

**CONSOLIDATED TEXT OF THE ARTICLES OF  
ASSOCIATION OF ENAGÁS, S.A.**

*In the event of any discrepancy between the Spanish version and this translation into English, the Spanish version shall prevail.*



## **CONSOLIDATED TEXT OF THE ARTICLES OF ASSOCIATION**

### **PART I**

#### **NAME, PURPOSE, REGISTERED OFFICE AND DURATION**

##### **ARTICLE 1. – NAME.**

A "sociedad anónima" (public limited company) is established under the name of Enagás, S.A. that will be governed by these Articles of Association, by Spanish Royal Legislative Decree 1/2010 of July 2, which approves the Consolidated Text of the Corporate Enterprises Act, and by other applicable provisions of a general nature.

##### **ARTICLE 2. – PURPOSE OF THE COMPANY.**

The purpose of the Company is:

2.1.- a) Activities of regasification, basic and secondary transmission as well as storage of natural gas, by means of or through the corresponding gas infrastructure or installations owned by the Company or by third parties, and also the performance of ancillary activities or others related to the aforementioned activities.

b) The design, construction, start-up, operation and maintenance of all types of gas infrastructure and supporting installations, including telecommunications networks, remote control systems of any nature and electricity networks owned by the Company or by third parties.

c) The performance of all functions relating to the technical management of the gas system.

d) Transmission and storage activities for carbon dioxide, hydrogen, biogas, and other energy-related fluids, via the corresponding facilities, of its own or of third parties, as well as the design, construction, start up, exploitation, operation, and maintenance of all types of complementary infrastructure and installations necessary for said activities.

e) Activities for making use of heat, cold, and energies associated with its main activities or resulting from them.

f) Provision of services of a diverse nature, such as engineering, construction, advisory, and consultancy services in connection with the activities comprising the purpose of the Company, as well as participation in natural gas market management activities to the extent they are compatible with the activities attributed to the Company by law.

2.2.- The activities stated above may be carried out by the Company itself or through companies with similar or identical corporate purposes in which the company holds a stake, and always within the scope and limits legally established in relation to hydrocarbons. In accordance with said legislation, the activities related to transmission and to the technical management of the system which are of a regulated nature must be carried out, respectively, by two subsidiaries entirely owned by the company.

Consequently, the purpose of the Company also includes:



- a) Management of the corporate group comprised of the interest held in share capital of companies belonging to the group.
- b) Provision of assistance and support services to affiliate companies and businesses, to which the Company may offer the guarantees and sureties deemed necessary for this purpose.

### **ARTICLE 3. – REGISTERED OFFICE, BRANCH OFFICES AND WEBSITE.**

The registered office is established in Madrid, at Paseo de los Olmos, 19, and the Board of Directors is empowered to transfer it within the territory of Spain and to consent to the creation, elimination and relocation of branches, agencies, delegations, representations and dependencies of any kind both in Spain and abroad.

The Company's corporate website is [www.enagas.es](http://www.enagas.es). The governing body may consent to the elimination and relocation of the corporate website.

### **ARTICLE 4. – DURATION.**

The Company is incorporated for an unlimited duration and its operations commenced on the date of formalisation of the deed of incorporation.

## **PART II**

### **ISSUED SHARE CAPITAL AND SHARES**

**ARTICLE 5.** – The Company's issued share capital is set at THREE HUNDRED AND NINETY-TWO MILLION, NINE HUNDRED AND EIGHTY-FIVE THOUSAND, ONE HUNDRED AND ELEVEN EUROS represented by TWO HUNDRED AND SIXTY-ONE MILLION, NINE HUNDRED AND NINETY THOUSAND AND SEVENTY-FOUR shares, each with a nominal value of ONE EURO AND FIFTY EURO CENTS.

**ARTICLE 6.** – The TWO HUNDRED AND SIXTY-ONE MILLION, NINE HUNDRED AND NINETY THOUSAND AND SEVENTY-FOUR shares with a nominal value of ONE EURO AND FIFTY EURO CENTS each, into which the share capital is divided, take the form of dematerialised book entries which shall be governed by the Spanish securities market regulations and other applicable provisions.

### **ARTICLE 6 BIS. – LIMITATIONS ON SHARE OWNERSHIP.**

No natural or legal person may hold a direct or indirect stake of more than 5% in the equity capital of the Company, nor exercise voting rights in such company of over 3%. Under no circumstances may such shareholdings be syndicated. Those parties that operate within the gas sector, including those natural or legal persons that directly or indirectly possess equity holdings in the former of more than 5%, may not exercise voting rights of over 1%. These restrictions do not apply to direct or indirect interests held by public sector enterprises. Under no circumstances may share capital be syndicated.

Likewise, the combined total of direct or indirect equity held by parties that operate within the natural gas sector may not exceed 40 per cent.



For the purposes of calculating the equity holdings in the Company, the laws governing the Spanish hydrocarbons sector shall apply.

Enagás may not transfer to third parties shares in the subsidiaries included in its Group that perform regulated activities of transmission and technical management of the system as determined by the laws governing the Spanish hydrocarbons sector.

#### **ARTICLE 7. – REGISTER AND IDENTITY OF SHAREHOLDERS.**

The entity in charge of maintaining the register of shareholders is the Servicio de Compensación y Liquidación de Valores, (Spanish Securities Clearing and Settlement Service) or any such entity that may replace it in future, together with its affiliated entities, under the terms established by current regulations.

The Company or a third party appointed by the Company shall have the right to obtain, at any time, from the central securities Depository, the information legally required to determine the identity of its shareholders, in order to communicate directly with them with a view to facilitating the exercise of their rights and their involvement in the Company.

Any shareholder associations having formed within the Company and representing at least one per cent of the issued share capital and shareholders who individually or jointly hold at least three per cent of share capital shall enjoy the same right exclusively for purposes of facilitating communication with the shareholders in the exercise of their rights and the best defence of their common interests.

The request must state the purpose of the consultation and the information may not be used for purposes other than those stated in the request.

Likewise, in the event that the entity or person legitimised as shareholder by virtue of the share ledger is an intermediary entity that holds the shares on behalf of the beneficial owners or another intermediary entity, the Company or a third party designated by it may request the identification of the beneficial owners directly from the intermediary entity or request it indirectly through the central securities depository, all in accordance with the terms set forth in the Law. Shareholders' associations representing at least one per cent of the share capital or shareholders individually or jointly holding at least three per cent of the share capital shall necessarily request the identification of the beneficial owners from the intermediary entity through the central securities depository. In both cases, the intermediary entity shall communicate directly to the applicant the identity of the beneficial owners.

In the event of abusive or harmful use of the information requested, the association of shareholders or partner in question shall be liable for any loss or damage caused.

Knowledge by the Company or other authorised applicants of the beneficial owner of their shares shall in no way affect the ownership or the exercise of the economic and political rights that correspond to the intermediary entity or person legitimised as shareholder by virtue of the regulations governing the accounting registration of the shares. Likewise, the Company is not involved in relations between the beneficial owner and the intermediary entity or entities and in the relations between the entities forming part of the chain of intermediary entities.

#### **ARTICLE 8.– SHAREHOLDERS' RIGHTS.**

The share confers on its rightful owner the status of shareholder and the following rights:

- a) The right to a share of the Company's profits and in the proceeds resulting from its liquidation.
- b) The right of pre-emption over any new issue of shares or convertible bonds.
- c) The right to attend and vote at the General Meetings and to challenge Company resolutions.
- d) The right to information.

The Company must afford equal treatment to shareholders in identical conditions.

The right to vote may not be exercised by shareholders in default. Nor may this right be exercised by shareholders in breach of the limitation stipulated in Article 6 bis of the Articles of Association, although the withdrawal of this right in this case affects only the shares exceeding the set limit. The amount of those shares shall be deducted from the Company's share capital for the purposes of determining a quorum.

