

## **REGULATION OF THE BOARD**

### **REGULATION OF THE BOARD OF DIRECTORS OF SACYR, S.A.**

#### **Chapter I. GENERAL PROVISIONS**

##### **Article 1. Purpose**

This Regulation of the Board of Directors (the "**Regulation**") constitutes an element of the Sacyr Corporate Governance System, and has the purpose of establishing (i) the principles of action of the Sacyr, S.A. (the "**Company**"), (ii) the basic rules of its organization and operation and (iii) the code of conduct of its members.

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

1. The Regulation will be interpreted according to the applicable legal and regulatory rules, taking into consideration the principles and rules contained in the By-laws, General Meeting Regulation, Internal Code Regulation and other internal regulations which are relevant for these purposes.
2. The Board of Directors will resolve the doubts or differences that arise in the application or interpretation of this Regulation.

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

1. The Regulation can only be modified by request of (i) the Chairperson, (ii) 3 directors or (iii) the Sustainability and Corporate Governance Committee.
2. The modification proposal must be accompanied with a supportive report and be reported to the Sustainability and Corporate Governance Committee. This report will not be necessary when the modification proposal has been made by the Sustainability and Corporate Governance Committee.

3. The text of the proposals, supportive report of its authors and, as the case may be, the report of the Sustainability and Corporate Governance Committee must be appended to the Board of Directors notice of meeting which is to deliberate regarding the modification. The Regulation modification must be specifically included in the notice of meeting agenda that is sent to the directors.
4. A majority of two thirds of the attending or represented directors will be necessary to validate the modification of the Regulation.

#### **Article 4. Distribution**

1. Board members and senior management have an obligation to know, comply and enforce this Regulation. For this purpose, the Board Secretary will facilitate a copy thereof to all directors.
2. The Company Board of Directors shall take appropriate measures so that this Regulation is distributed among the shareholders and the investing public in general. Among others, the Company will have at its registered address (i) one or more copies of the Regulation at the availability of the abovementioned people, as well as (ii) a copy, for its query or download, on its website. Likewise, the modification will be subject to communication to the Comisión Nacional del Mercado de Valores and recording on the Commercial Registry, according to the applicable regulation.

### **Chapter II. RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

#### **Article 5. General supervision responsibility**

1. The Board of Directors has the widest authority for the administration of the Company and, except for matters reserved to the General Meeting, it is the maximum decision making body of the Company.
2. However, in general, the Board of Directors policy is to delegate the ordinary management of the Company over executive bodies and the management team in order to concentrate in its general supervision activity, ensuring at all times the attainment of the corporate interest.

3. Those responsibilities reserved to the direct knowledge of the Board of Directors according to the law or articles of association cannot be delegated.
4. The Board of Directors will directly exercise the following responsibilities, except when the law attributes them to the Shareholders General Meeting:
  - a. The approval of the strategic or business plan, annual budget and management objectives, investment and financing policy, sustainability policy and dividend policy;
  - b. The establishment of the control and risk management policy, including prosecutors, and the supervision of the internal information and control systems;
  - c. The establishment of the Company and group corporate governance policy and other corporate policies of which is a parent company; its organization and operation and, in particular, the approval and modification of its own regulations;
  - d. The definition of the group of companies' structure of which the company is the parent company;
  - e. the approval of the policy related to own shares;
  - f. The establishment of the company tax strategy;
  - g. The approval of investments or transactions of all types that due to their high amount or special characteristics, are considered strategic or of special tax risk, unless their approval corresponds to the Shareholders Meeting;
  - h. Approval for the creation or acquisition of shares in entities of special purpose or domiciled in countries or territories which have the consideration of 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 Company and its Group;
  - i. authorization of or discharge from the obligations arising from the statutory duty of loyalty except where those functions have been reserved for the General Meeting by the Articles of

Association or by law pursuant to articles 229 and 230 of the Corporate Enterprises Act [*Ley de Sociedades de Capital*];

- j. approval of related-party transactions, as they are defined by law and by the internal rules applicable at the time, after review by the Audit Committee.
- k. the Shareholders General Meeting notice of meeting and the preparation of the agenda and agreements proposals;
- l. the preparation of the financial statements and its submission to the Shareholders General Meeting;
- m. the formulation of the statement of non-financial information and its submission to the Shareholders General Meeting;
- n. the responsibilities that the Shareholders General Meeting has delegated over the Board of Directors, except when specifically authorized by the above to sub-delegate them, and those specifically scheduled in the Articles of Association and the Regulation;
- o. The approval of financial and non-financial information that, by its listed status, should be made public by the Company periodically;
- p. the supervision of the operations regarding committees that have been incorporated and the action of delegated or managerial bodies which have been appointed;
- q. the appointment and dismissal of the Company executive director/s, as well as the establishment of their contractual conditions;
- r. the appointment and dismissal of the managers who directly depend from the Board of Directors or some of its members as well as the establishment of their basic contractual conditions including their retribution;
- s. the decisions related to Board members remuneration, within the statutory framework and, where applicable, the remuneration policy approved by the Shareholders General Meeting;

- t. The establishment of the Company personnel retributive policy and, in particular, that of top management and the management team;
  - u. The preparation of any type of report required by law to the administration body as long as the operation related to the report may not be delegated.
5. When duly justified emergency circumstances concur, the decisions corresponding to the abovementioned items of the Executive committee can be adopted, and must be ratified by the first Board of Directors that is held after the decision has been adopted.

#### **Article 6. Creation of value for the shareholder**

The criterion that has to be taken into consideration at all times regarding the actions of the Board of Directors is the accomplishment of the corporate interest by the creation of value in a sustainable way, in relation to, as the case may be, the legality in effect and its Corporate governance system.

### **Chapter III. BOARD COMPOSITION.**

#### **Article 7. Qualitative composition and types of directors**

1. The Board of Directors, within the exercise of its powers of proposal to the General Meeting and co-optation to cover vacancies, shall promote and adequate diversity of extraction, origin, knowledge, experiences, age and gender and will attempt that the composition of the external boards bodies or non executive bodies represent the majority of the executive directors.

The Board of Directors will be composed only of natural persons.

2. According to the provisions of the Corporations Act, the Directors must necessarily ascribe to one of the following categories: (i) Executive Directors or (ii) Non-executive Directors and, within this category, to Directors representing controlling shareholders, Independent Directors or Other External ones. The annual report of Corporate Governance must indicate to which category and which specific type each of the Directors belongs to.

