such as age, gender, disability or professional experience and training and do not suffer from implicit biases that could imply any discrimination and, in particular, that they facilitate the selection of female directors in a number that allows achieving a balanced presence of women and men; establishing for this purpose a target of representation for the under-represented gender and developing guidelines on how to achieve that target;
 - e) examine and organise, where appropriate together with the Coordinating Director, the succession of the Chairman of the Board and the Chief Executive of the Company and, where appropriate, make proposals to the Board so that such succession takes place in an orderly and well-planned manner; and to be informed of succession plans and career or professional development plans for Senior Management;

- f) report, prior to their submission to the Board, on proposals for the appointment or removal of the Secretary of the Board;
- g) propose the members who should be part of each of the Commissions to the Board;
- h) report on the appointments and removal of Directors with greater responsibility in the Company that the Chief Executive may propose to the Board;
- i) propose to the Board of Directors a system for determining the amount of the annual remuneration received by directors and Senior Management, as well as the other basic conditions of the contracts of the executive directors and their individual remuneration, ensuring compliance with the remuneration policy established by the Company;
- j) propose the periodic review of the remuneration policy for directors and the remuneration programmes for Senior Management, including share-based remuneration systems and their application, assessing their appropriateness and performance, ensuring compliance therewith and verifying the information on remuneration of directors and Senior Management, as well as ensuring that their individual remuneration is proportionate to that paid to the other directors and Senior Management of the Company;
- k) propose measures for remuneration transparency and ensure compliance;
- l) in the event that the Board has been informed that a director is in a situation affecting them which may damage the credit and reputation of the Company, inform the Board as to whether or not the Company should take any action, such as opening an internal investigation, requesting the resignation of the director or proposing their removal;
- m) evaluate, at least once per year, its performance and the quality of its work;
- n) report on the evaluation process of the Chairman of the Board and the chief executive of the Company; and submit to the Board the results of the Board's evaluation together with a proposal for an action plan or recommendations, which may include that of the commissions; as well as be informed of the evaluation process of senior management;
- o) propose and periodically supervise programmes to update the knowledge of the directors;
- p) report in advance on the transactions carried out, if any, by the directors on the terms established in articles 33.2, 34.1, 35.1 and 36.2 of these Regulations;
- q) supervise the communication strategy and the relationship with voting advisors;
- r) ensure that conflicts of interest do not undermine the independence of any external advice provided to the Commission; and

- s) those specifically provided for in the Law, the Articles of Association and these Regulations.
3. In the exercise of its duties, the Appointments and Remuneration Commission shall consult the Chairman of the Board of Directors and the chief executive of the Company, especially on matters relating to the executive directors and Senior Management of the Company.
- In turn, any director may request the Commission to consider potential candidates that they deem suitable to fill director vacancies.
4. The Appointments and Remuneration Commission will meet every time the Board or its Chairman requests the issue of a report or the adoption of proposals, whenever it is appropriate to ensure the proper performance of its functions, and at least 4 times a year. In all cases, it shall meet once a year to prepare the information on the directors' remuneration that the Board of Directors must approve and include within its annual public documentation.

Article 17 bis. Sustainability Commission.

1. The Sustainability Commission shall be composed exclusively of non-executive directors, and a majority of independent directors appointed by the Board of Directors at a number determined thereby, and have a minimum of three and a maximum of seven members. Said members shall be elected from among the Company Directors, based on their experience and knowledge with regard to the responsibilities assigned to the Commission.
2. Likewise, the Board of Directors may appoint the Chairman of the Commission from among the Independent Directors who are members of the Sustainability Commission.
3. The Sustainability Commission shall meet as often as is deemed necessary for the proper performance of its functions, at least four times a year. Anyone required to do so may attend the sessions of the Commission, and shall have a voice but no voting rights.
4. The Commission shall report its actions to the Board of Directors periodically and whenever it deems it appropriate to do so.
5. Without prejudice to other tasks that may be assigned to it by the Board of Directors, the main functions of the Sustainability Commission shall be the following:
 - a) Periodically review the sustainability policy and propose to the Board of Directors that it be updated so that it is oriented towards the creation of value and the promotion of social interest, taking into account, as appropriate, the legitimate interests of other stakeholders.
 - b) Identify and propose to the Board of Directors the specific sustainability Policies to be included in the Company's internal regulations.
 - c) Define and update, as appropriate, the Company's sustainability strategy for its proposal to the Board, focusing on all those aspects and issues identified as risks or opportunities for the Company in sustainability matters, supervising that it is aligned with the corporate strategy and addresses the material aspects for the Company's stakeholders. It is also responsible for monitoring and evaluating the degree of compliance, reporting to the Board of Directors as appropriate.