Moreover, defaulting shareholders shall not be entitled to receive dividends or to exercise pre-emptive rights over new shares or convertible bonds. Nevertheless, once any outstanding sums have been settled with payment of any interest owed, such shareholders may claim any dividends not forfeited on expiry; however, they may not exercise their right of pre-emption where the time limit for such exercise has expired.

#### **ARTICLE 9. – INDIVISIBILITY OF SHARES.**

The shares are indivisible. The co-owners of a share must designate a single person to exercise the shareholder rights and shall be jointly and severally liable to the Company for any obligations arising from their status of shareholder.

The same rule shall apply to other cases of joint entitlement to shareholder rights.

#### **ARTICLE 10. – USUFRUCT OF SHARES.**

In the case of usufruct of shares, the status of shareholder rests with the naked owner, but the usufructuary shall be entitled to any dividend declared by the Company during the usufruct. The exercise of the other shareholder rights is the responsibility of the bare owner.

When unpaid or partly paid shares are subject to usufruct, the naked owner will be obliged to settle any outstanding payments to the Company; the usufructuary may do so if the naked owner has not fulfilled this obligation five days before the expiry of the payment period.

For matters regarding the usufruct of shares not covered by this article, the provisions of Articles 127 to 131 of the Consolidated Text of the Corporate Enterprises Act shall apply.

#### **ARTICLE 11. – PLEDGING OF SHARES.**

In the event of a pledge of shares, the owner shall retain the exercise of shareholder rights. The pledgee is bound to facilitate the exercise of such rights.



If the owner fails to settle any outstanding amounts, the pledgee may fulfil this obligation or proceed to enforce the pledge.

The same provisions shall apply in the case of the attachment of shares, provided that they are consistent with the specifically applicable attachment regime.

#### **ARTICLE 12. – PAYING FOR SHARES.**

A shareholder must pay the unpaid portion of capital to the Company in the manner directed by the relevant resolution of the General Shareholders' Meeting.

Where a shareholder is in default, the Company may demand performance of their payment obligation together with interest at the statutory rate and any damages caused by such default, or dispose of the shares on behalf and at the risk of the defaulting shareholder.

Where any such shares are to be sold, the sale shall be made via a member of the Bolsa (the Spanish securities exchange), if Company shares are traded on a public exchange, or otherwise via a chartered securities broker or notary, and, if appropriate, shall entail the replacement of the original share certificates with duplicates.

If no such sale can be made, the shares shall be redeemed, with the consequent capital reduction. Any proceeds already received by the Company in respect of such shares shall endure to the benefit of the Company.

#### **ARTICLE 13. – UNPAID OR PARTLY PAID SHARES.**

The acquirer of unpaid or partly paid shares shall be liable, jointly and severally with all preceding transferors, and at the discretion of the Board of Directors, for payment of the unpaid portion.

The liability of the transferors shall subsist for three years from the date of the respective transfer. Any agreement contrary to or inconsistent with joint and several liability thus determined shall be void.

#### **ARTICLE 14. – RIGHT OF PRE-EMPTION.**

Upon an increase of capital involving the issue of new shares, whether ordinary or preference, through monetary contributions, an existing shareholder may, within the time limit allowed for such purpose by the Directors of the Company, which may not be less than the threshold prescribed in current laws and regulations, exercise a right to subscribe to new shares pro rata the nominal value of the shares they hold.

However, the right of pre-emption may not be exercised in those circumstances in which current laws and regulations determine otherwise, or if such right is excluded by the General Shareholders' Meeting or, by delegation from the General Shareholders' Meeting, by the Board of Directors once the formalities required by current laws and regulations have been satisfied.

The right of pre-emption shall be transferable on the same terms as the shares from which they arise. In the event of a capital increase charged against reserves (bonus or scrip issue), these same rules shall apply to the rights of allotment of bonus shares.

#### **ARTICLE 15. – SHARE CAPITAL REDUCTION THROUGH SHARE REPURCHASE.**



Upon a reduction of capital by the repurchase and subsequent cancellation of the Company's shares, the tender offer must be addressed to all shareholders.

Should the resolution to reduce capital affects one specific class of shares only, the provisions of Article 293 of the Consolidated Text of the Corporate Enterprises Act shall apply.

If the number of tendered shares exceeds the number of shares anticipated by the Company for repurchase, tenders will be scaled back pro rata in proportion to the number of shares held by each shareholder.

However, unless the resolution of the General Shareholders' Meeting or the terms of the tender offer stipulate otherwise, if fewer shares are tendered than the number stipulated in the tender offer bid, the Company's capital shall be reduced only by the amount of the shares actually acquired.

In any case, the shares acquired by the Company must be cancelled no later than one month following the end of the time limit for acceptance of the tender offer.

#### **ARTICLE 16. – ISSUE OF MARKETABLE SECURITIES.**

The power to issue simple or convertible and/or exchangeable bonds for shares, as well as other marketable securities, that recognise or create debt, subject to prevailing legislation, rest with the General Shareholders' Meeting. However, under the terms provided for by law, the General Shareholders' Meeting may delegate this power to the Board of Directors and, where appropriate, agree to exclude the right of pre-emption. The Board of Directors may make use of this power on one or more occasions for a maximum period of five years, and may also be authorised by the General Shareholders' Meeting to determine when the issue should be made and to establish any conditions not provided for in resolution of the General Shareholders' Meeting.

The Company's shareholders shall have the right of pre-emption over any new issue of convertible bonds, notwithstanding the possibility that said right might be excluded in the cases and under the requisites established by current regulations.

The securities issued by Enagás subsidiaries may be guaranteed by the Company.

### **PART III**

#### **MANAGEMENT BODIES**

#### **ARTICLE 17. – GOVERNANCE AND MANAGEMENT.**

The governance and management of the Company rests with the General Shareholders' Meeting and the Board of Directors.

### **SECTION 1.**

#### **THE GENERAL SHAREHOLDERS' MEETING**

#### **ARTICLE 18. – GENERAL SHAREHOLDERS' MEETING.**



The shareholders, when constituted as a duly summoned General Meeting, shall by the majority of votes provided for in Spanish law decide upon the matters that fall within the powers of the General Meeting.

The General Meeting is responsible for addressing and agreeing upon the following issues:

- a) Approval of the annual accounts, allocation of profits or losses and approval of corporate management.
- b) Approval, if applicable, of the statement of non-financial information.
- c) Appointment and removal of directors, liquidators and, where applicable, auditors, and bringing corporate liability action against any of them.
- d) Modification of the Articles of Association.
- e) Increasing and reducing share capital.
- f) Disapplication or limitation of the right of pre-emption.
- g) To acquire, dispose of or contribute core assets to another company. Asset are considered to be core assets, if the respective transaction amount is greater than 25% of the value of the assets shown on the last approved balance sheet.
- h) To transfer core activities previously carried out by the Company itself to subsidiaries, even though the Company retains full control. Activities and operating assets are considered to be core activities and core operating assets, if the respective transaction amount is greater than 25% of the total value of the assets held on the balance sheet.
- i) Restructuring, merging or splitting the Company, en bloc transfer of its assets and liabilities, and relocation of the registered office abroad.
- j) To dissolve the Company.
- k) Approval of the liquidation balance sheet.
- l) To approve any transactions that effectively add up to the Company's liquidation.
- m) The policy on directors' remuneration.
- n) The approval of related-party transactions where the approval is the remit of the General Shareholders' Meeting under the terms set forth in the Law.
- o) Any other matters specified by law or the Articles of Association.

All shareholders, including dissenting and absent shareholders, shall be bound by the resolutions of the General Shareholders' Meeting.