3. Executive Directors are those who perform management functions of Company or its Group, regardless of the legal relation that is held. However, those Directors who are senior executives or Directors of companies belonging to the group of the parent Company will be considered as directors representing controlling shareholders. When a Director performs management responsibilities and, at the same time, is or represents a significant shareholders or one represented in the Board of Directors, he/she will be considered as Executive. All remaining directors of the Company will be considered as non executive directors.
4. Directors representing controlling shareholders will be those who own shares equal or exceeding 3 percent of the capital stock or had been assigned due to his/her condition as shareholder, even if their share participation does not reach said amount, as well as those representing the abovementioned shareholders. According to what is established under the Articles of Association, the shareholding participation which will be taken into account for these purposes will be the one resulting from the Detailed Records of the participating companies in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores” (Iberclear).
5. Independent Directors will be those individuals who, appointed due to their personal or professional conditions, can develop their responsibilities without finding themselves conditioned by relations with the Company or its group, its significant shareholders or their Directors. A Director who owns shares in the Company can have the condition of independent, provided that he/she meets all the conditions established in this article and, in addition, when his/her participation is not significant. Directors representing controlling shareholders who lose said condition due to the sale of their participation of the shareholder they represented can only be reelected as independent directors when the shareholder who he/she represented until that time would have sold the totality of his/her shares in the Company. No one who finds themselves in the following situation can be considered as an independent Director:
  - a. Those who have been employees or executive directors of the group, except when a period of 3 or 5 years has elapsed, respectively, since the end of the relationship.
  - b. Those who receive from the Company, or from the same group, any amount or benefit by a concept different that director

remuneration, except if it is not significant for the director. For the purposes of what is established in this document neither the dividends nor the complements of pensions that are received by the director will be taken into account due to his/her previous professional or work relationship, as long as said complements are unconditional and, as a consequence, the Company that pays them cannot at its own discretion suspend, modify or cancel its accrual without default of his/her obligations.

- c. Those who are or have been during the past 3 years partners of the external auditor or supervisors of the audit report, either in relation to the audit for that listed Company period or any other company of its Group.
- d. Those who are executive directors or senior managers of a company different from the one in which any executive director or senior manager of the company is an external director.
- e. Those who maintain or have maintained during the past year, a significant business relationship with the Company or any Group company, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained said relationship. Business relations are considered to be that of suppliers of goods or services, including financial, and that of advisor or consultant.
- f. Those who are significant shareholders, executive directors or senior management of an entity that receives or has received during the last 3 years, donations from the company or its group. Those who are merely trustees of a foundation that receives donations will not be included in this document.
- g. Those who are spouses, people related by similar kinship relationship or relatives up to second degree of a Company Executive or high management of the company or a director representing controlling shareholders.
- h. Those that have not been proposed, whether for their appointment or renewal by the Appointments and Retributions Committee.
- i. Those who have been directors during a continuous period exceeding more than 12 years.

- j. Those who are, in relation to any significant or represented shareholder of the Board in any of the cases stipulated in letters a), e), f) or g) above. In the case of kinship relationship mentioned in letter g), said limitation applies not only in regard to the shareholder, but also in regard to their directors representing controlling shareholders in the participated company.
6. Those Non Executive Shareholders who cannot be considered as directors representing controlling shareholders nor Independent Shareholders regarding the previously established requirements will be considered as Other External ones.

### **Article 8. Quantitative composition**

1. The Board of Directors will be composed by the number of directors that are established by the General Meeting within the limitations established by the Articles of Association.
2. The Board of Directors will propose to the General Meeting the number that, at each time, is more adequate to ensure an adequate representation and the efficient operation of the body, taking into account the company interest and the general directives regarding the Code of good Governance of Listed Companies.

## **Chapter IV. STRUCTURE OF THE BOARD OF DIRECTORS**

### **Section One.- INTERNAL POSITIONS**

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

1. The Chairperson of the Board of Directors will be elected among the directors, prior report of the Appointments and Retributions Committee. All responsibilities which can be delegated according to what is stipulated in the applicable regulations, Articles of Association and this Regulation, will be delegated, with the favorable vote of, at least, two thirds of the members of the Board of Directors.
2. In addition to other powers granted by the Corporate Act, Articles of Association or this Regulation, the Chairperson will have the following powers:



- a. Preside the General Meeting.
  - b. Convene and chair the meetings of the Board of Directors, setting the agenda of the meetings and managing discussions and deliberations.
  - c. To ensure that directors receive sufficient prior information to deliberate on the agenda items.
  - d. Stimulate the debate and active participation of the directors during the sessions, safeguarding free expression of opinion and position taking.
3. It is envisaged that the Chairperson of the Board of Directors shall have the right to veto only in relation to votes on matters that the Board of Directors cannot delegate as established in current legislation.

#### **Article 10. Vicechairperson or Vicechairpersons of the Board of Directors**

1. The Board of Directors shall appoint, following a report from the Appointments and Remuneration Committee and by proposal of the Chairperson, as the case may be, one or several Vicechairpersons from among its members, who, in case of several appointments, would be correlatively numbered.
2. In case of absence, impossibility or inability of the Chairperson, his/her responsibility will be developed by the Vicechairperson, or the 1st Vicechairperson in cases where there is more than one, or, by default of this one, by the Vicechairperson who corresponds according to the numbering order.

#### **Article 11. Delegation of powers**

1. Without prejudice of the provisions under articles 5.3 and 14, the Board of Directors can delegate some or all of its responsibilities in an Executive Committee and/or more Chief Executive Officer and establish the members of the Board of Directors who are going to be the holders of the delegated powers, as well as, if applicable, the manner in which to exercise the granted.
2. The permanent delegation of powers and the appointment of the chief executive officer or board members to whom those powers are

attributed will require the validity of the favorable vote by, at least, two thirds of the Board of Directors members.

3. The director or director to whom these powers are delegated according to the previous paragraph will be responsible for the performance of the business and the top executive responsibilities of the Company, under the hierarchical dependence of the Board of Directors.

## **Article 12. The Coordinating Director**

1. In cases in which the Chairperson of the Board of Directors exercises executive responsibilities, the Board of Directors must appoint, by proposals of the Appointments and Retributions Committee, a director from among the independent directors as coordinating director, who will be specially empowered to:
  - a) Request the Chairperson of the Board of Directors the board notice of meeting when considered appropriate.
  - b) Request the inclusion of items in the already notified Board of Directors meeting agenda.
  - c) Coordinate and gather the external directors.
  - d) Promote and manage the periodic assessment of the Board of Directors Chairperson performed by the Appointments and Retributions Committee, without prejudice of the powers of the Appointments and Retributions Committee Chairperson.
  - e) Chair the Board of Directors in the absence of the Chairperson and the Vicechairpersons, if any.
  - f) Maintain contact with investors and shareholders to find out their views for the purpose of forming an opinion on their concerns, in particular, in relation to the corporate governance of the company, when so agreed by the Board of Directors; and
  - g) Coordinate the plan to succeed the Chairperson.
2. The Coordinating Director will be appointed by the Board of Directors itself from among the independent directors and must be replaced every four (4) years. The Coordinating Director may be re-elected

once a term of two (2) years from their replacement has elapsed. Executive Directors must refrain from participating in the deliberation and voting when agreeing to appoint the Coordinating Director.

### **Article 13. The Board of Directors Secretary**

1. The Board of Directors will appoint a Secretary, who does not necessarily need to be a director. In cases in which the Board of Directors Secretary does not have the condition of director, he/she will have a voice but no vote.
2. In addition to other powers granted by the Law, Articles of Association or this Regulation, the Secretary will have the following powers:
  - a. Retain the documentation for the Board of Directors, to record in the minutes book the development of the sessions and certify its contents and the resolutions adopted.
  - b. To ensure that the actions of the Board of Directors conform to applicable regulations and are in accordance with the articles of Association and other internal regulations.
  - c. To assist the Chairperson so that directors receive relevant information for the exercise of their position with sufficient advancement and in the right format.