- d) Report, prior to review by the Audit Commission and approval by the Board of Directors, on the development and submission process of the annual non-financial information statement (Annual Sustainability Report).
- e) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.
- f) Propose the appointment of the independent third party to verify the non-financial information statement.
- g) Ensure that the company's culture is aligned with its purpose and values.
- h) Be aware of significant legal modifications in sustainability matters with a possible significant influence for the Company, as well as emerging trends, such as the circular economy or natural capital, in order to analyse them and, where appropriate, promote action plans.
- i) Supervise and evaluate the strategy of dialogue with the different stakeholders as well as the procedures and channels of communication with them, within the scope of its competencies, ensuring that it responds to the main interests, expectations and demands of the Company's stakeholders.
- j) Be familiar with and promote the Company's social action strategy and its community relations plans.

Section V. OPERATION OF THE BOARD

Article 18. Meetings of the Board of Directors

1. At the proposal of the Chairman, the Board of Directors shall meet as many times as the former deems appropriate for the proper operation of the company, with a minimum of eight annual meetings and at least once quarterly.

Likewise, the directors constituting at least one third of the members of the Board of Directors may call a meeting of the Board of Directors (specifying the agenda) to be held in the locality where the registered office is located if, upon request to the Chairman, the latter has not called the meeting within one month without just cause.

2. Calling for ordinary meetings shall be done by letter or email and shall be authorised by the signature of the Chairman or the Secretary or Vice-Secretary by order of the Chairman. The call shall be sent at least two days in advance.

Unless the Board of Directors has been constituted or has been exceptionally convened for reasons of urgency, the directors must have sufficiently in advance the information necessary for the deliberation and adoption of resolutions on the matters to be discussed.

3. Extraordinary meetings of the Board may be called by telephone or e-mail and the notice period and other requirements indicated in the previous section shall not apply when, in the opinion of the Chairman, the circumstances so justify.
4. The Board shall draw up an annual plan of ordinary meetings before the beginning of each financial year, setting out the schedule of meeting dates and the general content of the matters to be addressed to enable the Board to carry out its functions effectively, without prejudice to the specific agenda for each meeting being drawn up prior to the meeting thereof. Directors themselves may propose other agenda items not initially foreseen.

Article 19. Development of the meetings.

1. The Board shall be validly constituted when the majority of the members are present in person or by proxy at the meeting. If there is an odd number of directors, a quorum shall be determined if the number of directors exceeds half.

The directors shall make every effort to attend board meetings and, when they are unable to do so in person, in the case of a non-executive director, only another non-executive director may be appointed as proxy. The representation will be conferred with the corresponding instructions depending on the specific matters that are expected to be discussed in the Board.

2. The Chairman shall organise the debate seeking and promoting the participation of all directors in the deliberations of the body.
3. Except in cases where other voting quorums have been specifically established, resolutions shall be adopted by an absolute majority of the directors present and represented.
4. The Board may be held with the participation of all or some of its members and the Secretary by telematic means, by videoconference or by multiple telephone conference, or by other means of remote communication, provided that interactivity and intercommunication in real time is ensured and, therefore, the unity of the act. In this case, the system of connection shall be stated, where appropriate, in the meeting notice and in the minutes. Resolutions shall be deemed to have been adopted at the registered address.
5. The Board shall meet at corporate headquarters or at some other place(s) determined by the Chairman. Voting in writing and without a meeting will only be admitted when no director opposes this procedure. In the latter case, directors may send their votes and the considerations they wish to be recorded in the minutes by e-mail or by the telematic means that the Company may make available to them, ensuring the traceability and identity of the directors.