The Company shall guarantee, at all times, equality in the treatment of all shareholders in the same position, in regard of information, participation and the exercise voting rights at General Shareholder Meetings.

#### **ARTICLE 19. – TYPES OF GENERAL SHAREHOLDERS' MEETINGS.**





General Shareholders' Meetings may be ordinary (annual) or extraordinary and must be called by the Board of Directors.

#### **ARTICLE 20. – ORDINARY GENERAL SHAREHOLDERS' MEETING.**

The Ordinary General Shareholders' Meeting, previously called for this purpose, shall be held within six months of the Company's financial year-end in order to evaluate its corporate management; approve or reject, as the case may be, the financial statements for the year; decide on the application of profits or losses; and to appoint or re-elect Directors according to criteria for renewal of Directors stipulated in the Articles of Association.

The Ordinary General Shareholders' Meeting shall be valid even if convened or held after this time.

#### **ARTICLE 21. – EXTRAORDINARY GENERAL MEETING.**

Any General Shareholders' Meeting other than the Ordinary General Shareholders' Meeting described in the preceding article shall be considered an Extraordinary General Shareholders' Meeting.

The Board of Directors may convene an Extraordinary General Shareholders' Meeting if it is deemed to be in the Company's interests, and is under a duty to call such meeting upon the request of shareholders holding at least three per cent of share capital, who specify in their request the matters to be dealt with at the General Shareholders' Meeting. In this event, the General Shareholders' Meeting must be scheduled to be held on a date within two months following the day on which the request was received by the Board of Directors through a notary.

The Agenda must include the matters that led to the request.

#### **ARTICLE 22. – CONVENING THE GENERAL MEETING.**

The General Shareholders' Meeting must be convened by public announcement in the following media at least: (a) by placing a notice in the Boletín Oficial del Registro Mercantil (Spanish Official Gazette of the Companies Registry) or in a daily newspaper with one of the broadest circulations in Spain; (b) the website of the CNMV, the Spanish securities market regulator; and (c) on the Company's website. An announcement published on the Company's website shall remain accessible via the same at least until the General Shareholders' Meeting is held. The Board of Directors may decide to publicise the convening of the meeting in any other media that it might see fit, to provide greater publicity for the meeting.

The notice shall be issued at least one month prior to the date set for the meeting. Notwithstanding the above, when the Company offers shareholders the real possibility of voting by electronic means accessible to all, Extraordinary General Shareholders' Meetings may be convened at least fifteen days in advance. The shortening of the notice period shall require an express resolution adopted at an Ordinary General Shareholders' Meeting by at least two thirds of subscribed capital with voting rights. This resolution shall not be valid beyond the date on which the subsequent meeting is held.

The call notice shall state the name of the Company, the original date and time scheduled for the meeting on first call, as well as its agenda, listing all business to be transacted at the meeting, the position of the person or persons executing the call, the date by which shareholders must have their names registered to participate and vote at the General Shareholders' Meeting, the place where and

format in which the complete text of the documents and proposed resolutions can be obtained, and the address of the Company website where the information will be made available. It shall also state the date on which, if applicable, the General Shareholders' Meeting shall be held upon second call.

There must be a difference of at least 24 hours between the first and second meeting times.

Furthermore, the notice shall contain clear and accurate information on the formalities that shareholders must complete in order to take part and register their vote at the General Shareholders' Meeting, in particular the following points:

- a) The right to request information, to add items to the agenda and to submit resolution proposals, as well as the deadline for exercising their rights. Whenever it is stated that further information on said rights can be found on the website, the notice may be limited to stating the period in which rights may be exercised.
- b) The system for issuing votes by proxy, with particular mention of the forms that must be used to delegate votes and the media that must be used for the Company to accept notification of delegated representation by electronic means.
- c) The procedures established for remote voting, whether by post or electronic means.

The convening notice must state the right of shareholders to freely and immediately access at the registered office those documents that must be subjected to the approval of the same and the Auditor's Report.

From the moment the convening is announced and up until the General Meeting is held, the following information must be posted without interruption on the Company's website:

- a) The convening notice.
- b) The total number of shares and voting rights on the date of the convening, broken down by share categories, if any.
- c) The documents that will be presented at the General Meeting, in particular the management, audit and independent expert reports.
- d) The full texts of the proposed resolutions detailing each and every item on the Agenda and, where items for informative purposes only are concerned, a report from the competent bodies detailing each such item. Proposals for resolutions from shareholders shall also be included as they are received.
- e) In the case of appointment, ratification or re-election of members of the Board of Directors, the identity, curriculum vitae and category to which each belongs, along with the proposal, the Board's report in justification of the proposal containing an appraisal of the competence, experience and merits of the proposed candidate and the report of the Sustainability and Appointments Committee in the case of the appointment or re-election of a Non-Independent Director. In the case of a legal person, the information must include that pertaining to the natural person to be appointed to exercise the functions of the post on a permanent basis.

- f) The forms that must be used for vote by proxy and remote voting, except when sent directly by the Company to each shareholder. If for technical reasons these cannot be posted on the website, the Company must indicate on the website information on how to obtain hard copies of these forms and must send them to any shareholder that requests them.

Shareholders that represent at least three per cent of share capital may request that a supplement to the convening notice for the General Shareholders' Meeting be published, on which one or more items are added to the Agenda, provided that the new points are accompanied with their justification or, if applicable, a justified resolution proposal. In no case may said right be exercised for the convening of Extraordinary Shareholder's Meetings. In order to exercise this right, shareholders must submit their request by means of a certified notification which must be received at the registered office of the Company within the five days following the publication of the notice of the meeting. Any such supplement to the notice of meeting shall be published at least fifteen days in advance of the scheduled date of the General Meeting. Failure to publish the supplement to the notice of meeting by the legally established deadline shall render the Meeting void.

Shareholders representing at least three per cent of the capital may, within the same period indicated in the preceding paragraph, submit reasoned proposals for resolutions on matters already included or to be included on the agenda of the meeting called. The Company shall ensure that these proposals for resolutions and any accompanying documentation are distributed to the rest of the shareholders in accordance with the provisions of section d) of the seventh paragraph of this article.

#### **ARTICLE 23. – EXCEPTIONAL CALL.**

If the Ordinary General Shareholders' Meeting is not called within the statutory period, it may be called at the request of any shareholder and after a hearing by the Board of Directors and the commercial court with jurisdiction over the Company's registered office or head of the pertinent companies register, who shall also appoint the individual to chair the meeting.

The same procedure applies to the calling of an Extraordinary General Shareholder's Meeting at the request of shareholders holding at least three per cent of share capital once the time limit referred to in the second paragraph of Article 21 has elapsed.

#### **ARTICLE 24. – UNIVERSAL SHAREHOLDERS' MEETING.**

Notwithstanding the provisions contained in the preceding articles, the General Shareholders' Meeting is deemed to have been convened and properly constituted to transact any business if the entirety of share capital is present and those present unanimously agree to hold such Meeting.

#### **ARTICLE 25. – QUORUM.**

The General Shareholders' Meeting shall be validly constituted on first call when the shareholders present or represented hold at least twenty-five per cent of the subscribed capital with voting rights.

On second call, the meeting shall be validly constituted regardless of the capital in attendance.

#### **ARTICLE 26. – SPECIAL QUORUM.**

An Ordinary or Extraordinary General Shareholders' Meeting may validly resolve to increase or reduce capital, make any other alterations to the Articles of Association, issue bonds, disapply or restrict the right of pre-emption of new shares and to restructure, merge or split the Company, transfer its assets and liabilities en bloc, and relocate the registered office abroad if, at the original date and time specified in the notice of meeting on first call, there are present, in person or by proxy, shareholders representing at least fifty per cent of subscribed capital with voting rights.