Likewise, he/she will also act as Secretary of the different committees incorporated by the Board of Directors.
3. The Board of Directors can also appoint a Vicesecretary, who does not need to be a director, to assist the Secretary of the Board of Directors and replaces him/her in the development of his/her responsibilities in case of absence, impossibility or indisposition. Except when otherwise decided by the Board of Directors, the Vicesecretary will be able to attend the meetings to assist the Secretary with the drafting of the minute.
4. The Secretary and the Vicesecretary will be appointed and, as appropriate, dismissed by the Board of Directors after receiving a report, in both cases, from the appointments and Retributions Committee.

## **Second Section.-**

### **Delegated and consulting bodies**

#### **Article 14. Delegated and consulting bodies of the Board of Directors**

1. Without prejudice of the delegation of powers that are performed individually to the Chairperson, the Chief Executive Officer or Chief Executive Officers or to the Executive Committee and the power assisting it to incorporate Committee by specific areas of activity, the Board of Directors can incorporate an Executive Committee and must incorporate a Audit Committee, a Sustainability Committee and an appointments and Retributions Committee.
2. The Board of Directors can also incorporate other exclusively internal committees or commission with the attributions that the Board of Directors itself establishes.
3. The Board of Directors will regulate the operation of the Committees, and, except when the articles of association or the Regulation establishes otherwise, it will appoint the Chairpersons from among its members, subject to the provisions of the Articles of Association and the Regulation. Each Committee will annually prepare an action plan, which will submit to the Board of Directors.
4. In all that is not specifically specified, the operating regulations established herein will be applied over the Committees regarding the Board of Directors, as long as they are compatible with the nature and purpose of the Committee in question.

#### **Article 15. Executive Committee**

1. If there is one, the Executive Committee will be comprised by the number of directors established by the Board of Directors, complying with the requirements established in the Articles of Association.
2. The adoption of the appointment agreements regarding the Executive Committee will require the favorable vote of, at least, two thirds of the members comprising the Board of Directors.
3. Acting as:

- a. Chairperson of the Executive Committee, will be the Chairperson of the Board of Directors, as long as (i) he/she has been delegated all powers which can be delegated pursuant the provisions of the applicable regulations or (ii) has been appointed as a member therein, subject to the provisions of section 2 above. In case the Chairperson of the Board of Directors does not comply with the abovementioned requirements, said position will be selected by the Committee from among its members.
  - b. The Vicechairperson of the Executive Committee, is the one appointed for the committee itself from among its members. In case of absence, impossibility or indisposition of the Committee Chairperson, he/she will be replaced by the Vicechairperson of said Committee for the development of his/her responsibilities.
  - c. Secretary of the Executive Committee, Secretary of the Board of Directors (who if he/she is not a director, will have voice but no vote). In case of absence, impossibility or indisposition of the Secretary, he/she will be replaced by the Vicesecretary of the Board of Directors for the development of his/her responsibilities.
4. The permanent delegation of powers by the Board of Directors in favor of the Executive Committee will include all powers of the Board of Directors, except those which cannot be delegated under the law and pursuant to the Articles of Association or those which cannot be delegated pursuant to this Regulation.
  5. The Executive Committee will be convened by the Chairperson when he/she considers it necessary for the good governance of the Company.
  6. In those cases in which, in the opinion of the Chairperson or the majority of the Executive Committee members, the importance of the matter thus advises it, the agreements adopted by the Executive Committee will be subject to ratification of the Board of Directors plenary.

The above will also be applicable regarding those matters which the Board of Directors has forwarded for their study to the Executive Committee reserving the final decision regarding said matters.

In any other case, the agreements adopted by the Executive Committee will be valid and binding without the need for subsequent ratification by the Board of Directors plenary.

7. The Executive Committee has to inform the Board of Directors regarding the treaties and the decisions adopted in its sessions.
8. In everything that is not scheduled in the Articles of Association or in this article, the Executive Committee will regulate its own operation, applying, by default, the operational regulations established in regard to the Board of Directors, as long as they are compatible with the nature and purpose of this Committee.

#### **Article 16. Audit Committee**

1. The members of the Audit Committee will all be, non executive directors appointed by the Board of Directors. The majority of its members must be independent directors and one of them will be appointed taking into consideration their knowledge and experience in matters of accounting, audits or both.

As a whole the Committee members will have technical knowledge belonging to the sector of activity to which the Company belongs to.

2. The Audit Committee will be composed by a minimum of 3 and a maximum of 5 directors. The establishment of the number and their appointment corresponds to the Board of Directors.

The members of the Audit and Committee will be elected for a maximum period of four years, being able to be reelected one or more times for periods with the same maximum duration.

3. The Chairperson of the Audit Committee will be appointed by the Board of Directors itself from among the corresponding Independent directors and must be replaced every four (4) years, being able to be reelected one a period of one (1) year since its termination.
4. The Audit Committee will likewise have a Secretary, who will be that of the Board of Directors, who, if not a director, will have a voice but not a vote. In case of absence, impossibility or indisposition of the Secretary, he/she will be replaced by the Vicesecretary of the Board of Directors, who will likewise have a voice but no vote.
5. The Audit will hold a meeting, at least once a quarter and all the times that is necessary, prior notice of meeting by its Chairperson,

by own decision or answering to the request of two (2) of its members or the Executive Committee.

6. La Audit will be considered as validly incorporated when concurring at the meeting, attending or represented, more than half of its members. Deliberations will be moderated by the Chairperson. To adopt agreements it will be necessary to have the favorable vote of the absolute majority of the attendants, present and represented and, in case a tie, the Chairperson vote will be decisive. Except stipulation to the contrary, the responsibilities of the Audit Committee are information and to provide proposals to the Board of Directors.
7. Without prejudice to other tasks assigned to it by current regulations, the Articles of Association, the Regulations or the Board of Directors, the Audit Committee shall have the following responsibilities:
  - a. to report, through its Chairperson and/or Secretary, to the General Meeting on the issues raised therein in relation to those matters that are the competence of the Audit Committee and, in particular, on the outcome of the audit, explaining how it has contributed to the comprehensiveness of the financial information and the role that the committee has played in that process.
  - b. to supervise the effectiveness of the Company's internal control systems and units, such as internal audit and risk management systems, as well as to discuss with the account auditor the significant weaknesses of the internal control system detected in the course of the audit, all while retaining its independence. For such purposes, and where appropriate, they may submit recommendations or proposals to the Board of Directors and set the corresponding deadline for their follow-up.
  - c. to supervise and evaluate the process of preparing and presenting the mandatory financial information as well as its comprehensiveness, and present recommendations or proposals to the Board of Directors, aimed at ensuring its comprehensiveness.
  - d. to oversee the process of preparing the non-financial information as well as its comprehensiveness, to propose to the Board of Directors the appointment of the independent provider

of verification services, responsible for verifying the information included in the Non-Financial Information Statement; and inform the Sustainability and Corporate Governance Committee regarding the process of preparing and presenting the non-financial information statement as well as regarding its clarity and the comprehensiveness of its content, prior to the issuance of the corresponding report by the latter.

