

## **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 Corporate Governance, Appointments and Remunerations Committee.
2. The modification proposal must be accompanied with a supportive report and be reported to the Corporate Governance, Appointments and Remunerations Committee. This report will not be necessary when the modification proposal has been made by the Corporate Governance, Appointments and Remunerations Committee.

3. The text of the proposals, supportive report of its authors and, as the case may be, the report of the Corporate Governance, Appointments and Remunerations 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 and Sustainability 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 by the Chairperson or 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 Corporate Governance and 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. The Chairperson of the Board of Directors**

- 1. The Board of Directors, following a report from the Corporate Governance and Appointments and Remunerations Committee, shall appoint a Chairperson from among its members, determining, where appropriate, the executive responsibilities to be performed by the Chairperson.
- 2. The Chairperson of the Board of Directors, by virtue of that office, shall also assume the position of Chairperson of the company, assuming its highest authority and legal and institutional representation, without prejudice to the powers of the General Shareholders' Meeting, the Board of Directors and its committees.

The Chairperson shall ensure the definition, validity, and compliance with the Purpose, Values, Vision, and Mission of the Company, as well as its Code of Ethics.

In urgent cases that do not allow for the convening or meeting of the relevant corporate bodies, the Chairperson may adopt the measures necessary to protect the interests and assets of the Company, reporting immediately to said bodies and convening them to adopt the relevant measures or resolutions.

The Chairperson shall lead the corporate strategy and business model of the Company, taking the necessary initiatives and actions to this end, without prejudice to the powers of the General Shareholders' Meeting, the Board of Directors and its Committees.

He/she shall also chair the General Shareholders' Meeting, subject in all cases to the provisions of current legislation, the Articles of Association, the Regulations of the General Shareholders' Meeting, and other applicable internal rules.

3. The Chairperson of the Board of Directors, in addition to the powers and competences legally assigned to him/her, shall have the following:
  - a. The power to convene and chair the Board of Directors and the Executive Committee, to set the agenda for their meetings and to direct the discussions.
  - b. To submit to the Board of Directors any proposals he or she deems appropriate for the proper operation of the Company and, in particular, those relating to the operation of the Board of Directors itself and other governing bodies, as well as to propose the persons who develop, where applicable, the positions of vice-Chairperson, chief executive officer, secretary, and deputy secretary of the Board of Directors and its committees, without prejudice to the prior information powers corresponding to the competent committee.
  - c. Ensuring, with the collaboration of the secretary of the Board of Directors, that the directors receive sufficient information in advance to deliberate on the items on the agenda.
  - d. Encourage debate and active participation by directors during meetings, safeguarding their freedom to express their opinions.
  - e. Implement the resolutions of the Board of Directors and the Executive Committee, for which purpose it shall have the broadest powers of representation, without prejudice

to any delegations that may be granted by the corresponding body to other directors.

- f. Confirm, either personally or through a delegate, the submission of proposals for the hiring or dismissal of senior executives, which must be approved, where applicable, by the Board of Directors.

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

1. The Board of Directors shall appoint, following a report from the Corporate Governance, 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 Corporate Governance, 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 Corporate Governance, Appointments and Retributions Committee, without prejudice of the powers of the Corporate Governance, 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.
  - d. 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 Corporate Governance, Appointments and Retributions Committee.

## **Second Section.-**

### **Delegated and consulting bodies**

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

1. Without prejudice to the delegation of powers made on an individual basis to the Chairperson, the Chief Executive Officer or Chief Executive Officers or the Executive Committee and the

power to set up committees for specific areas of activity, the Board of Directors may set up an Executive Committee and must always have the delegated committees of the Board of Directors that are mandatory, as well as any other committees or commissions it deems appropriate to set up, with the Board of Directors deciding whether to group or separate them in order to gain flexibility.