On second call, the attendance or representation of shareholders holding at least twenty-five per cent of subscribed capital with voting rights shall be sufficient.

#### **ARTICLE 27. – ATTENDANCE, PROXIES AND VOTING.**

Shareholders owning shares registered with the corresponding register of shareholders of any of the entities participating in the Servicio de Compensación y Liquidación de Valores, (Spanish Securities Clearing and Settlement Service) or any such entity that may replace it in future, at least five days prior to the date on which the General Shareholders' Meeting is scheduled to be held, may attend and vote at General Shareholders' Meetings.

Without prejudice to the foregoing, shareholders may not exercise the voting rights corresponding to their shares concerning the adoption of a resolution where one of the grounds for a conflict of interest exists according to Article 190.1 of the



Consolidated Text of the Corporate Enterprises Act or in the cases provided for by law concerning related-party transactions whose approval is the responsibility of the General Meeting.

Any shareholder having attendance and voting rights under this article may exercise such rights to vote on motions on the business on the agenda at any class of General Shareholders' Meeting by attending such a meeting and voting in person or by post, by recognised electronic signature or other electronic form, or by any other means of remote communication that satisfy the requirements stipulated in the laws and regulations, provided that the identity of the person exercising voting rights and the security of electronic communications are properly assured.

The Rules and Regulations of General Meetings may govern remote exercising of said rights, including in particular any or all of the following forms:

- a) Real-time streaming of the General Shareholders' Meeting.
- b) Remote attendance at the meeting via telematic and simultaneous means, and remote, telematic voting during the meeting, subject to the requirements stipulated for such purposes.

In this case, the Regulations of the Meeting may empower the Board of Directors to determine when, in view of the state of the art, the circumstances and the safety conditions, such attendance and telematic voting is permitted. The Regulations of the Meeting may also empower the Board of Directors to regulate all necessary procedural aspects.

- a) Real-time bi-directional communication to allow shareholders to address the General Shareholders' Meeting from other locations.
- b) A mechanism to exercise votes prior to or during the General Shareholders' Meeting, without having to appoint a representative who is physically present at the meeting.

Any shareholders attending or casting their votes remotely shall for the purposes of constitution of any General Shareholders' Meeting count as being present.

Any shareholders having attendance rights may be represented by proxy at a General Shareholders' Meeting by another person, who need not be a shareholder, which is valid only for the particular meeting in question. Proxies must be conferred in writing, by post, recognised electronic signature or any of the other legally permitted electronic or remote communication methods. The identity of the representative and security of electronic communications must be duly guaranteed.

The provisions of the preceding paragraph will likewise be applicable to notification of the proxy to the Company and revocation of the appointment. The Company shall establish the system for electronic notification of the appointment, with the formal, necessary and proportionate requirements to guarantee the identification of shareholders and their designated proxy or proxies.

If the principal has issued voting instructions, the proxy shall cast the principal's vote in accordance with said instructions and shall be bound to safeguard the instructions for one year as of the date of the meeting in question.

The proxy may represent more than one shareholder, and there are no restrictions on the number of shareholders that can be represented. When a proxy represents various shareholders, the proxy may vote in more than one direction based on the

instructions of each shareholder. In all cases, the number of shares represented shall be counted towards the valid constitution of the Meeting.

Before their appointment, the proxy holder must inform the shareholder in detail if there is any conflict of interest, in accordance with the provisions of article 523 of the Corporate Enterprises Act. If the conflict arises after the appointment and the proxy holder had not advised the represented shareholder of the possible existence thereof, the proxy holder must inform the shareholder immediately. In both cases, if the proxy holder does not receive new precise voting instructions for each of the matters upon which the proxy holder must vote on behalf of the shareholder, the proxy holder must abstain from casting a vote.

Intermediary entities appearing as legitimated shareholders according to the accounting records but acting on behalf of different beneficial owners, may in all cases split the voting rights and exercise them in opposing ways in adherence to divergent voting instructions, should they have received such.

These intermediary entities may grant proxy to each of the beneficial owners or to third-parties designated by the same, with no restrictions placed on the number of proxies granted.

In the event of a public call for proxies, Articles 186 and 526 of the Corporate Enterprises Act shall apply.

Proxy representation conferred shall be revocable at any time, and the principal's attendance in person at the meeting shall be equivalent to revocation.

The Rules and Regulations of the General Shareholders' Meeting shall elaborate on the methods and requirements for the due exercise of attendance, voting and representation rights, as well as on the procedures set up for those purposes.

Subject to the relevant provisions of the Rules and Regulations of the General Shareholders' Meeting, and at all events in fulfilment of statutory requirements, the Board of Directors shall be competent to determine the time as from which shareholders may cast their votes or grant proxies by electronic or other, taking into account the state of the art of the technical means required for this purpose.

#### **ARTICLE 27 BIS. GENERAL MEETING EXCLUSIVELY BY REMOTE MEANS**

The General Meeting may be called to be held exclusively by remote means and, therefore, without the physical attendance of the shareholders, their representatives and, if applicable, the members of the Board of Directors, when so permitted by the applicable regulations.

The holding of the General Shareholders' Meeting exclusively by remote means shall be in accordance with the legal and statutory provisions as well as the development thereof as set out in the Regulations of the General Shareholders' Meeting. In any case, this shall be subject to the identity and legitimacy of the shareholders and their proxies being duly guaranteed and to all attendees being able to effectively participate in the meeting by means of the remote communication media agreed to in the notice of call. This is both to exercise in real time the rights to speak, information, proposal and vote that correspond to them, as well as to follow the interventions of the other attendees using the indicated means, taking into account the state of the art and the circumstances of the Company, all in accordance with the applicable regulations.

#### **ARTICLE 28. – MEETING VENUE AND EXTENDED DURATION.**

The General Shareholders' Meetings shall be held in the locality where the Company has its registered office on the day indicated in the corresponding call notice. However, the duration of their sessions may be extended by one or more consecutive days.

Any extension to the duration may be resolved on the motion of the Board of Directors or at the behest of a number of shareholders representing twenty-five per cent of the capital present at the meeting.

#### **"ARTICLE 29. CHAIRPERSON AND SECRETARY OF THE GENERAL SHAREHOLDERS' MEETING.**

The General Meeting shall be chaired by the Chairperson of the Board of Directors, and in their absence, by the shareholder chosen in each case by the shareholders present at the meeting.

The Chairperson shall be assisted by the Secretary to the Board of Directors, and in their absence, by the shareholder chosen in each case by the shareholders attending the meeting.

#### **ARTICLE 30. – ATTENDANCE LIST.**

Before transacting the business on the agenda, an attendance list shall be drawn up, stating the nature or representative capacity of each attendee and the number of own shares and third-party shares they represent.

At the end of the list, the number of shareholders, present in person or by proxy, and the amount of share capital held by them shall be determined, specifying the amount corresponding to shareholders with voting rights.

#### **ARTICLE 31. – SHAREHOLDERS' RIGHT TO INFORMATION.**

Up to the fifth day before the Meeting is held, shareholders may request from Directors any information or clarification they deem appropriate concerning business on the agenda, or submit in writing the questions they judge relevant. Within the same notice period and in the same form, or verbally during the meeting, shareholders may request information or clarifications, or ask questions concerning the publicly available information provided by the Company to the Comisión Nacional del Mercado de Valores (Spanish National Securities Market Commission) since the last General Shareholders' Meeting was held or concerning the audit report.

The Directors shall be under obligation to supply the information requested under the provisions of the preceding paragraph, in writing, up until the day on which the General Shareholders' Meeting is held.

In the course of the actual General Shareholders' Meeting, shareholders in the Company may verbally request any information or clarifications they deem appropriate concerning items on the agenda, and where it is not possible to satisfy a shareholder's right to information at that time, the Directors shall be obliged to facilitate that information in writing within seven days of the meeting's conclusion.