- e. to oversee the application of the general policy regarding the communication of financial, non-financial and corporate economic information, as well as communication with shareholders and investors, voting advisers and other stakeholders. In addition, to monitor the way the entity communicates and relates to small and medium shareholders.
- f. to supervise the internal procedure established by the Company for the related transactions.
- g. to inform the Board of Directors, prior to its adoption of the corresponding decision, on all matters provided for in the Law, the Articles of Association and in the Regulations and in particular, regarding:
  - i. the financial information and the management report, which shall include the mandatory non-financial information that the Company is required to make public from time to time.
  - ii. the creation or acquisition of shares in special purpose entities or those domiciled in countries or territories that are considered tax havens; as well as any other transactions or operations of a similar nature that, due to their complexity, could undermine the transparency of the Group.
  - iii. the related transactions to be approved by the General Meeting or the Board of Directors.
  - iv. the operations of structural and corporate modifications that the Company plans to carry out for their prior analysis and report to the Board of Directors on their economic conditions and their accounting impact and,



especially, where appropriate, on the proposed redemption equation.

**h. In relation to the external auditor:**

- i. supervise the procedure for the selection and contracting of the Company's account auditor, the dealings with him, and the circumstances that could affect his independence.
- ii. submit to the Board of Directors the proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the conditions of his hiring and to regularly collect from him information on the audit plan and its execution, in addition to preserving his independence in the exercise of his functions.
- iii. ensure that the Company communicates as a relevant event to the CNMV (Comisión Nacional del Mercado de Valores [National Securities Market Commission]) the change of auditor and provides with it a statement regarding the possible existence of disagreements with the outgoing auditor and, if they had existed, their content.
- iv. in the event of the external auditor's resignation, examine the circumstances that may have led to it.
- v. establish the appropriate relationships with the external auditor to receive information on matters that may pose a threat to his independence, for review by the committee, and any others related to the account auditing process and, where applicable, the authorisation of services other than those prohibited, under the terms established by current legislation, as well as those other communications provided for in account audit legislation and audit standards.
- vi. receive annually from the external auditor the declaration of his independence in relation to the entity or entities linked to him directly or indirectly, as well as the detailed and individualised information of the additional services of any kind provided and the corresponding fees received from these entities by the external auditor or by the persons or entities linked to him in accordance with the

provisions of the regulations regulating account audit activity.

- vii. ensure that the remuneration for his work does not compromise his quality or independence.
- viii. ensure that he annually holds a meeting with the full Board of Directors to inform it of the work carried out and of the status of the Company's accounting and risk situation.
- ix. ensure that the Company and the external auditor comply with the current standards on the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, the other standards on the independence of the auditors.
- x. issue annually, prior to the issuance of the account audit report, a report expressing an opinion on the independence of the account auditor. This report must contain, in all cases, the detailed assessment of the provision of the additional services referred to in the previous point, individually considered and as a whole, other than the legal audit and in relation to the independence regime or the audit regulatory regulations.

**i. In relation to the Internal Audit Department:**

- i. ensure the independence and effectiveness of the unit that assumes the internal audit function.
- ii. report proposals for selection, appointment, re-election and termination of the internal audit service manager.
- iii. propose the budget for that service; approve its focus and work plans, ensuring that its activity is primarily focused on the relevant risks of the company.
- iv. receive periodic information about its activities; and verify that the senior management takes into account the conclusions and recommendations of its reports.

**j. In relation to the Compliance Department:**

- i. review and make proposals for improvement to the Board of Directors, for approval or escalation to the competent body, on compliance policies, in accordance with the recommendations of good governance of general recognition in international markets, in order to fulfil its mission of promoting the corporate interest and to take into account, as appropriate, the legitimate interests of the remaining stakeholders.
  - ii. monitor compliance with the regulations applicable to conduct on securities markets, and in particular, the Internal Conduct Regulations.
  - iii. report on the proposals for modification of the Internal Regulations of Conduct.
  - iv. supervise the SACYR group regulatory compliance model for criminal prevention and competition defence, as well as applying the code of conduct and its system of penalties in the event that those affected are directors.
8. Any member of the management team or Company personnel who is required for said purpose has the responsibility of attending the Audit Committee sessions and provide his/her cooperation and access the available information. The Audit and Committee may also require for accounts auditors to attend its meetings.
9. For the better fulfillment of its responsibilities, the Audit Committee can request the counseling of external professionals, for which purpose what is established under article 26 of this Regulation will be applicable.
10. In everything that is not scheduled in the Articles of Association, the Regulation or in this article, the Audit Committee will regulate its own operation, applying, by default, the operational regulations established in regard to the Board of Directors, as long as they are compatible with the nature and purpose.

#### **Article 16 bis. Sustainability and Corporate Governance Committee**

1. The members of the Sustainability and Corporate Governance Commission shall be, in their entirety, non-executive directors

appointed by the Board of Directors, the majority of whom shall be independent directors.

The members of the Commission as a whole shall have the relevant expertise in relation to the sector of activity to which the Company belongs.

2. The Sustainability and Corporate Governance Commission shall consist of a minimum of 3 and a maximum of 5 directors. Their number and designation are determined by the Board of Directors.

The members of the Sustainability and Corporate Governance Commission shall be elected for a maximum term of four years, and may be re-elected once or more for periods of the same maximum duration.

3. The Chair of the Sustainability and Corporate Governance Commission shall be appointed by the Board of Directors itself from among the independent Directors.
4. The Sustainability and Corporate Governance Committee will also have a Secretary, who will be the Board of Directors, who, if he is not a member, will have a voice but not a vote. In the event of absence, impossibility or indisposition of the Registrar, he shall be replaced in the performance of his duties by the Vicesecretary of the Board of Directors, who shall also have the right to vote.
5. The Sustainability and Corporate Governance Commission shall meet at least once every three months and whenever appropriate, after having been convened by its President, acting on its own decision or at the request of two (2) of its members or of the Executive Committee.
6. The Sustainability and Corporate Governance Commission shall be considered as validly constituted when more than half of its members attend the meeting, present or represented. The deliberations shall be moderated by the President. The adoption of agreements shall require a favorable vote by an absolute majority of those present and represented and, in the event of a tie, the vote of the President. Unless otherwise provided, the powers of the Sustainability and Corporate Governance Committee are advisory and proposed to the Board of Directors.
7. Without prejudice to other responsibilities assigned to it by current regulations, the Articles of Association, the Regulations or the Board

of Directors, the Sustainability and Corporate Governance Committee shall have the following responsibilities:

- i. to review and make improvement proposals to the Board of Directors, for approval or escalation to the competent body, on the internal rules of the Company's Corporate Governance System, with particular emphasis on corporate governance and sustainable development policies, in accordance with the recommendations of good governance of general recognition in international markets, in order to fulfil its mission to promote the corporate interest and to take into account, as appropriate, the legitimate interests of the other stakeholders.
- ii. to ensure that the corporate culture of the Company is aligned with the Purpose, Mission, Vision and Values of the Group.
- iii. to examine the degree of compliance by the Company with the recommendations of good corporate governance of general recognition.
- iv. to guide and supervise the Company's actions in the strategies related to sustainability and corporate governance and to report this to the Board of Directors.
- v. to determine the criteria and guidelines that must govern the content of the non-financial information statement, in accordance with the report prepared for this purpose by the Audit Committee, and report it to the Board of Directors, prior to its formulation.
- vi. to verify that the content of the non-financial information statement conforms with the Company's sustainable development strategy.
- vii. to inform, in advance, the Board of Directors of all the matters provided for in the Law, the Articles of Association and the Regulations on the non-financial information that the Company must make public periodically, considering the report drafted, in turn, by the Audit Committee regarding its preparation and presentation process, as well as on the clarity and comprehensiveness of its content.
- viii. to monitor that the Company's corporate governance and sustainable development practices and strategies conform

to the established political strategy and report on this to the Board of Directors.