2. The Board of Directors shall establish an Audit and Sustainability Committee and a Corporate Governance and Appointments and Remunerations Committee as delegated committees of the Board of Directors.
3. The Board of Directors shall regulate the operation of the Committees and, unless otherwise stipulated in the Articles of Association or in the Regulations, it shall appoint their Chairpersons from among its members, subject to the provisions of the Articles of Association and the Regulations. Each Committee shall draw up an annual action plan, which it shall report to the Board of Directors.
4. In matters not specifically provided for, the operating rules established by these Regulations in relation to the Board of Directors shall apply to the Committees, provided that they are compatible with the nature and operation 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. The Audit and Sustainability Committee**

1. The members of the Audit and Sustainability Committee shall be, in their entirety, Non-Executive Directors appointed by the Board of Directors. The majority of its members shall be Independent Directors and each of them shall be appointed taking into account their knowledge and experience in accounting, auditing or both.

As a whole, the members of the Committee shall have the relevant technical knowledge in relation to the sector in which the Company operates.

2. The Audit and Sustainability Committee shall be composed of a minimum of three (3) and a maximum of six (6) Directors. The Board of Directors shall determine the number of members and their appointment.

The members of the Audit and Sustainability Committee shall be elected for a maximum term of four (4) years and may be re-elected one or more times for periods of the same maximum duration.

3. The Chairperson of the Audit and Sustainability Committee shall be appointed by the Board of Directors from among the Independent Directors and shall be replaced every four (4) years and may be re-elected once after a period of one (1) year has elapsed since their term of office ended.

4. The Audit and Sustainability Committee shall also have a Secretary, who shall be the Secretary of the Board of Directors and, if not a member, shall have a voice but no vote. In the event of the absence, inability or indisposition of the Secretary, he/she shall be replaced in the performance of his/her duties by the Deputy Secretary of the Board of Directors, who, if not a member, shall also have a voice but no vote.

5. The Audit and Sustainability Committee shall meet at least once (1) a quarter and whenever deemed appropriate, upon call by its Chairperson, either by his/her own initiative or in response to a

request from two (2) of its members or from the Executive Committee.

6. The Audit and Sustainability Committee shall be deemed to be validly constituted when more than half of its members are present or represented at the meeting. The deliberations shall be moderated by the Chairperson. In order to adopt resolutions, the favorable vote of the absolute majority of those present and represented shall be required and, in the event of a tie, the Chairperson shall have the casting vote. Unless otherwise stipulated, the powers of the Audit and Sustainability Committee are advisory and propositional to the Board of Directors.
7. Without prejudice to other duties assigned to it by current regulations, the Articles of Association, the Regulations or the Board of Directors, the Audit and Sustainability Committee shall have the following responsibilities:

Regarding financial and non-financial information:

- a. Supervise and evaluate the process of preparing, submitting and ensuring the integrity of the required financial information, and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- b. Supervise the process of preparing and ensuring the integrity of non-financial information, propose to the Board of Directors the appointment of an independent verification service provider responsible for verifying the information included in the Non-Financial Information Statement; and inform the Board of Directors of the process of preparing and presenting the Non-Financial Information Statement, as well as its clarity and the integrity of its content, also determining the criteria and guidelines that should govern the content of the Non-Financial Information Statement, and reporting in this regard to the Board of Directors before it is prepared.
- c. Verify that the content of the Non-Financial Information Statement is in accordance with the Company's sustainable development strategy.
- d. Supervise the implementation of the general policy on the disclosure of financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders.

Likewise, monitor the way in which the entity communicates and relates to small and medium-sized shareholders.

- e. Review and make proposals for improvement to the Board of Directors, for approval or referral to the competent body on sustainable development policies.
- f. Guide and supervise the Company's actions in relation to sustainability strategies and report thereon to the Board of Directors.
- g. Supervise that the Company's sustainable development practices and strategies are in accordance with the political strategy established and report on this regard to the Board of Directors.
- h. Evaluate and review the Company's plans for implementing sustainable development policies and monitor their degree of compliance.
- i. Supervise the internal procedure established by the Company for transactions with related parties.
- j. **Regarding the external auditor:**
  - i. supervise the procedure for selecting and hiring the Company's auditor, relations with the auditor, and any circumstances that may affect the auditor's independence;
  - ii. Submit to the Board of Directors proposals for the selection, appointment, re-election, and replacement of the external auditor, as well as the terms and conditions of their engagement, and regularly obtain information from them on the audit plan and its implementation, in addition to preserving their independence in the performance of their duties;
  - iii. supervising that the Company notifies the CNMV of any change of auditor as a relevant event and accompanies this notification with a statement on the possible existence of any disagreements with the outgoing auditor and, if any, their content;
  - iv. in the event of the resignation of the external auditor,

examine the circumstances that led to it;