The Directors shall be obliged to provide the information requested under the provisions of the three preceding paragraphs, unless such information is superfluous





to the protection of the shareholder's rights, where there are objective reasons to believe that it could be used towards ends other than those of the Company or where publication of the information could harm the Company or its affiliates.

Such a refusal to disclose information shall not apply if the request is supported by shareholders representing at least twenty-five per cent of the Company's share capital.

Valid requests for information or clarifications, or questions asked in writing along with the written replies from the Directors shall be posted on the Company's website.

In cases where, prior to the formulation of a specific question, the requested information was already clearly, expressly and directly available to all shareholders on the Company's website in a question-and-answer format, the Directors may limit their reply to a reference to the information provided in the aforementioned format.

Any contravention of the right to information exercised in the course of the General Shareholders' Meeting under the provisions of this article shall only entitle shareholders to demand compliance with the obligation to provide information and seek redress for any loss or damage that may have been caused to them, but it shall not be considered grounds on which to challenge the validity of the General Shareholders' Meeting.

In the event of abusive or harmful use of the information requested, the shareholder in question shall be liable for any loss or damage caused.

#### **ARTICLE 32. – MINUTES OF PROCEEDINGS.**

For each session of the General Shareholders' Meeting the respective minutes shall be taken in the corresponding minutes book, stating the following particulars: date and venue of the meeting; date and manner in which the call notice was made, except in the case of a Universal Shareholders' Meeting; indication of the means by which the call notice was published; full text of the call notice, or in the case of a Universal Meeting, the items of business accepted as the agenda for the session; the shareholders attending the meeting in the manner stipulated in Article 30, and in the case of a Universal Shareholders' Meeting, the names of each of the attendees, followed by their signature; a summary of the matters discussed and the speeches for which a record was requested, and the content of the resolutions adopted. For each resolution submitted to a vote at the General Shareholders' Meeting, at least the following must be determined: number of shares represented by valid votes, the proportion of share capital represented by said votes, the total number of valid votes, the number of votes for and against each resolution and, if any, the number of abstentions.

The resolutions adopted and the results of votes shall be published in full on the Company's website within five days of the General Shareholders' Meeting being finalised.

The minutes of proceedings may be approved at the General Shareholders' Meeting itself after the session or, failing this, within fifteen days by the chair and two referees, one representing the majority and the other the minority.

Corporate resolutions will be enforceable as of the date on which the minutes containing them are approved.

#### **ARTICLE 33. – NOTARISED MINUTES.**





The Board of Directors may require the presence of a notary to take the minutes of the meeting and is obliged to do so whenever this request is made by shareholders representing at least one per cent of share capital within five days of the date it is scheduled to take place. In this case, the resolutions are only effective if recorded as a notarised document. The notary fees shall be paid by the Company.

The notarised minutes shall not be subject to approval and shall be effective as the minutes of the General Shareholders' Meeting. As such, they shall be transcribed into the Company's corresponding minutes book. The resolutions contained in the notarised document shall be enforceable as of the date of its filing.

#### **ARTICLE 34. – CHALLENGES TO RESOLUTIONS OF THE GENERAL SHAREHOLDERS' MEETING.**

The resolutions approved by the General Shareholders' Meeting may be challenged in the manner stipulated in the provisions of Chapter 9 of Part 5 of the Consolidated Text of the Corporate Enterprises Act and in Article 495.2 thereof.

### **SECTION 2.**

#### **THE BOARD OF DIRECTORS**

#### **ARTICLE 35. – COMPOSITION OF THE BOARD OF DIRECTORS.**

The Company shall be governed and managed by the Board of Directors, which shall collectively represent the Company, both in and out of court. Its representation shall extend, without any limitation of power, to all actions embodied in the purpose of the Company.

The Board of Directors shall comprise a minimum of six members and a maximum of sixteen, appointed by shareholders at the General Shareholders' Meeting.

Directors shall be elected by vote. For this purpose, shares that are voluntarily pooled to constitute an amount of share capital that is equal to or greater than the result of dividing the latter by the number of Directors, shall be entitled to appoint a number of Directors equal to the number, excluding fractions, resulting from that proportion. If this power is exercised, the shares pooled in this manner shall not take part in the voting for the appointment of the remaining Directors.

Directors, who need not be shareholders, may resign from office, have their appointment revoked and be re-elected on one or more occasions.

The appointment of Directors shall come into effect from the moment of their acceptance.

The following cannot be Directors or, if applicable, natural person representatives of a legal person Director:

- a) Natural or legal persons who hold the post of Director in more than five (5) companies whose shares are admitted to trading on national or foreign markets.
- b) Natural or legal persons whose circumstances render them incompatible or prohibited from serving on the board under any of the general provisions in law, including those persons who in any manner have interests that run contrary to those of the Company or its Group.

## **ARTICLE 36. – REMUNERATION OF THE BOARD OF DIRECTORS.**

The position of Director shall be remunerated.

The General Shareholders' Meeting shall determine the total maximum remuneration to be paid to Members of the Board of Directors in their capacity as such. Said remuneration shall comprise a cash sum payable on an annual basis or in respect of such period as the General Meeting may determine, a fee for each Board of Directors meeting a Director actually attends, a fee for sitting on the Committees of the Board of Directors, and another for acting as Chairperson of same, and in the case of the Independent Leading Director, a supplementary amount in remuneration of said function. The allocation of remuneration among the various remuneration components and to each Director shall be determined by resolution of the Board of Directors, after receiving a report from the Remuneration Committee, and taking into consideration the duties and responsibilities attributed to each Director.

Directors may receive additional remuneration in the form of company shares, share options or other securities that enable the holder to obtain shares, or through other remuneration systems based on the price of the shares quoted on a public exchange. The implementation of said systems shall be presented to the General Shareholders' Meeting for approval, and the Meeting shall determine the maximum number of shares that may be allocated to this remuneration system in each financial year, or the system for calculating the price for the exercise of option rights, the reference value of the shares applied, if applicable, and the term of duration of the scheme.

Directors who have executive functions in the Company, whatever the nature of their legal relationship with the Company, will also be entitled to receive remuneration for the performance of these functions, which must be set forth in a contract between the Director and the Company, which shall consist of: (i) a fixed remuneration, in cash and in specie, commensurate with the services rendered and responsibilities assumed; if applicable (ii) a variable remuneration short-term and long-term and the general system of incentives established for the Company's Senior Management, which might comprise the delivery of shares, or the entitlement to options on same, or remuneration based on the value of the shares, subject to the requirements set forth in the prevailing legislation at any given time; (iii) a benefits component to include appropriate pension and insurance schemes and social security benefits; as well as, if applicable (iv) a consideration for a post-contractual covenant not to compete. They will be entitled to compensation if they were asked to step down but it was not due to the discharging of duties.

Directors shall be entitled to the payment or reimbursement of expenses incurred as a result of attendance at meetings and other tasks directly related to the performance of their duties, such as travel, accommodation, meals and any other which may arise.

The Company may take out civil liability insurance for Directors and Senior Managers.

The policy for Directors' remuneration shall be in keeping with the remuneration system provided for herein, and shall be approved by the General Shareholders' Meeting as a separate item on the Agenda to be applied for a maximum period of three financial years. However, the proposal for a new Directors' remuneration policy must be submitted to the General Shareholders' Meeting prior to the end of the last financial year of application of the previous policy, and the General Shareholders' Meeting may determine that the new policy shall apply from the date of approval and for the following three financial years. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.



Directors' remuneration shall be disclosed in the legally established terms, in the Notes to the Annual Accounts, in the Annual Corporate Governance Report and in the Annual Report on Directors' Remuneration. The latter report shall be submitted to an advisory vote as a specific item on the Agenda of the Ordinary General Meeting.