Article 19 bis. Evaluation of the Board of Directors and its Commissions.

1. The Board of Directors in full shall conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:
 - a) the quality and efficiency of the Board of Directors operation;
 - b) the performance and composition of its commissions;
 - c) the diversity of the Board of Directors' composition and competences;
 - d) the performance of the Chairman of the Board of Directors and the Chief Executive Officer, taking into account, as the case may be, the evaluation made by the coordinating director or by the Appointments and Remuneration Commission;
 - e) the performance and contribution of each director, with particular attention to the different heads of the Board of Directors Commissions.

The result of the evaluation shall be recorded in the minutes of the meeting or shall be annexed to the minutes.

2. If reports on the functioning of the Audit Commission, the Appointments and Remuneration Commission and the Sustainability Commission are prepared as part of

such evaluations, said reports shall be published on the Company's website with sufficient notice prior to the ordinary General Shareholders' Meeting.

3. The evaluation of the different board commissions should start from the reports they send to the Board of Directors, while that of the Board itself should start from the report of the Appointments and Remuneration Commission.
4. Every three years, the Board of Directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the appointments commission. The Appointments and Remuneration Commission shall assess the independence of the external consultant and shall report on any business relationships that the consultant or any company in its group may have with the Company or any company in its group.

Chapter VI. DIRECTORS' APPOINTMENT AND END OF TERM

Article 20. Appointment of directors.

1. Directors shall be appointed by the General Meeting or, in the event of an early vacancy, by the Board of Directors by co-option, in accordance with the provisions of the Capital Companies Act.
2. Proposals for the appointment of directors are made by the Appointments and Remuneration Commission in the case of independent directors, and by the Board of Directors itself in other cases.
3. The proposal shall in all cases be accompanied by a supporting report from the Board assessing the competence, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Meeting or of the Board itself.
4. The proposal for the appointment of any non-independent director must also be preceded by a report from the Appointments and Remuneration Commission.
5. When the Board departs from the Appointments and Remuneration Commission's recommendations, it must state the reasons for its action and record the reasons in the minutes.
6. The Company shall devise a guidance or welcome programme for new directors so as to provide them with a sufficient overview of the Company, including its main internal regulations.

Article 21. Appointment of external directors.

1. The Board of Directors and the Appointments and Remuneration Commission, within the scope of their competencies, shall ensure that the candidates selected are persons of recognised solvency, competence, and experience, imposing strict requirements in relation to individuals appointed to fill the positions of independent director provided for in Article 8 of these Regulations.
2. Without prejudice to the other situations of incompatibility provided for in the Capital Companies Act, the Appointments and Remuneration Commission may not propose or

appoint to fill an independent directorship persons whose situation or present or past relations with the Company may impair their independence.

Article 22. Re-election of directors.

Proposals for the re-election of directors shall be made in accordance with the provisions for their appointment set out in Article 20 of these Regulations.

Article 23. Term of office.

1. Directors shall hold office for the term provided for in the Articles of Association and may be re-elected, once or several times, for periods of the same maximum duration.
2. Directors appointed by co-option shall hold office until the date of the first General Meeting.

In the event of a vacancy occurring after the General Meeting has been convened and before it is held, the Board of Directors may appoint a director until the next General Meeting is held.

Article 24. Directors' end of term.