- ix. to evaluate and review the Company's ongoing plans in execution of the sustainable development policies and track their degree of compliance.
8. Any member of the management team or staff of the Company who is required to attend the sessions of the Sustainability and Corporate Governance Commission and to provide him with their collaboration and access to the information available to him.
9. In order to better fulfil its functions, the Sustainability and Corporate Governance Commission may seek the advice of external professionals, for which purpose the provisions of Article 26 of the Regulation shall apply.
10. In all matters not provided for in the By-laws, the Regulation or this Article, the Sustainability and Corporate Governance Commission shall regulate its own functioning, failing which it shall apply: the operating rules laid down in relation to the Management Board, provided that they are compatible with the nature and function of that Commission.

#### **Article 17. Appointments and Retributions Committee**

1. The Appointments and Retributions Committee will be composed in its entirety by non executive directors appointed by the Board of Directors, two of which, at least, must be independent directors, appointed in relation to their knowledge and professional experience.
2. The Appointments and Retributions Committee will be composed by a minimum of 3 and a maximum of 5 directors. The establishment of the number and their appointment corresponds to the Board of Directors.

The members of the Appointments and Retributions Committee will be elected for a maximum period of four years, being able to be reelected one or more times for periods with the same maximum duration.

3. The Chairperson of the Appointments and Retributions Committee will be appointed by the Board of Directors from

among the Committee members who have the condition of independent.

4. The Appointments and Retributions Committee will likewise have a Secretary, who will be that of the Board of Directors, who, if not a director, will have a voice but not a vote. In case of absence, impossibility or indisposition of the Secretary, he/she will be replaced by the Vicesecretary of the Board of Directors, who will likewise have a voice but no vote.
5. The Appointments and Retributions Committee will hold a meeting each time it is requested by the Board of Directors or its Chairperson requests the issuing of a report or the adoption of proposals and, in any case, whenever it is convenient for the good development of its responsibilities.

It will, in any case, hold a meeting once a year to prepare information regarding directors retributions.

The Appointments and Retributions Committee will hold a meeting, prior notice of meeting by its Chairperson, by own decision or answering to the request of two (2) of its members or the Executive Committee.

6. The Appointments and Retributions Committee will be considered as validly incorporated when concurring at the meeting, attending or represented, more than half of its members. Deliberations will be moderated by the Chairperson. To adopt agreements it will be necessary to have the favorable vote of the absolute majority of the attendants, present and represented and, in case a tie, the Chairperson vote will be decisive. Except stipulation to the contrary, the responsibilities of the Appointments and Retributions Committee are informational and to provide proposals to the Board of Directors.
7. Without prejudice to other tasks assigned to it by the applicable regulations in force, the Articles of Association, the Regulations or the Board of Directors, the Appointments and Remuneration Committee shall have the following responsibilities:
  - a. to assess the competencies, knowledge and experience required on the Board of Directors. For these purposes, it

will define the necessary roles and skills in the candidates who must fill each vacancy and evaluate the necessary time and dedication in order for them to effectively perform their duties.

- b. to establish a representation goal for the least represented gender on the Board of Directors and develop guidance on how to achieve that goal.
- c. to submit to the Board of Directors the proposals for appointment (for their appointment by co-opting or for its submission to the decision of the General Meeting) of the independent directors, as well as the proposals for the re-election or removal of said directors by the General Meeting.
- d. to submit the proposals for appointment (for their appointment by co-option or for their submission to the decision of the General Meeting) of the other directors, as well as the proposals for their re-election or removal by the General Meeting.
- e. to report the proposals for the appointment and removal of the Chairman, Vice Presidents, Secretary and Deputy Secretary of the Board of Directors.
- f. to annually verify compliance with the policy of selection, appointment and re-election of directors and report its conclusions in the Annual Corporate Governance Report.
- g. to organise and carry out the annual evaluation of the Chairman of the Board of Directors, under the direction and drive of the Coordinating Director, informing the Board of Directors.
- h. to examine and organise the succession of the Chairman of the Board of Directors and the senior executive of the Company and, where appropriate, formulate proposals to the Board of Directors so that said succession occurs in an orderly and planned manner.
- i. to report annually to the Board of Directors in relation to the evaluation of the Board itself and its delegated Committees.
- j. to report proposals for the appointment and removal of senior executives and the basic conditions of their contracts.



For the purposes of these Regulations, senior executives shall be understood as those directors who report directly to the Board or to the Chief Executive Officer, if any, and, in any case, the person responsible for the internal audit of the Company.

- k. to propose to the Board of Directors the remuneration policy of the directors and of the general directors or those who carry out their senior executive functions under the direct supervision of the Board of Directors, executive committees or chief executive officers, as well as the individual remuneration and the other contractual conditions of the executive directors, ensuring their observance.
  - l. to periodically review compensation programmes, particularly for senior executives and the executive team, reviewing their suitability and performance.
  - m. to verify the information on the remuneration of the directors and senior executives contained in the various corporate documents, including the Annual Report on remuneration of the directors.
  - n. to inform the Board of Directors in relation to the cases of non-compliance with the duties provided for in Article 54 of the Articles of Association.
8. In everything that is not scheduled in the Articles of Association or in this article, Appointments and Retributions Committee will regulate its own operation, applying, by default, the operational regulations established in regard to the Board of Directors, as long as they are compatible with the nature and purpose of this Committee.

## **Chapter V. BOARD OPERATION**

### **Article 18. Board of Directors Meetings**

- 1. The Board of Directors will hold a meeting, at least, eight times per year and, by behest of the Chairperson, as many times as he/she considers it necessary for the good operation of the Company. In any case it will need to hold a meeting at least once a quarter.

2. The convening of ordinary sessions will be made by letter, fax, telegram or electronic mail, and will be authorized with the signature of the Chairperson or the Secretary or Vicesecretary by order of the Chairperson, with a minimum advancement of three days. The notice of meeting will always include the agenda and whenever possible it will be accompanied by relevant information duly summarized and prepared.