- v. establish appropriate relations with the external auditor in order to receive information on any matters that may threaten its independence, for examination by the Committee, and any other matters related to the audit process and, where appropriate, authorize services other than those prohibited, in accordance with current legislation and taking into account internal regulations in this regard, as well as any other communications provided for in audit legislation and auditing standards;
- vi. annually receive from the external auditor a statement of independence in relation to the entity or entities directly or indirectly linked to it, as well as detailed and individualized information on any additional services of any kind provided and the corresponding fees received from these entities by the external auditor or by persons or entities linked to it in accordance with the provisions of the regulations governing the activity of auditing accounts;
- vii. ensure that the remunerations for their work does not compromise its quality or independence;
- viii. ensure that they hold an annual meeting with the entire Board of Directors to report on the work carried out and on the evolution of the Company's accounting and risk situation;
- ix. ensure that the Company and the external auditor comply with the rules in force on the provision of services other than audit services, the limits on the concentration of the auditor's business and, in general, the other rules on the independence of auditors;
- x. issue annually, prior to the issuance of the audit report, a report expressing an opinion on the independence of the statutory auditor. This report shall, in any event, contain a reasoned assessment of the provision of the additional services referred to in the previous point, considered individually and as a whole, other than the statutory audit and in relation to the independence regime or the regulations governing auditing.

k. Report to the General Meeting, through its Chairperson and/or Secretary, on any matters raised at the meeting in

relation to matters falling within the remit of the Audit and Sustainability Committee and, in particular, of the results of the audit, explaining how it has contributed to the integrity of the financial information and the role played by the Committee in that process.

**1. In relation to the Internal Audit Area:**

- i. ensure the independence and effectiveness of the unit that performs the internal audit;
- ii. report on proposals for the selection, appointment, re-election, and removal of the head of the internal audit service;
- iii. proposing the budget for this service; approving its guidelines and work plans, ensuring that its activities are focused primarily on the relevant risks of the Company;
- iv. receiving regular information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports;
- v. supervise the effectiveness of the Company's internal control systems and units, such as internal audit and risk management systems, and discuss with the statutory auditor any significant weaknesses in the internal control system detected during the audit, without compromising its independence. To this end, and where appropriate, they may submit recommendations or proposals to the Board of Directors and set a deadline for their follow-up.

**m. Regarding the Compliance Area:**

- i. reviewing and making proposals for improvement to the Board of Directors, for approval or referral to the competent body, on compliance policies, taking into account generally accepted good governance recommendations in international markets, in order to fulfill its mission of promoting the corporate interest and taking into account, as appropriate, the legitimate interests of other stakeholders;
- ii. supervising compliance with the regulations applicable to conduct on the securities markets, and in particular

with the Internal Code of Conduct;

- iii. report on proposals to amend the Internal Code of Conduct;
- iv. supervise the operation of the Sacyr Group's regulatory compliance, criminal prevention and competition defense model, as well as apply the code of conduct and its disciplinary regime in the event that those affected are Directors.

**Other reporting responsibilities:**

- n. To inform the Board of Directors, prior to the adoption of the corresponding decision, on all matters provided for in the Law, the Bylaws, and the Regulations, and in particular the following:
  - i. the financial information and management report, which shall include the mandatory non-financial information that the Company must disclose periodically;
  - ii. the creation or acquisition of shares in special purpose entities 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;
  - iii. operations with related parties that must be approved by the General Meeting or the Board of Directors ;
  - iv. structural and corporate changes planned by the Company for analysis and prior reporting to the Board of Directors on their economic conditions and accounting impact and, in particular, where applicable, on the proposed exchange ratio.
- 8. Any member of the management team or staff of the Company who is requested to do so shall be required to attend the meetings of the Audit and Sustainability Committee and to cooperate with it and provide it with access to the information at its disposal. The Audit and Sustainability Committee may also request the attendance of the auditors and, where applicable, the independent verification service provider at its meetings.