1. Directors shall cease to hold office when the term for which they were appointed has elapsed, when so decided by the General Meeting in exercise of the powers conferred on it by law, or when they notify the Company of their resignation.
2. Executive directors who reach the age of 65 shall cease to hold office at the end of their term of office, unless a two-thirds majority of the Board proposes or approves their re-election as executive directors, in which case they shall be ratified as holding the pertinent position on the Board by the aforementioned majority on an annual basis. However, in no case may executive directors be re-elected as such once they have reached the age of 70.
3. Directors must tender their resignation to the Board of Directors and formalise said resignation if the Board deems it appropriate in the following cases:
 - a) when they are affected by any of the applicable incompatibility or prohibition cases;
 - b) when they are seriously admonished by the Appointments and Remuneration Commission for having breached their obligations as Directors;
 - c) when remaining on the Board could seriously jeopardise the interests of the company or when the reasons for which they were appointed disappear; or
 - d) when, in the case of Proprietary Directors, the shareholder they represent or who proposed their appointment fully transfers their shareholding, or reduces their shareholding to a level that requires a proportional reduction in the number of their Proprietary Directors.
4. The Board of Directors shall not propose the removal of any independent directors before the statutory period for which they were appointed expires. However, such removal may be proposed when just cause is found by the Board following a report from the Appointments and Remuneration Commission. Specifically, there shall be just cause when the director (i) is in breach of the duties inherent to their position; (ii) is in any of

the situations described in section 3 above; or (iii) incurs in any of the circumstances described in article 8 bis.3 as a result of which they cannot be classified as independent.

The removal of an Independent Director may also be proposed as a result of public offers for acquisition, mergers, or other similar corporate transactions that entail a change in the capital structure of the Company, to the extent that it is necessary to establish a reasonable balance between the Proprietary Directors and Independent Directors based on the relationship between the Company's stable capital and floating capital.

5. Directors must inform the board of directors and, if appropriate, resign when situations arise that affect them, whether or not related to their actions in the company itself, that could damage the credit and reputation of the company and, in particular, of any criminal proceedings in which they are under investigation, as well as the procedural events thereof. Having been informed of or otherwise having become aware of any of the above situations, the Board shall examine the case as soon as possible and, having regard to the particular circumstances, decide, upon a report from the Appointments and Remuneration Commission, whether or not to take any action, such as opening an internal investigation, requesting the resignation of the director, or proposing the removal of the director. This shall be reported in the annual corporate governance report, unless there are special circumstances that justify it, which shall be recorded in the minutes.
6. A director who, by resignation or by General Meeting resolution, ceases to hold office before the end of their term shall provide sufficient explanation of the reasons for resignation or of their views on the reasons for the termination by the General Meeting in the case of non-executive directors, in a letter to be sent to all Board of Directors members.

Article 25. Objectivity and secrecy of voting.

All votes of the Board of Directors concerning the appointment, re-election or removal of directors shall be taken by secret ballot if so requested by a majority of those present.

Chapter VII. DIRECTOR'S INFORMATION

Article 26. Powers of information and inspection.

1. The Director is vested with the broadest powers to be informed about any aspect of the Company, to examine its books, records, documents, and other corporate operations background, and to inspect all its facilities. The right to information extends to subsidiary companies, whether domestic or foreign.
2. To avoid disturbing the ordinary management of the Company, the exercise of the right to information will be channelled through the Chairman or the Secretary of the Board of Directors, who will deal with requests from a Director providing them with the information directly, offering them the appropriate contact persons at the appropriate organisational level, and deciding on the appropriate measures to allow them to carry out the necessary examinations and inspections in situ.

Article 27. Expert assistance.

1. In order to assist them in the performance of their duties, and whenever circumstances require, the Company will provide the Directors, and the Directors may request the hiring of, at the cost of the Company, with legal, accounting and financial advisors or other experts.

The assignment must necessarily deal with specific problems of a certain scope and complexity that arise in the performance of the position.

2. Irrespective of the above, the Company will offer directors refresher programmes when circumstances so require.
3. The contracting decision has to be communicated to the Chairman and must be approved by the Board of Directors, which may refuse it if:
 - a) it is not necessary for the full performance of the duties entrusted to external directors;
 - b) its cost is unreasonable in view of the significance of the problem and the Company's assets and revenues; or
 - c) the technical assistance sought can be adequately provided by the Company's experts and technicians.