Likewise, can convene the Board of Directors, indicating the agenda and the location of the registered address where it is to be held:

- a. The directors who comprise at least one third of the Board of Directors members will be able to, if, prior request to the Chairperson, he/she, without a justified cause, had not made the notice of meeting within the period of one month;
  - b. The Vicechairperson or the number of directors who comprise one third of the Board of Directors members in case of dismissal, death or resignation of the Chairperson.
3. As an exception to the abovementioned, the extraordinary meetings of the Board of Directors can be convened (i) by any means that allow their reception by the directors (i.e. telephone) and (ii) without the application of the advancement period and other requirements stipulated in the above paragraph, when the Chairperson considers it is justified by the circumstances.
  4. The Board of Directors will prepare an annual plan of the ordinary meetings and will have a formal catalog of items which are to be subject to discussion.
  5. The Board of Directors will hold its meetings at the registered office or in the locations established by the Chairperson. Directors may attend through their connection through audiovisual means or telephone in a manner that guarantees the unity of the act. Agreements will be considered as adopted in the location where the Chairperson is.
  6. Exceptionally, if any director opposes, the Board of Directors can be held without a session and in writing. In this last case, directors can send their votes and the considerations they wish to record in the minute by E-mail.

## **Article 19. Development of the sessions**

1. The Board of Directors shall be validly constituted when more than half of its members attend the meeting, present or represented Directors will do everything possible to attend the Board of Directors sessions, when they cannot attend personally, they will attempt that the granted representation includes the necessary instructions. Representation is to be granted in writing and specifically for each meeting. Non executive directors can grant their representation to another non executive director.
2. The Board of Directors Chairperson will organize the debate attempting and promoting the active participation of all directors in the body deliberations, but safeguarding their free position and opinion. The Chairperson will also make sure that the body is duly informed, being able for this purpose to invite managers and technicians of the company as well as the independent experts he/she considers necessary to the meeting, with voice but without vote.
3. Except in those cases in which another voting quorum has been established, agreements will be adopted by absolute majority of the attendants, present and represented. In case of a tie, the Chairperson vote will be decisive.

## **Article 20.- Performance assessment.**

1. The Board of Directors must perform an annual assessment of its operations and that of its committees and propose, based on the result, an Action Plan that corrects any detected deficiencies.
2. The assessment of the operation regarding the different Committees will be based on the report said committees submit to the Board of Directors, and for the later, the one submitted by the Appointments and Retributions Committee.

## **Chapter VI. DIRECTOR LEGAL STATUS**

### **Section I.-**

#### **Appointment and dismissal of directors**

## **Article 21. Directors appointment**

1. Directors will be appointed by the General Meeting or by the Board of Directors (in case of appointment by coopting) according to the provisions contained in the applicable regulation and the regulations comprising the Company Governance System.
2. The appointment or reelection proposal of the Board of Directors members is the responsibility of the Appointments and Retributions Committee, regarding independent directors, and that of the Board of Directors, in all other cases. In any case the proposal must be accompanied by a justifying report of the Board of Directors which assesses the competence, experience and merits of the proposed candidate, which will be appended to the General Meeting or the Board of Directors minute. The appointment or reelection proposal of any non independent director must be preceded, in addition, by a report of the Appointments and Retributions Committee.
3. When the Board of Directors does not follow the recommendations of the Appointments and Retributions Committee it will have to provide the reasons for its behavior and record them in the minute.

## **Article 22. Directors selection**

The Board of Directors and the Appointments and Retributions Committee, within the scope of its responsibilities, will attempt to promote an adequate diversity of extraction, origin, knowledge, experiences, age and gender and for its appointment to fall over people of renown solvency, competence and experience.

## **Article 23. Position life**

1. The directors will exercise their position during the maximum period established in the By-laws, being able to be reelected one or more times for periods of the same length.
2. Directors appointed by cooptation will exercise their position until the date of the meeting of the first General Meeting time at which their appointment will be subject, as the case may be, to ratification or until the legal period for the holding of the General Meeting which is to decide on the approval of the previous year financial statements expires. Likewise, if there is a vacancy in the

Board of Directors once the General Meeting has been convened and before it is held, the Board can appoint a director until the celebration of the next General Meeting.

3. The director who finishes his/her mandate or by any other cause ceases in the development of his/her position will not be able to, during a period of two years, render services to another entity that has a corporate purpose which is analogous to that of the Company when the Board of Directors reasonably understands that it may endanger the Company interest.

**Article 24. Dismissal of the directors and availability of the position**

1. Directors will cease in their position when (i) having elapsed the period for which they were appointed, the first General Meeting session takes place or the period for the celebration of the General Meeting which is to be decided upon the approval of the financial statements for the previous business year, has elapsed, (ii) when they notify their resignation to the Company or (iii) when the General Meeting decides so according to the use of the authority it has been granted according to the law or the articles of association.
2. In addition, directors must make their position available to the Board of Directors and formalize, if the Board considers it convenient, the corresponding resignation:
  - a. When they incur in any of the incompatibility or prohibition cases which disables them to continue in their position, and particularly under article 224.2 of the Corporate Act;
  - b. When the Appointments and Retributions Committee, the Audit Committee and the Sustainability and Corporate Governance Committee inform the Board of Directors and the latter through the adoption of the corresponding agreement verifies, that the director has infringed, seriously or very seriously, his/her responsibilities as administrator and, in particular, those responsibilities derived from the diligence and loyalty, including the prevention of conflicts of interest and other responsibilities established by the Corporate Governance System; or

- c. When his/her stay in the Board of Directors can endanger the Company interests or negatively affect its credit and reputation, and is thus informed by the Appointments and Retributions Committee.
- d. When the director moves into new positions or takes on new obligations that prevent him or her from devoting the necessary time to the performance of the functions of the director's position or becomes liable to some of the circumstances that cause him or her to lose his or her status as independent, in accordance with the provisions of the applicable legislation;
- e. In the case of executive directors, when they have executive director functions in another listed company; and
- f. In the case of directors representing controlling shareholders, when the shareholder they represent sells the entirety of his/her participation in the Company or, when doing so partially, reaches a level which triggers the obligation of reduction of his/her directors representing Controlling Shareholders.

## **Section II.-**

### **Information regarding the director**

#### **Article 25. Information and inspection powers.**

1. The director is vested with the widest powers to obtain information regarding any aspect of the Company, to examine its ledgers, records, documents and other background of company transactions and to inspect all of its facilities. The right of information extends to the group companies.
2. With the purpose of not disrupting the ordinary management of the Company, the exercise of information responsibilities will be channeled through the Chairperson or Secretary of the Board of Directors, who will tend to the director requests facilitating the information directly, offering the necessary speakers within the framework of the organization or arbitrating the measures that are necessary so he/she can practice *on site* the desired examination and inspection diligences.

## **Article 26. Expert assistance**

1. With the purpose of receiving assistance during the exercise of their responsibilities, directors may request the contracting, charged to the Company, of legal advisors, accountants, financiers or other experts. The request has to necessarily fall over specific problems with a of a certain nature and complexity that appear during the development of the position.
2. The decision to contract must be communicated to the Chairperson of the Board of Directors and can be vetoed by the Board of Directors if it is accredited that:
  - a. that it is not necessary for the adequate development of the responsibilities entrusted to external directors;
  - b. that its cost is not reasonable regarding the importance of the problem and the Company assets and income; or
  - c. that the requested technical assistance can be provided adequately by the Company experts and technicians.