9. In order to better fulfill its responsibilities, the Audit and Sustainability Committee may seek the advice of external professionals, in which case the provisions of Article 26 of these Regulations shall apply.
10. In all matters not provided for in the Articles of Association, the Regulations or in this article, the Audit and Sustainability Committee shall regulate its own operations, applying, in the absence thereof, the operating rules established in relation to the Board of Directors, provided that they are compatible with the nature and responsibilities of this Committee.

## **Article 17. The Corporate Governance and Appointments and Remunerations Committee**

1. The Corporate Governance and Appointments and Remunerations Committee shall be composed entirely of Non-Executive Directors appointed by the Board of Directors, at least two (2) of whom shall be Independent Directors, appointed on the basis of their professional knowledge and experience.
2. The Corporate Governance and Appointments and Remunerations Committee shall be composed of a minimum of three (3) and a maximum of six (6) Directors. The Board of Directors shall determine their number and appointment.

The members of the Corporate Governance and Appointments and Remunerations Committee shall be elected for a maximum term of four (4) years and may be re-elected one or more times for periods of the same maximum duration.

3. The Chairperson of the Corporate Governance and Appointments and Remunerations Committee shall be appointed by the Board of Directors from among the members of the Committee who are independent.
4. The Corporate Governance and Appointments and Remunerations Committee shall also have a Secretary, who shall be the Secretary of the Board of Directors and who, if not a member, shall have a voice but no vote. In the event of the absence, inability or indisposition of the Secretary, he/she shall be replaced in the performance of his/her duties by the Deputy Secretary of the Board of Directors, who, if not a member, shall also have a voice but no vote.

5. The Corporate Governance and Appointments and Remunerations Committee shall meet whenever the Board of Directors or its Chairperson requests the issuance of a report or the adoption of proposals and, in any case, whenever it is deemed appropriate for the proper performance of its duties.

It shall, in any event, meet three (3) times a year.

The Corporate Governance and Appointments and Remunerations Committee shall meet when convened by its Chairperson, either by his/her own initiative or in response to a request from two (2) of its members or from the Executive Committee.

6. The Corporate Governance and Appointments and Remunerations Committee shall be deemed to be validly constituted when more than half of its members are present or represented at the meeting. The deliberations shall be moderated by the Chairperson. Resolutions shall be adopted by a majority vote of those present and represented, and in the event of a tie, the Chairperson shall have the casting vote. Unless otherwise provided, the powers of the Corporate Governance and Appointments and Remunerations Committee are advisory and propositional to the Board of Directors.
7. Without prejudice to other duties assigned to it by applicable regulations, the Articles of Association, the Regulations or the Board of Directors, the Corporate Governance and Appointments and Remunerations Committee shall have the following responsibilities:

**In matters of corporate governance:**

- a. Review and make proposals for improvement to the Board of Directors, for approval or referral to the competent body, on the internal rules of the Company's Corporate Governance System, with special emphasis on corporate governance policies, and after review and proposal for improvement by the Audit and Sustainability Committee, on those relating to sustainable development, taking into account the recommendations for good governance generally accepted in international markets, in order to fulfill its mission of promoting the social interest and taking into account, as appropriate, the legitimate interests of other stakeholders.
- b. Ensuring that the Company's corporate culture is aligned with the Group's Purpose, Mission, Vision, and Values.

- c. Examining the Company's degree of compliance with generally accepted corporate governance recommendations.
- d. Guide and supervise the Company's actions in relation to corporate governance strategies and report thereon to the Board of Directors.
- e. Supervise that the Company's corporate governance practices and strategies are in line with the political strategy established and report thereon to the Board of Directors.

**With regard to appointments:**

- f. Assess the skills, knowledge, and experience required on the Board of Directors. To this end, it shall define the responsibilities and skills required of candidates to fill each vacancy and assess the time and commitment necessary for them to perform their duties effectively.
- g. Establish a representation target for the gender that is under-represented on the Board of Directors and draw up guidelines on how to achieve this target.
- h. Submit to the Board of Directors proposals for the appointment (for co-optation or for submission to the General Meeting) of Independent Directors, as well as proposals for the re-election or removal of such Directors by the General Meeting.
- i. Report on proposals for the appointment (for co-optation or for submission to the General Meeting) of the remaining Directors, as well as proposals for their re-election or removal by the General Meeting.
- j. Report on proposals for the appointment and removal of the Chairperson, Vice-Chairpersons, Secretary and Deputy Secretary of the Board of Directors.
- k. Verify annually compliance with the policy for the selection, appointment and re-election of directors and report on its conclusions in the Annual Corporate Governance Report.
- l. Organize and carry out the annual evaluation of the Chairperson of the Board of Directors, under the direction and drive of the Coordinating Director, reporting to the

Board of Directors.