Chapter VIII. DIRECTOR'S REMUNERATION**Article 28. Director's remuneration.**

1. The directors' remuneration policy, approved by the General Meeting pursuant to the terms of the Capital Companies Act, is what shall determine the remuneration of directors in their capacity as such, within the remuneration system provided for in the Articles of Association, and shall include the maximum annual remuneration amount to be paid to the Group of directors in their capacity as such and shall remain in force until the General Meeting itself resolves to amend it.
2. The determination of the remuneration of each director in their capacity as such shall be the responsibility of the Board of Directors, following a report from the Appointments and Remuneration Commission, which shall take into account the applicable distribution criteria, the frequency and the dates of payment provided for in the remuneration policy.
3. With the advice of the Appointments and Remuneration Commission, the Board shall ensure that directors' remunerations are suited for attracting and retaining directors with the desired profile, rewarding the dedication, qualifications and responsibility required by the position without compromising their independent judgement. Likewise, the Board of Directors shall ensure that such remuneration is reasonable in proportion to the Company's size, its financial situation at the time and the market standards of comparable companies. The established remuneration system should be designed to promote the Company's long-term profitability and sustainability as well as introduce the safeguards necessary to avoid excessive risk-taking and rewarding of unfavourable results.

4. The remuneration of each director shall be transparent. To this end, alongside the Annual Corporate Governance Report, the Board of Directors shall draft an annual report on the remuneration of its directors, the content and structure of which shall be pursuant to the law. This report shall be made available to the shareholders at the time of the Annual General Meeting call and shall be submitted to an Annual General Meeting vote, on an advisory capacity and as a separate item on the agenda.

Article 29. Remuneration of Executive Directors.

1. The Board of Directors shall set both the director's remunerations for the performance of executive functions and the terms and conditions of their contracts with the company, in accordance with the law, the Articles of Association and the remuneration policy approved by the General Meeting of Shareholders.
2. Pursuant to the above, executive directors shall enter into a contract with the Company which sets out the terms and conditions of their remuneration for their executive duties in accordance with the provisions of the law, the Articles of Association and the remuneration policy approved by the General Meeting. The aforementioned contracts shall be approved in advance by the favourable vote of two thirds of the Board's members. The director involved must abstain from attending the deliberation and from voting. Once approved, the contracts, which shall detail all the items for which the director may obtain remuneration during the performance of their executive duties, shall be attached as an annex to the minutes of the meeting.

Chapter IX. DUTIES OF THE DIRECTOR

Article 30. General obligations of the director.

1. In accordance with the provisions of articles 5 and 6, the function of the director is to guide, supervise and control the management of the Company in order to maximise its value, following sustainability criteria, for the benefit of shareholders and other stakeholders.
2. Directors must comply with the duties and obligations inherent to their office and provided for in the Law, the Articles of Association and the Regulations of the General Meeting and of the Board of Directors. More specifically, the director shall be subject to the obligations provided for in this Article and Articles 31 to 37 below.
3. In the performance of their duties, a director shall act with the diligence of an orderly businessman and a loyal representative, and shall be obliged, in particular, to:
 - a) diligently be informed on the progress of the Company, demanding from the latter the appropriate and necessary information for the fulfilment of their obligations, and adequately prepare the meetings of the Board and of the delegated bodies of which it is a member.
 - b) devote the time and effort necessary to perform their duties effectively.
 - c) attend meetings of the bodies of which it is a member and participate actively in the deliberations, so that their judgement contributes effectively to decision-making. In the event that, for justified reasons, they are unable to attend the meetings to which they have been summoned, they shall instruct the director who is to represent them.

- d) carry out any specific task entrusted to them by the Board of Directors and reasonably included in their commitment of dedication.
- e) promote the investigation of any irregularity in the management of the Company of which it may become aware, and monitor any situation of risk.
- f) urge the persons empowered to call an extraordinary meeting of the Board to convene or include in the agenda of the first meeting to be held such items as they deem appropriate.