## **Section III.- Retribution of the director**

### **Article 27. Director retribution**

1. Directors remuneration will be regulated according to what is established in the Articles of Association.
2. The Board will yearly prepare and publish a report about remunerations of the directors with the content that is demanded in the applicable regulation in force at each time.

## **Section IV.-**

### **Duties of the director**

### **Article 28. General responsibilities of the director**

1. According to what is stipulated in articles 5 and 6, the role of the director is to guide and control the Company management with

the purpose of ensuring the achievement of the corporate interest through the creation of sustainable value.

2. During the development of his/her responsibilities, the director will act with the diligence of an organized entrepreneur in accordance with the nature of his/her office and the duties assigned to each, in all cases subordinating his/her private interest to the corporate interest, with a particular commitment to:

a. Dedicating with continuity the time and effort necessary to regularly follow the matters posed by the Company administration, collecting sufficient information for this purpose and the cooperation and assistance he/she considers necessary;

In order to allow the directors to devote the time necessary for the performance of the functions of the position of director and to provide an adequate service to the company, they may not be members of more than four boards of directors of listed companies, including Sacyr. Exceptionally, and for duly justified reasons, the Council may exempt the adviser from this limitation.

b. Obtaining information and prepare the Board of Directors and delegated and informational bodies to which he/she belongs adequately;

c. Actively participating in the Board of Directors and its Committees and tasks assigned, obtaining the necessary information, providing his/her opinion, and requesting from the remaining directors their agreement to the decision that is considered most favorable for the defense of the corporate interest. When not attending the sessions, due to a justified reason, he/she will attempt to instruct the director who represents him/her regarding his/her criterion;

d. Opposing agreements contrary to the Law, the Articles of Association or the corporate interest and request the recording of his/her position in the minute when he/she considers it is more convenient for the safekeeping of the corporate interest;



- e. Performing any specific tasks entrusted by the Board of Directors and that it is reasonably included in his/her commitment and dedication;
- f. Promoting research regarding any irregularity in the management of the Company in relation to which he/she has obtained information and requesting that the people with convening capacity call an extraordinary meeting of the Board of Directors or include in the agenda of the first meeting which is to be held the items that he/she considers convenient.

### **Article 29. Protection of business discretion**

1. Within the scope of strategic and business decisions, subject to entrepreneurial discretion, the standard of diligence of an organized entrepreneur will be understood as accomplished when the director has acted in good faith, without personal interest in the matter at hand, with sufficient information and according to an adequate decision making procedure.
2. Those decisions personally affecting other directors and Related People will not be understood as included in the scope of business discretion and, in particular, those which purpose is to authorize the operations scheduled under article 34 of the Regulation.

### **Article 30. General loyalty duty**

The director will develop his/her position with the loyalty of a true representative, acting in good faith, safekeeping the corporate interest and fulfilling the duties imposed by the applicable regulation and the Company governance regulations.

### **Article 31. Basic responsibilities derived from the loyalty duty**

The duty of loyalty compels the director to:

- a. Do not exercise his/her responsibilities with purposes different than those for which they have been granted.

- b. Keep any information, data, reports or background to which he/she had access during the development of his/her position secret and confidential, according to the terms of article 32.
- c. Abstain from participating in the deliberation or vote of agreements or decisions in which the director or a person related therein (for the purposes of this Regulation, people related to directors will be those people related to the directors, which are established under the applicable regulation in effect, at each time (the "**Related People**") have a conflict of interests, direct or indirect. The agreements or decision that affect his/her condition of director will be exempt from the abovementioned obligation of abstention, such as his/her appointment or dismissal for positions of the board of directors or other of equal significance.
- d. Develop their responsibilities according to the principle of personal liability, with freedom of criterion or opinion and regardless of the instructions and relations of third parties.
- e. Adopt the necessary measures to prevent incurring in situations in which his/her interests, be it own or third party, can come into conflict with the corporate interest and his/her duties towards the company.

### **Article 32. Director duty towards secrecy**

1. The director, even after terminating his/her responsibilities, must keep the confidential information secret, having the obligation of keeping confidential the information, data, reports or background information which he/she has obtained during the exercise of the position, without being able to communicate said information when it may have detrimental consequences to the corporate interest.

Cases in which the applicable regulation allows for the communication or disclosure to third parties or that, as the case may be, are required or have to be sent to the relevant supervising authorities, in which case the assignment of information must be appended according to the applicable regulation are exempt from the above paragraph.

### **Article 33. Duty to prevent Conflict of Interest situations**

1. The duty of preventing Conflict of Interest situations stipulated under article 31 above forces the director to abstain from:
  - a. Performing operations with the Company, except regarding ordinary operations, performed under standard conditions for clients, understanding as such those which information is not necessary to provide an accurate image of the equity, financial situation and profit and loss of the Company
  - b. Use the name of the Company or call upon his condition of director to inadequately influence the performance of private operations.
  - c. Use the company assets, including the Company confidential information, with private purposes.
  - d. Take advantage of the Company business opportunities.
  - e. Obtain advantages or remunerations from third parties different than the Company and its group of associated companies during the development of his/her position, except when dealing with matters of mere courtesy.
  - f. Perform any type of operations which direct or underlying purpose are shares or any other securities issued by the Company, that, due to their characteristics, may be detrimental to the corporate interest or, in particular, negatively affect the value of its shares or securities or the irregularity of their value.
  - g. Develop activities on his/her own or through third parties that represent real or possible competition with the Company or that, in any other way, place him/her on a permanent situation of conflict with the Company interests.
2. The abovementioned provisions will also be applicable in cases in which the author or beneficiary of the actions or activities that are forbidden is a Related Person to the director.

## **Article 34. Waiver of conflict of interest situations system**

1. Prior to their performance, Directors must communicate to the Audit Committee, through its Secretary, any of the situations or transactions stipulated under section 1 of the previous article, indicating the key characteristics and the necessary circumstances so that the competent bodies can fully assess the conflict situation.

The Audit Committee must submit a mandatory report, but not binding, to the corporate body which is statutorily competent to allow, as the case may be, the situations or transactions which have been communicated being able to, for said purpose, require from the communicating director all additional information that may be necessary.

2. The Company, by agreement of the General Meeting or the Board of Directors, as the case may be, will adopt the necessary decisions, according to what is established under the applicable law, Articles of Association and this Regulation.

The waiver or authorization agreements of the prohibitions established under the above article will demand the previous substantiation regarding the safety of the situation or transaction to the corporate interest, and, particularly in case of related-party transactions, the accreditation that they are performed according to market conditions and transparently.

3. Those transactions which the applicable regulation exempts from said approval will be exempt from this system.
4. The affected directors, or those who represent or are related to the affected shareholders, will abstain from participating in the deliberation and vote of the agreement in question.
5. The Company will make public the transactions with shares performed with its significant, directors, high management and group companies, under the terms that are demanded at each time by the applicable regulation in effect.