- m. Examine and organize the succession of the Chairperson of the Board of Directors and the chief executive of the Company and, where appropriate, make proposals to the Board of Directors so that such succession takes place in an orderly and planned manner.
- n. Report annually to the Board of Directors on the evaluation of the Board of Directors itself and its Delegated Committees.
- o. Report on proposals for the appointment and removal of senior executives and the basic terms and conditions of their contracts.

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

- p. Inform the Board of Directors of any breaches of the duties set out in Article 54 of the Articles of Association.

#### **Regarding Remunerations:**

- q. Propose to the Board of Directors the Remunerations policy for Directors and general managers or those who perform senior management responsibilities under the direct authority of the Board of Directors, executive committees or Chief Executive Officers, as well as the individual Remunerations and other contractual conditions of Executive Directors, ensuring compliance with this policy.
- r. Periodically review Remuneration programs, particularly those for senior management and the management team, weighing their adequacy and performance.
- s. Verify the information on the Remunerations of Directors and senior executives contained in the various corporate documents, including the Annual Report on Directors' Remunerations.

8. Any member of the management team or staff of the Company who is requested to do so shall be required to attend the meetings of the Corporate Governance and Appointments and

Remunerations Committee and to cooperate with it and provide it with access to the information at its disposal.

9. In order to better fulfill its responsibilities, the Corporate Governance and Appointments and Remunerations Committee may seek the advice of external professionals, in which case the provisions of Article 26 of these Regulations shall apply.
10. In all matters not provided for in the Articles of Association or in this article, the Corporate Governance and Appointments and Remunerations Committee shall regulate its own operation, applying, in the absence thereof, the operating rules established in relation to the Board of Directors, provided that they are compatible with the nature and responsibilities 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 Corporate Governance, 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 Corporate Governance, 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 Corporate Governance, Appointments and Retributions Committee.

3. When the Board of Directors does not follow the recommendations of the Corporate Governance, 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 Corporate Governance, 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 Corporate Governance, Appointments and Retributions Committee, and the Audit and Sustainability Committee inform the Board of Directors and the later 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;
  - 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 Corporate Governance, 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, S.A. 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 and Sustainability 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 and Sustainability 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 and Sustainability 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 and Sustainability 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 and Sustainability Committee, though the Board of Directors will set up a routine internal control and reporting procedure involving the participation of the Audit and Sustainability 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 and Sustainability 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 and Sustainability 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 and Sustainability 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 Corporate Governance, Appointments and Remunerations 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 are formulated by the shareholders due to the celebration of the General Meeting.

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

1. The Audit and Sustainability Committee shall supervise the mandatory financial and non-financial information and any other information that prudence requires to be made available to the markets, ensuring that it is prepared in accordance with the same principles, criteria, and professional practices as those used to prepare the financial statements and, where applicable, the Non-Financial Information Statement included in the management report, and that it is as reliable as the latter.
2. The statements submitted to the Board of Directors must first be certified as accurate and complete by the Chairperson (if he has executive functions), the Chief Executive Officer and the head of the relevant department, stating that the consolidated financial statements include the accounting statements of all the companies in which the company has a stake, both nationally and internationally, that are included in the scope of consolidation in accordance with the applicable commercial and

accounting regulations.

3. The Board of Directors, based on the certified statements, considering the reports of the Audit and Sustainability Committee and after consulting the external auditor as it deems necessary, and, where applicable, the verification service provider, and having all the necessary information at its disposal, shall prepare the financial statements and the management report in clear and precise terms that facilitate an adequate understanding of their content, which shall also include, where applicable, the Non-Financial Information Statement.

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

1. The relations of the Board of Directors with the Company external auditors and verifiers will be channeled through the Audit and Sustainability 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.