Article 31. Duty of confidentiality of the director.

1. The Director shall keep secret the deliberations of the Board of Directors and of the delegated bodies of which they form part and, in general, shall refrain from disclosing any information, data, reports or background information to which they have had access in the exercise of their office.
2. The obligation of confidentiality shall continue to apply even after they have ceased to hold office.

Article 32. Obligation to avoid conflict of interest situations

1. Directors shall take the necessary measures to avoid situations in which their interests, whether their own or through third parties, may conflict with the interests of the Company and with their duties to the Company.
2. In particular, directors shall refrain from: (a) engaging in transactions with the Company, except in the case of ordinary transactions, made on standard terms for clients and of little significance; (b) using the name of the Company or invoking their status as director to unduly influence the conduct of private transactions; (c) making use of corporate assets, including confidential information of the Company, for private purposes; (d) taking advantage of business opportunities of the Company; (e) obtaining advantages or remuneration from third parties other than the Company and its group associated with the performance of their duties, except in the case of mere courtesies; (f) engaging in activities for their own account or for the account of others which involve actual or potential competition with the Company or which otherwise place them in permanent conflict with the interests of the Company; and (g) attending and intervening in deliberations and voting on resolutions or decisions in which they or a related person has a direct or indirect conflict of interest, excluding from this abstention resolutions or decisions that affect them in their capacity as director, such as their appointment or revocation for positions on the administrative body or others of similar significance.
3. The above provisions shall also apply in the event that the beneficiary of the prohibited acts or actions is a person related to the director.
4. Without prejudice to the mandatory and waiver regime legally applicable to other conflict of interest cases, the non-compete obligation towards the Company may only be waived if no damage to the Company is foreseen or if the expected damage is outweighed by the benefits expected to be obtained from the waiver. The waiver shall be granted by express and separate agreement of the General Meeting of Shareholders.

In any case, at the request of any shareholder, the General Meeting of Shareholders shall decide on the removal of a director engaged in competitive activities when the risk of damage to the Company has become significant.

5. In any case, directors must inform the Board of Directors of any direct or indirect conflict of interest which they or persons related to them may have with the Company.
6. Any conflicts of interest involving Directors shall be reported in the notes.

Article 33. Use of company assets.

1. Directors may not make use of the Company's assets unless adequate consideration has been paid.
2. As an exception, the director may be exempted from the obligation to pay the consideration, but in this case the asset advantage will be considered indirect remuneration and must be authorised by the Board following a report from the Appointments and Remuneration Commission.

If an advantage is received as a shareholder, it shall be deemed appropriate only if the principle of equal treatment of shareholders is respected.

Article 34. Non-public information.

1. The Director may not use non-public information of the Company or of companies in the group for private purposes without the prior agreement of the Board of Directors, in accordance with the provisions contained in the Capital Companies Act. The Board of Directors shall request a prior report from the Appointments and Remuneration Commission.
2. The foregoing shall be understood to be without prejudice to the rules in force in each case in the Internal Code of Conduct on Matters Relating to Securities Markets and subject to the provisions of Title VII of the Securities Market Law.

Article 35. Business Opportunities.

1. Directors may not take direct or indirect advantage, for their own benefit or that of a related person, of a business opportunity of the Company, unless authorised by the General Meeting of Shareholders or by the Board, in accordance with the provisions contained in the Capital Companies Act, following a report from the Appointments and Remuneration Commission.
2. For the purposes of the preceding paragraph, a business opportunity means any possibility of making an investment or commercial transaction which has arisen or has been discovered in connection with the performance of the director's duties, through the use of Company resources and information or under such circumstances that it is reasonable to believe that the third party's offer was in fact addressed to the Company.

Article 36. Directors' reporting duties.