## **Article 34 bis. Related-party transactions**

1. “Related-Party Transactions” are transactions performed by the Company or its subsidiary companies with directors, with shareholders that hold 10% of the voting rights or more or are represented on the Company's Board of Directors, or with any other persons who are related parties as defined by the International Accounting Standards (IAS) adopted by Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.
2. In general, related-party transactions are to be approved by the Board of Directors following a report by the Audit Committee.
3. However, related-party transactions valued at amounts greater than or equal to 10% of the corporate assets on the latest balance sheet approved by the Company will need to be approved by the General Meeting following a report by the Audit Committee. The basis for calculating that total value is to be all related-party transactions carried out with the same counterparty in the previous twelve months. When the General Meeting is resolving on a related-party transaction, the right to vote of the shareholder concerned will be suspended unless the resolution proposal has been approved by the board of directors without the opposition of a majority of the independent directors.
4. The Board of Directors may delegate approval of the following related-party transactions:
  - a. Transactions arranged between the Company and other companies that belong to its Group carried out in market conditions in the ordinary course of business.
  - b. Transactions arranged under contracts that are based on standard terms generally employed for large numbers of customers, are performed at the usual prices or rates set by the vendor of the goods or services in question, or are for sums that are not more than 0.5% of the Company's net turnover according to the consolidated annual financial statement or, where unavailable, the individual annual financial statement for the Company, approved by the General Meeting.

Approval of these related-party transactions will not require a prior report by the Audit Committee, though the Board of Directors will set up a routine internal control and reporting procedure involving the participation of the Audit Committee to ensure that these transactions are fair and transparent and compliant with the legal requirements applicable to the above-mentioned exceptions and with the approval procedure, as appropriate.

5. Performance of a related-party transaction will raise a conflict of interest for the director involved in the transaction or related to the person involved, and accordingly that director will not take part in the deliberations and voting on the corresponding resolution, without prejudice to the exceptions provided by law.

Where the director concerned is a member of the Audit Committee, that director will not take part in preparing the prior report the Committee is to draw up preliminary to approval of the related-party transaction by the General Meeting or the Board of Directors.

6. Through the Audit Committee, the Board of Directors will see that related-party transactions are performed in market conditions and in conformity with the principle of equal treatment for all shareholders.
7. Any related-party transactions greater than or equal to (i) 5% of total book assets or (ii) 2.5% of the annual turnover carried out by the Company or by other companies in its Group are to be publicly announced by the Company on the corporate website and reported to the Spanish National Securities Market Commission [*Comisión Nacional del Mercado de Valores*] at the latest on the day they are arranged.

The announcement is to contain at least the details stipulated by law and is to be published together with the Audit Committee report referred to in this Article.

### **Article 35. Duties of information**

1. The director must inform the company regarding the following:
  - a. The shares of the company or companies from the of which he/she is direct owner or through companies in which

he/she has a significant participation (as well as the transactions performed over said shares), all according to what is established in the Internal Code of Conduct and the applicable regulations.

- b. regarding those shares which are in possession, direct or indirect, of people closely associated with him/her, under the terms regulated in the Internal Code of Conduct.
- c. of all positions and activities he/she performs in other companies.
- d. significant changes in his/her professional situation and those which affect the character or category under which he/she is classified.
- e. Regarding any judicial, administrative claim, or in relation to facts of any type in which he/she is implied, which may seriously affect the Company credit or reputation. In particular, directors will inform the Secretary of the Company's Board of Directors if they are under investigation, arraigned, or charged in criminal proceedings for any criminal offence and of the occurrence of any other relevant procedural milestones in those proceedings.
- f. any other information required under the legislation in force.

## **CHAPTER VII.**

### **Information policy and Board of Directors policy**

#### **Article 36. Corporate governance annual report**

1. The Board of Directors, prior report by the Sustainability and Corporate Governance Committee, will prepare an annual Governance report with the content established under the applicable regulation.
2. The annual corporate governance report will be subject to publication under the terms legally established and will be made available to the shareholders on the Company website no later than the day in which the notice of meeting for the ordinary General Meeting, which is to decide upon the financial statements of the business year to which the corporate governance report is related, is to be published.

### **Article 37. Website**

It is the responsibility of the Board of Directors to establish the information to be provided on the corporate website of the Company under the terms scheduled pursuant to the applicable law.

### **Article 38. Relations with shareholders**

1. The Board of Directors will arbitrate the necessary channels to know the proposals that shareholders may formulate regarding the Company management.
2. The Board of Directors, through some of its directors and with the cooperation of the members of high management it considers adequate, will be able to organize informational meetings regarding the Company and its group operations, for those shareholders residing in the most relevant locations, of Spain and abroad.
3. Public delegation of vote requests performed by the Board of Directors or by any of its members will need to justify in a detailed manner the direction in which the representative will vote in cases under which the shareholder does not provide instructions and, when necessary, reveal the existence of conflicts of interest. The Board of Directors will promote the informed participation of shareholders in the General Meetings and will adopt the necessary measures to facilitate the General Meeting efficiently exercising its responsibilities according to the applicable regulation and the Articles of Association. In particular, the Board of Directors will adopt the following measures:
  - a. Make available to the shareholders, before the General Meeting, in addition to all the information they are entitled to, all that which, even though it is not legally demanded, may be of interest and reasonably supplied;
  - b. handle, as diligently as possible the information requests made by shareholders before the General Meeting; and



- c. handle, with the same diligence, the questions that re formulated by the shareholders due to the celebration of the General Meeting.

### **Article 39. Relations with the markets**

1. The Audit Committee will supervise the compulsory information and any other required by caution to make available to the markets, attempting for it to be prepared according to the same principles, criteria and professional practices with which the financial statements are prepared and having the same reliability as the latter ones.
2. The statements that are submitted to the Board of Directors must be previously certified, regarding their accuracy and integrity, by the Chairperson (if he/she has executive responsibilities), the Managing Director and the supervisor of the department corresponding, clarifying that the consolidated financial statements include the incorporation of the accounting statements of all participated companies, domestic as well as abroad, which comprise the consolidation perimeter according to the commercial and accounting applicable regulation.
3. The Board of Directors will formulate in a clear and concise terms, which facilitate the necessary understanding of its content, the financial statements and the management report, based on the certified statements, taking into consideration the reports of the Audit Committee and having performed the queries it considered convenient to the external auditor, having all the necessary information.

### **Article 40. Relations with auditors**

1. The relations of the Board of Directors with the Company external auditors will be channeled through the Audit Committee.
2. The Board of Directors will attempt to definitively formulate the financial statements in a manner that there are no reservations by the auditor. However, when the Board of Directors considers that it

must maintain its criterion, it will publicly explain the content and scope of the discrepancies.

### **Transitional Provision**

The requirement for directors to be natural persons will be enforceable only for appointments and reappointments that take place from May 2021.

Legal entities that are currently Board members will continue to be directors until their terms have ended, they resign, or they are removed for any reason.

This Regulation will also apply to the natural persons who are serving as directors representing a legal entity serving as a Board member.