In the event that the Annual Report on Directors' Remuneration is rejected by consultive vote in the Ordinary General Meeting the Company may only continue to apply the remuneration policy in force at the date of the General Meeting until the next General Meeting is held.

#### **ARTICLE 37.- POSTS.**

The Board of Directors shall appoint its Chairperson pursuant to the report of the Sustainability and Appointments Committee. The appointment as Chairperson of an Executive Director shall require the favourable vote of two-thirds of the members of the Board.

The Board of Directors may appoint an Independent Director, on the proposal of the Sustainability and Appointments Committee, to perform the following duties, under the title of Independent Leading Director:

- a) To request the Chairperson of the Board of Directors to convene that body when said Independent Leading Director deems it appropriate.
- b) To request the inclusion of items on the agenda of the meetings of the Board of Directors.
- c) To coordinate and convene the Non-Executive Directors.
- d) To oversee the Board's evaluation of its Chairperson and, where appropriate, the Chief Executive Officer.
- e) To take the role of Vice Chairperson and perform the duties of the Chairperson of the Board of Directors, if the Chairperson is absent, ill or unable to act for whatever reason. In the absence of a Lead Independent Director, for the purposes of this section, the most senior Director in age shall act as Chairperson.

The appointment of a Lead Independent Director shall be obligatory where the Chairperson of the Board is an Executive Director. In such cases, the Lead Independent Director shall be appointed by the Board with the Executive Directors abstaining from the vote.

The Chairperson and the Secretary to the Board of Directors and the Vice Secretary, if applicable, if re-elected to the Board by a resolution of the General Meeting, shall continue to perform the offices hitherto held on the Board without need of being freshly elected, subject to the power of revocation of such offices that rests with the Board of Directors.

#### **"ARTICLE 38. - DURATION OF OFFICE.**

A Director shall hold office for four years. At the end of the term of appointment, a Director may be re-elected for a term of equal duration at most.



For the purposes of this article, an appointment lapses if, the relevant time limit having expired, the following General Meeting is held, or the statutory time limit for holding the following Ordinary General Meeting has expired.

If during the term to which the Directors were appointed vacancies should arise, the Board may appoint from among the shareholders persons to fill them until the first General Shareholders' Meeting is held, or the following one, in the event that the vacancy should arise after the General Meeting has been called but before it has been held.

### **ARTICLE 39. – MEETINGS OF THE BOARD OF DIRECTORS.**

The Board of Directors shall meet at least once every two months and whenever convened by the Chairperson or requested by a majority of Directors.

Meetings shall ordinarily be held at the registered office, but may also be held elsewhere and by any means that the Chairperson may determine. Such a venue or manner of holding the meeting must be specified in the notice of meeting.

A meeting shall be convened, by any channel, by the Chairperson, stating the venue of the meeting and the items on the Agenda. Directors who represent at least one third of the members of the Board of Directors may call the meeting, stating its Agenda, to be held in the locality where the registered office is located, if they have requested the Chairperson to convene the meeting, and the meeting has not been called within one month without reasonable cause.

However, a meeting of the Board of Directors shall be valid without need of prior notice when, all Directors being present, the Directors unanimously decide to hold a session.

Except in cases where the meeting of the Board is constituted or convened exceptionally on account of urgent circumstances, the Directors must have the requisite information at their disposal sufficiently in advance to be able to deliberate and adopt resolutions on the business to be transacted at the meeting. The Chairperson of the Board in collaboration with the Secretary shall ensure that this obligation to provide information is fulfilled.

The Board of Directors' meeting shall be validly constituted when the majority of its members are in attendance or represented at it. The Directors must attend the meetings of the Board in person. Without prejudice to the foregoing, Directors may grant a proxy to another Director. Non-Executive Directors may only grant a proxy to other Non-Executive Director.

Board of Directors meetings held by videoconference or multiple teleconference shall be valid provided that the Directors have the necessary means to enable them to be recognised and identified, to communicate permanently with each other and to intervene and cast their votes in real time. The minutes of the Board of Directors and the certification of these resolutions shall include a record of the Directors who have used this system and who shall be considered present. In this case, the Board meeting shall be deemed a single meeting held at the registered office.

Resolutions shall be passed by an absolute majority of the Directors present at the session.

Votes may be cast in writing and in the absence of a meeting, if no Director objects to such a procedure.

#### **ARTICLE 40. – BOARD MEETING MINUTES.**

The deliberations and resolutions of the Board of Directors shall be noted in a minutes book and signed by the Chairperson and the Secretary.

The power to certify the Minutes and the resolutions of the Board of Directors rests with the Secretary, and any certified corporate resolutions issued by the Secretary must be countersigned by the Chairperson.

No resolution may be certified unless it has been recorded in the minutes and approved and signed.

The execution of Company resolutions in a notarial instrument shall fall to the Secretary or to any Director currently holding office and registered with the Companies Registry.

#### **ARTICLE 41. – DIRECTORS' LIABILITY.**

Directors shall perform their office and discharge the duties imposed by law and the Articles of Association with due diligence and exercising good business judgement, taking the nature of their post and the duties attributed to each of them into consideration, with the loyalty of a representative acting in good faith and in the best interests of the Company. The Directors shall be liable to the Company and the Company's shareholders and creditors for any damages they may cause by acts or omissions contrary to the law or to the Articles of Association or for any breaches of the duties inherent to their position attributable to misrepresentation or negligence.

Such liability shall attach jointly and severally to all Directors, except those who prove that they did not take part in the adoption and execution of the detrimental act or resolution and were unaware of its existence, or, being aware, took all appropriate steps to avoid or, at least, expressly opposed the detrimental act or resolution.

No exemption from liability shall arise from the circumstance that the detrimental act or resolution was adopted, authorised or ratified by the General Shareholders' Meeting.

#### **ARTICLE 42. – CHALLENGES TO RESOLUTIONS.**

The Directors may challenge the resolutions of the Board of Directors or those of any other governing body within a period of thirty days from its adoption. Shareholders representing 0.1 per cent of share capital may also challenge such resolutions within thirty days of becoming aware of them, provided that such a challenge is made within one year of their adoption.

The associated grounds, procedures and consequences are governed in conformity with the provisions for challenging resolutions of the General Meeting, with the particularity that in this case, it will also result from infringement on the Rules and Regulations of the Board of Directors.

#### **ARTICLE 43. – DELEGATION OF POWERS.**

The Board of Directors may designate from among its members one or several executive directors or executive committees, and shall determine in each case the content, limits and modalities of the delegation. The Executive Committee shall meet as often as convened by the Chairperson or the majority of its members.

The following powers of the Board of Directors shall not be delegated under any circumstance:

- a) Supervision of the effective functioning of committees it sets up and of the actions of the executive bodies and Senior Managers it appoints.
- b) Determination of the Company's general policies and strategies.
- c) The powers of authorisation and waiver concerning the obligations arising from the duty of loyalty under the provisions of Article 230 of the Consolidated Text of the Corporate Enterprises Act.
- d) Its own organisation and operation.
- e) Preparation of the annual accounts and their presentation at the General Shareholders' Meeting.
- f) The issuance of any type of report that the Board of Directors is required to submit by law where the transaction to which the report refers cannot be delegated.
- g) Appointment and removal of the Company's Executive Directors and establishing the terms of their contracts.
- h) Appointment and removal of senior managers who report directly to the Board of Directors or to one of its members and establishing the basic terms of their contracts, including their remuneration.
- i) Decisions concerning director remuneration, within the framework of the Articles of Association and, where applicable, under the remuneration policy approved by the General Shareholders' Meeting.
- j) Calling the General Shareholders' Meeting and determining the agenda and the proposals for resolutions.
- k) Determining policy concerning treasury shares and equity holdings.
- l) Any powers the General Shareholders' Meeting may have delegated to the Board of Directors, unless express authorisation has been granted by the General Shareholders' Meeting for their sub-delegation.
- m) Approving the Company's strategic or business plan, the management targets and annual budgets, investment or financing policy, the sustainability policy in environmental and social matters or the dividend policy.
- n) Defining the Company's policy for controlling and managing risk, including tax risks, and oversight of its internal information and control systems.
- o) Defining the corporate governance policy of the Company and its Group, its organisation and operation, and, in particular, approval and modification of its own rules and regulations.
- p) The supervision of the process of preparation and presentation of the financial information and of the management report, which shall include the mandatory non-financial information, as well as the approval of the financial information that the Company must periodically publish due to its status as a listed company.