1. Directors must inform the Company's Board of Directors of the shares they hold directly or indirectly in the Company under the terms provided for by law and by the regulations.
2. Directors must inform the Appointments and Remuneration Commission of any professional obligations that might interfere with the dedication required of directors for the efficient performance of their duties and, in any case, of any position as directors, administrators or CEOs, or as representatives of said positions held in other companies, whether or not they are listed companies, and of any other remunerated activities of any kind. The information received from directors will be published on the Company's website.

The maximum number of other listed companies' Board of Directors of which the Company's Directors may form a part should not exceed 3 in the case of Executive Directors and 5 in the case of non-Executive Directors. For these purposes, all the boards of companies forming part of the same Group shall be counted as a single board.

Exceptionally and in view of concurrent personal and professional circumstances, the Board, after a favourable report from the Appointments and Remuneration Commission, may individually authorise exceeding the limit established in the previous paragraph when the dedication of the affected Director is not compromised. If this situation arises, this authorisation is reported in the Annual Corporate Governance Report.

3. Likewise, the Directors must notify the Board, as soon as possible, of any event or situation that may be relevant to their performance as Directors of the Company, especially those circumstances that affect them, related or not to their performance in the Company, and that may damage the credit and reputation of the Company and, in particular, criminal proceedings in which they are under investigation, as well as subsequent procedural events.

Article 37. Principle of transparency.

1. The Board of Directors shall draw up an annual corporate governance report detailing the terms established by law and regulations.
2. The Company shall have a website which shall include the information established in the Law and its implementing provisions, at the least. It is the responsibility of the Board of Directors to establish the content of the information to be included on the website, pursuant to applicable regulations.

Section X. RELATIONSHIPS OF THE BOARD

Article 38. Shareholder relationships.

1. The Board of Directors shall provide the appropriate channels for learning about the proposals that shareholders may make in relation to managing the Company.
2. Public requests for proxy voting made by the Board of Directors or by any of its members must contain or be accompanied by the agenda, as well as the request for instructions on how to exercise voting rights, and provide a detailed explanation of how the proxy will vote in the event that the shareholder does not give instructions and, where

appropriate, disclose the existence of conflicts of interest, in which case the provisions of the law shall apply.

3. The Board of Directors shall promote the informed participation of shareholders in General Meetings and shall adopt such measures as may be appropriate to facilitate the effective exercise by the General Meeting of Shareholders of its functions under the law and the Articles of Association.

In particular, the Board of Directors shall adopt the following measures:

- a) It shall endeavour to make available to the shareholders, prior to the General Meeting of Shareholders, all legally required information and all information which, although not legally required, may be of interest and reasonably provided.
 - b) It shall attend, with the utmost diligence, to requests for information made by shareholders prior to the General Meeting.
 - c) It shall answer, with equal diligence, any questions put to it by shareholders on the occasion of the General Meeting.
4. The Board of Directors shall submit the following transactions involving a structural modification of the Company to the General Meeting of Shareholders for approval:
 - a) the transfer of essential activities carried out up to that time by the Company to subsidiaries, even if the Company retains full control of them;
 - b) the acquisition, disposal or contribution to another company of essential assets or those which, due to their quality and volume, imply an effective modification of the corporate purpose;
 - c) transactions whose effect is equivalent to the liquidation of the Company.
 5. In order to enable shareholders to exercise their voting preferences accurately, the Board of Directors shall ensure that separate votes are taken at the General Meeting on the appointment, ratification, re-election or removal of each director and, in the case of amendments to the Articles of Association or these Regulations, on each article or group of articles which are materially different. By way of exception, the Board of Directors shall ensure that, at the General Meeting, votes are taken as a whole on articulated proposals that are an indivisible unit, such as those relating to the approval of a complete text of the Articles of Association or the Rules of Procedure of the General Meeting of Shareholders.

Article 39. Related transactions.

1. The Board of Directors must approve transactions that the Company or companies of its group carry out with directors, with shareholders holding 10% or more of the voting rights, with shareholders represented on the Board of Directors of the Company or of other companies of the group or with any other persons who must legally be considered related parties under the terms of the Law ("Related-Party Transactions").
2. Approval must necessarily be granted by the General Meeting of Shareholders when it concerns a related-party transaction whose amount or value is equal to or exceeds 10% of the company's assets according to the latest annual balance sheet approved by the Company.
3. The approval by the General Meeting or by the Board of a related party transaction shall be subject to a prior report by the Audit Commission, which shall (i) assess

whether the transaction is fair and reasonable from the point of view of the Company and, if applicable, of the shareholders other than the related party, and (ii) give an account of the assumptions on which the assessment is based and the methods used.

4. The authorisation of the Board shall not be deemed necessary, and its approval may be delegated to delegated bodies or to members of senior management, in relation to those transactions between companies forming part of the same group which are carried out within the scope of ordinary management and under market conditions or those transactions which simultaneously fulfil the following three conditions: (i) they are made under contracts whose terms and conditions are standardised and applied en masse to a large number of customers (ii) they are made at prices or rates generally established by whoever acts as supplier of the good or service in question and (iii) the amount does not exceed 0.5% of the net turnover of the Company according to the latest consolidated annual accounts approved by the General Meeting.
5. In relation to the adoption of the resolution to approve related-party transactions whose competence corresponds to the Board and has not been delegated, the director affected or the director representing or related to the shareholder affected must abstain from participating in the deliberation and voting in accordance with the provisions of the Law.

Article 40. Relationships with institutional shareholders and voting advisors.

1. The Board of Directors shall establish appropriate mechanisms for a regular exchange of information with those institutional investors and voting advisors who are part of the Company's shareholding structure, within the framework of the communication policy approved by the Company for this purpose.
2. Under no circumstances may relations between the Board of Directors and institutional shareholders result in the delivery to the latter of any information that could give them a privileged situation or an advantage over other shareholders.

Article 41. Market relationships.

1. In compliance with the regulations governing the Securities Market, the Board of Directors shall adopt the measures needed to ensure that the public is informed regarding:
 - a) inside information capable of appreciably influencing the formation of stock exchange prices, and other relevant information in accordance with securities market regulations;
 - b) changes in the ownership structure of the Company, such as changes in significant shareholdings, syndication arrangements and other forms of coalition, of which it has become aware;
 - c) substantial changes to the Company's governance rules;
 - d) the treasury shares policies which the Company intends to pursue, pursuant to the authorisations obtained at the General Meeting.
2. The Board of Directors shall adopt the measures needed to ensure the preparation of the periodic financial information as well as any other information which, as a listed Company, it must periodically publish or which caution demands be made available to the markets, in accordance with the same principles, criteria and professional practices

for its preparation as the annual accounts, ensuring it is as reliable as the latter. To this end, the adoption by the Board of the decision corresponding to said information shall be previously reported by the Audit Commission.

3. Under the terms provided for in the applicable regulations and in accordance with the provisions of article 37 above, the Board of Directors shall draw up an annual corporate governance report. Likewise, the Company shall disseminate through its website the information established by the securities market regulations and such other information as the Board may deem appropriate within the framework of the communication policy approved by the Company for this purpose.

Article 42. Relationships with auditors.

1. The Board's relationships with the Company's external auditors shall be channelled through the Audit Commission.
2. Likewise, the Board shall refrain from contracting audit firms whose fees, for all matters, are greater than ten percent of their total income during the last financial year.
3. The Board of Directors will publicly report the overall fees the Company has paid to the auditing firm for services other than auditing.
4. The Board of Directors will endeavour to finalise the accounts in such a way that there is no room for exceptions made by the auditor. However, when the board considers that it should maintain its judgement, it shall clearly explain publicly, through the Chairman of the Audit Commission at the General Meeting of Shareholders, the Audit Commission's opinion on the content and scope of the auditor's exceptions, and a summary of such opinion shall be made available to shareholders at the time of publication of the notice of the meeting, along with the other proposals and reports of the board.
5. The period of engagement of the external auditors, as well as the rotation times and processes, may not exceed the maximum limits established in the applicable regulations.