- q) Preparing, if applicable, the non-financial information statement for submission to the General Meeting.
- r) Defining the structure of the Group.
- s) Approving investments or transactions of any kind which, on account of the large amounts involved or special characteristics, are strategic in nature or pose particular tax risks, unless their approval falls to the General Shareholders' Meeting.
- t) Approving the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a similar nature whose complexity might impair the transparency of the Company or the Group.
- u) The approval, subject to a report of the Audit and Compliance Committee, of related-party transactions under the terms established by law, unless their approval is under the remit of the General Shareholders' Meeting and with the exception of related-party transactions with companies belonging to the Group carried out as part of the ordinary management and on an arm's length basis, as well as related-party transactions entered into under standardised contracts applied *en masse* to a large number of customers, at prices or rates generally established by the party acting as the supplier of the goods or services in question and the amount of which does not exceed 0.5% of the net turnover of the Company.
- v) Defining the Company's tax strategy.

Under, duly justified, urgent circumstances, the decisions pertaining to issues m) to v) above may be adopted by the delegated bodies and persons, who must be ratified at the first meeting of the Board of Directors held after the decision was adopted.

#### **ARTICLE 44. – AUDIT AND COMPLIANCE COMMITTEE.**

There shall be an Audit and Compliance Committee within the Board of Directors and it shall comprise at least three and no more than seven Directors, to be appointed by the Board having particular regard, as a whole, to their expertise and experience in accounting, auditing and financial and non-financial risk management. No Executive Director may sit on this Committee.

Overall, the members of the Audit and Compliance Committee shall have the pertinent technical knowledge of the gas industry.

The majority of the Committee must be independent and one of them will be appointed in light of their knowledge and track record in matters of accountancy, auditing, or both. The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote. The Chairperson must be replaced every four years, and may be re-elected after the lapse of one year from their departure from office.

The Audit and Compliance Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:

- a) Informing the General Shareholders' Meeting on issues raised in the areas that fall under the competence of the Committee, in particular, on the result of the



audit, explaining how this has contributed to the integrity of the financial information and the role that the Committee has played in this process.

- b) To oversee the effectiveness of the Company's and its Group's system of internal control, internal auditing and risk management, as well as discussing with the auditors any significant weaknesses in the internal control system identified during the course of the audit without impinging on its independence. For such purposes and, where applicable, they may submit recommendations or proposals to the Board of Directors and the corresponding deadline for dealing with them.
- c) Overseeing the preparation and presentation of statutory financial information and present recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- d) Submitting to the Board of Directors proposals for the selection, appointment, re-election and replacement of the auditor, being responsible for the selection process, in accordance with the provisions of the applicable regulations, as well as the conditions of their recruitment and regularly collecting information from him/her on the audit plan and its execution, while preserving his/her independence in the exercise of their functions.
- e) To liaise with the external auditor to obtain information on any issues that could compromise the latter's independence for review by the Committee or any other subjects related to the audit process and, where applicable, the authorisation of the services other than those forbidden, under the terms envisaged in the applicable regulations, and any other disclosures envisaged in the audit regulations and audit standards. In all cases, on an annual basis, the Audit Committee shall receive from the auditors written confirmation of their independence vis-à-vis the company or entities related to it directly or indirectly, in addition to detailed and individual information on additional services of any kind rendered to these entities by the aforementioned auditors or persons or entities related to them in conformity with the provisions of auditing legislation.
- f) Issuing an annual report, prior to the issue of the audit report, giving an opinion on whether the independence of the auditors or audit companies is compromised. This report shall in all cases include an assessment of the additional services provided, as referred to in the previous section, considered separately and in their totality, that consists of services other than statutory audits and how they relate to the requirement of independence or to the audit regulations.
- g) To report on related-party transactions that must be approved by the General Shareholders' Meeting or the Board of Directors and supervise the internal procedure established by the Company for transactions whose approval has been delegated.
- h) Reporting, in advance, to the Board of Directors on all the matters stipulated in the law, the Articles of Association and the Rules and Regulations of the Board of Directors, in particular, on the following:
  - 1. the financial information and the management report, which shall include the mandatory non-financial information that the Company must periodically make public, and
  - 2<sup>o</sup> the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens.



The meetings of this Committee shall be called by its Chairperson and shall be held at least four times a year. The Company's External Auditor may attend Committee meetings and the Chief Financial Officer, head of the Company's Internal Audit Unit, or any other senior manager of the Company or Group that the Committee deems appropriate, may also be asked to give account at meetings. The Committee may obtain support and assistance from the aforesaid Senior Managers in the performance of its duties.

#### **ARTICLE 45.- SUSTAINABILITY AND APPOINTMENTS COMMITTEE.**

The Board of Directors shall appoint from among its members a Sustainability and Appointments Committee that shall comprise a minimum of three and a maximum of seven Directors. A majority of Committee members must be Independent Directors and no Executive Directors may be included among its members. The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote.

The Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:

- a) To evaluate the competences, knowledge and experience required by the Board of Directors. For this purpose, it shall define the functions and capabilities required of the candidates to fill each vacancy, and evaluate the time and dedication needed for them to properly perform their duties.
- b) To establish a goal concerning the representation of the less-represented gender on the Board of Directors and to prepare guidelines on how this goal can be attained.
- c) To forward to the Board of Directors proposed appointments of Independent Directors for their designation by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.
- d) To report proposed appointments of the remaining Directors for their designation by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.
- e) To report on proposals for the appointment and removal of senior managers.
- f) To examine and organise the succession of the Company's Chairperson and CEO and, if appropriate, to make proposals to the Board to ensure the succession is smooth and well-planned.
- g) To report to the Board on general policy concerning Sustainability and Good Corporate Governance, ensuring the adoption and effective application of best practices, both those which are compulsory and those that are in line with generally accepted recommendations. To do this, the Committee may submit to the Board the initiatives and proposals it deems appropriate and shall report on the proposals submitted to the Board and on the information the Company releases to shareholders annually regarding these issues.

The Committee shall meet at least four times a year, with meetings being called by the Chairperson. The Committee may seek advice both internally and externally and

request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties.

#### **ARTICLE 45 BIS.- REMUNERATION COMMITTEE**

The Board of Directors shall appoint from among its members a Remuneration Committee that shall comprise a minimum of three and a maximum of seven Directors. A majority of Committee members must be Independent Directors and no Executive Directors may be included among its members. The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote.

The Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:

- a) To propose to the Board of Directors a remuneration policy for Directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to executive committees or Executive Directors, along with individual remuneration and other contractual terms of Executive Directors, also to ensure that said policy is observed.
- b) To propose to the Board the standard conditions for Senior Managers' contracts.
- c) To report to the Board of Directors, in advance, on the individual determination of the remuneration of each Director in their capacity as such within the statutory framework and the remuneration policy, as well as for the performance of the executive functions attributed to them in the remuneration policy and in accordance with the provisions of their contract.

The Committee shall meet at least four times a year, with meetings being called by the Chairperson. The Committee may seek advice both internally and externally and request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties.

#### **ARTICLE 46. – CHAIRPERSON OF THE BOARD OF DIRECTORS.**

The Chairperson is the most senior decision-maker in charge of the effective functioning of the Board of Directors. In addition to those conferred by the law, the Articles of Association and the Rules and Regulations of the Board of Directors, the Chairperson shall also have the following powers:

- a) To convene and chair the meetings of the Board of Directors and, where applicable, of the Executive Committee, setting the agenda of the meeting and directing the discussions and deliberations.
- b) To chair General Shareholders' Meetings.
- c) To ensure that the Directors are provided with adequate information in advance that will enable them to deliberate on the items on the agenda.
- d) To stimulate debate and the active participation of the Directors during sessions, safeguarding their right to freely express their opinions.

In addition when the post of Chairperson is exercised by an Executive Director, they shall have the following powers:



- e) To individually represent the Company, both in and out of court.
- f) To act as Senior Manager of all the Company's services.
- g) To sign on behalf of the Company.

## **PART IV**

### **ARTICLE 47. – EMPLOYEES.**

The Board of Directors may use incentive schemes consisting of the transfer of Company shares, options over Company shares, other securities entitling the holder to obtain shares and/or schemes indexed to the market value of the shares in order to remunerate the Company employees or some such employees, as the Board sees fit, provided that they comply with the requisites stipulated in the Spanish Corporate Enterprises Act, Securities Market Act and all other applicable laws and regulations, in particular, and with the approval of the General Shareholders' Meeting wherever this is compulsory.

## **PART V**

### **ANNUAL ACCOUNTS**

#### **ARTICLE 48. – FINANCIAL YEAR.**

The Company's financial year shall begin on January 1 and end on December 31 of each year.

#### **ARTICLE 49. – PREPARATION OF THE ANNUAL ACCOUNTS.**

The Board of Directors must prepare, within three months of the close of the Company's financial year, its annual accounts, management report, which shall include, when applicable, the non-financial information statement, proposed allocation of profits or losses and, where appropriate, the consolidated annual accounts and management report.

The annual accounts shall comprise the balance sheet, the income statement, a statement of changes in equity for the year, a cash flow statement and the notes to the annual accounts. These documents, which form a single unit, shall be clearly drawn up and shall give a true and fair view of the Company's assets, financial position and results of operations.

The annual accounts and management report and, when applicable, the non-financial information statement, must be signed by all Directors and if the signature of any Director is missing, this must be shown in all the documents with the reason clearly indicated.

#### **ARTICLE 50. – APPOINTMENT OF AUDITORS.**

The annual accounts and management report must be reviewed by accounts auditors appointed by the General Shareholders' Meeting for this purpose before the end of the financial year for a defined period of engagement not shorter than three or longer than nine years from the first day of the first financial period to be audited, without

prejudice to the provisions regarding the possibility of extensions stipulated in the regulations applicable to the audit of accounts.

The General Shareholders' Meeting may appoint one or more natural or legal persons to act jointly as auditors. When the appointees are natural persons, the General Shareholders' Meeting must appoint a substitute auditor for each incumbent auditor.

The General Shareholders' Meeting may not remove auditors before the end of the period for which they were appointed, or before the end of each of the tasks for which they were engaged once the initial period has expired, unless with just cause.

If the General Meeting fails to abide by the provisions of this article where such provisions are mandatory, or if the appointees do not accept office or are unable to perform their functions, the Board of Directors, the trustee acting for the syndicate of bondholders, or any shareholder may apply to the court secretary or companies registry with jurisdiction at the registered office to appoint one or more persons to conduct the audit, in accordance with the provisions of the applicable regulations.

When there is just cause, the Directors of the Company and persons standing to seek the appointment of an auditor may apply to the commercial court or the registrar of companies to remove the auditor appointed by them or by the General Shareholders' Meeting and to appoint another.

#### **ARTICLE 51. – ADOPTION OF THE ANNUAL ACCOUNTS.**

The annual accounts shall be adopted by the General Shareholders' Meeting.

For this purpose, following the calling of the General Shareholders' Meeting, any shareholder may obtain from the Company, immediately and free of charge, the documents to be submitted for approval therein and the report prepared by the account auditors.

This right shall be stated in the call notice.

#### **ARTICLE 52. – ALLOCATION OF PROFITS AND LOSSES.**

The General Shareholders' Meeting shall decide upon the application of the year's profits and losses as shown by the approved balance sheet.

Dividends shall be distributed to ordinary shareholders pro rata their paid-up capital at such time and by such means as determined by the General Shareholders' Meeting. In the absence of such determination, dividends shall be paid at the Company's registered office as of the day following the date of the resolution.

Dividends may be paid out of profits for the year or unrestricted reserves if the book value of equity is not less than the share capital or if the book value of equity does not fall below the value of the share capital as a consequence of dividend distribution.

If losses carried forward from previous years cause the value of the Company's net equity to fall below the value of the share capital, profits shall first be allocated to offset such losses.

Moreover, no profits may be distributed until start-up costs, research and development costs and goodwill appearing on the asset side of the balance sheet have been fully amortised, unless the amount of disposable reserves is at least equal to the amount of non-amortised costs.

In addition, a figure equal to ten per cent of the year's profit shall be allocated to the legal reserve until this reserve amounts to at least twenty per cent of capital. Until that threshold is exceeded, the legal reserve may be used only to offset losses in the absence of disposable reserves sufficient for the purpose, subject to the provisions of Article 303 of the Consolidated Text of the Corporate Enterprises Act.

Finally, the General Shareholders' Meeting may allocate out of the year's profits such sum as it agrees to voluntary reserves and provisions for new construction and investments and contingencies.

Once the preceding requirements are satisfied and the rest of allocations required by law have been covered, a resolution may be passed to pay dividends out of the year's profits or unrestricted reserves in such amount as the General Shareholders' Meeting may determine; the remaining profit, if any, shall be carried forward to the following year.

#### **ARTICLE 53. – DISTRIBUTION OF INTERIM DIVIDENDS.**

The General Meeting or the Board of Directors may resolve to distribute an interim dividend to shareholders only if the following conditions are satisfied: the Board of Directors shall prepare a financial statement showing that there is sufficient liquidity for such distribution, and the amount to be distributed may not exceed the amount of the profits obtained since the previous year-end, net of losses from previous financial years and the amounts to be allocated to the reserves required by law or by the Articles of Association, and the estimated tax payable on such profits.

#### **ARTICLE 53 BIS. – DIVIDEND IN SPECIE.**

The dividend and interim dividend amounts may be fully or partially satisfied in specie, provided that: (i) the assets or securities to be transferred are homogeneous; (ii) they are listed on an official market – at the time the agreement comes into effect – or the Company duly guarantees that they will be liquid within a maximum period of one year; and (iii) they are not distributed at a value lower than that shown on the Company's balance sheet.

The regulation contained in the preceding paragraph shall also apply to the return of contributions in cases of reduction of share capital.

#### **ARTICLE 54. – RESTITUTION OF DIVIDENDS.**

Any dividends or interim dividends that infringe the Consolidated Text of the Corporate Enterprises Act must be repaid by the shareholders who received them, together with appropriate interest at the statutory rate where the Company proves that the recipients knew or, having regard to all the circumstances, ought to have known, that such distribution was unlawful.

#### **ARTICLE 55. – FILING AND PUBLICATION OF ANNUAL ACCOUNTS.**

Within one month of the approval of the annual accounts, the certified resolutions of the General Shareholders' Meeting, duly signed, approving the annual accounts, the allocation of profits and losses, and, where applicable, the consolidated accounts shall be filed at the companies registry pertaining to the Company's registered office, together with a copy of each of the financial statements, the management report,



which shall include, where applicable, the non-financial information statement, and the audit report.