

**REGULATIONS OF THE BOARD OF DIRECTORS OF**  
**ALMIRALL, S.A.**

**Last amendment date: 21 July 2023**

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**CHAPTER I**

**PREFACE**

**Article 1.- Origin and purpose**

1. These Regulations have been approved by the Board of Directors of Almirall, S.A. (hereinafter, the “**Company**”) and reported to the General Meeting in compliance with the terms of article 528 of the Capital Companies Act. The purpose of these Regulations is to determine the basic rules and principles of organisation and operation of the Board and the rules of conduct for its members.
2. The rules of conduct established in these Regulations for the Company's directors also apply to the Company's executive staff to the extent that they are compatible with the specific nature of the functions they perform.

**Article 2.- Interpretation**

1. These Regulations are supplemental to the laws currently applicable to the Board and the Company's Articles of Association. These Regulations should be interpreted in light of the law, the Company's Articles of Association and any corporate governance principles and recommendations for publicly listed companies approved or issued by Spanish authorities and the governments of neighbouring countries or by special committees or working groups created under the auspices of such authorities.
2. It is up to the Board of Directors to settle any matters that may arise regarding the application or interpretation of these regulations in accordance with the general criteria of interpretation of the law.

**Article 3.- Modification**

1. These Regulations may only be modified on the initiative of the Chairman, one- third of the directors or the Audit Commission, who must submit their proposal for modification along with a report justifying the proposal.
2. The text of the proposal and the proponents' justifying report must be included with the call of the Meeting in which the item will be debated. The call must be sent at least ten days before the meeting date.
3. In order to be valid, the motion to modify the Regulations must receive the favourable vote of an absolute majority of the directors present or represented.

4. These Regulations must be updated as necessary to adapt the contents to the provisions of all applicable laws.

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

1. Directors and officers are obligated to be familiar with, comply with and enforce these Regulations. To this end, the Secretary of the Board will provide each one of them with a copy of the Regulations when they are hired or accept their respective appointments. In return, each one must provide the Secretary with a signed statement acknowledging his/her awareness and acceptance of the contents of these Regulations and his/her undertaking to comply with all obligations in relations thereto.
2. The Board of Directors of the Company may take whatever measures are necessary to ensure that the Regulations are distributed among the shareholders, investors and the public in general. In particular, the Spanish Securities Commission (CNMV) must be notified of the current wording of the Regulations, which will be filed with the Companies Registry and available on the Company's website, as provided for under the law and in these Regulations.

### **CHAPTER II**

#### **FUNCTIONS OF THE BOARD**

#### **Article 5.- General functions of the Board**

1. The Board of Directors will perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the Company's interests and, as such, strive to maximise the Company's value over time. It should likewise ensure that the Company abides by the laws and rules in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.
2. Except for the matters under the jurisdiction of the General Meeting, the Board of Directors is the Company's supreme decision-making body and is responsible for discharging the functions entrusted to it by the Capital Companies Act and other applicable provisions, particularly the following:
  - Formulating the annual accounts, the directors' report and the proposed allocation of the Company's profits (losses) along with the consolidated annual accounts and director's report for presentation to the General Meeting.
  - Convening the General Meeting and publishing the calls of the General Meeting.

- Executing the Company's treasury stock policy as authorised to do so by the General Meeting.
  - Appointing directors by co-option and making proposals to the General Meeting regarding the appointment, ratification, re-election or removal of directors (a) proposed by the Nomination and Remunerations Commission, in the case of independent directors or (b) based on the report of the Nomination and Remunerations Commission in the case of all other directors.
  - Electing and re-electing the internal positions of the Board of Directors, and the committee members.
  - On the proposal of the company's CEO, appointing and removing senior officers and determining their compensation clauses.
  - Determining the individual remuneration of the members of the Board of Directors on the proposal of the Nomination and Remunerations Commission and deciding on the additional remuneration to be paid to executive directors for the performance of executive functions and other contractual conditions.
  - The financial information that all listed companies must disclose periodically.
  - Investments or operations considered strategic by virtue of their amount or special characteristics, unless they must be approved by the General Meeting.
  - Creating or acquiring shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
  - Deciding on takeover bids launched on the Company's issued securities.
  - Approving and modifying these Regulations.
  - Any other matter reserved by the Regulations of the Board of Directors for the plenary body.
- 3.** The Board should see the core components of its mission as approving the Company's strategy and authorising the organisational resources to carry it forward, and ensuring that management meets the objectives set while pursuing the company's interests and corporate purpose. To this end, the plenary Board of Directors reserves the right to approve the Company's general policies and strategies, in particular (i) the business or strategic plan, management objectives and annual budget; (ii) the

investment and financing policy; (iii) the definition of the group structure; (iv) the corporate governance policy; (v) the sustainability policy; (vi) the risk control and management policy and the periodic tracking of internal reporting and control systems; (vii) the dividend and treasury stock policy and in particular the limits.

4. The Board's policy is to delegate the ordinary management of the Company to a management team and to concentrate its efforts on the supervisory function and taking the most relevant decisions affecting the administration of the Company.
5. The functions that are legally or institutionally reserved for the Board or any others necessary for the Board to responsibly perform its supervisory function may not be delegated.
6. The Board of Directors will ensure that the Company fulfils its ethical duties and its obligation to act in good faith.
7. The Board of Directors is also responsible for ensuring that none of the shareholders receives preferential treatment.
8. The Board of Directors is responsible for ensuring that there is an internal control system in place to guarantee effective and adequate financial reporting and that the system is properly maintained.
9. Once a year, the Board of Directors in plenary session will evaluate and adopt, where appropriate, an action plan that corrects detected deficiencies regarding the quality and efficiency of its own performance, the performance and the composition of its commissions, the diversity in the composition and faculties of the Board of Directors, the performance of the President of the Board of Directors and of the CEO of the Company and the performance and the contribution of every Board member, with particular attention to the persons in charge of the different commissions of the Board. For the execution of the evaluation of the different commissions the report that these commissions deliver to the Board of Directors will be used as a starting point, and for the evaluation of the latter, the report from the Nomination and Remuneration Commission will be taken into account. Every three years, the Board of Directors will be assisted in the execution of the evaluation by an external consultant, whose independence will be checked by the Nominations and Remuneration Commission. The business relations that the consultant or any company of its group may have with the Company or any company of its group will have to be disclosed in the Annual Report of Corporate Governance. A detail of the process and the evaluated areas will be given in the Annual Report of Corporate Governance.

## **CHAPTER III**

### **COMPOSITION OF THE BOARD**

#### **Article 6.- Qualitative composition**

1. The Board of Directors, in exercising its powers to make proposals to the General Meeting and to cover vacancies by co-option, must ensure, to the extent possible, that the external and non-executive directors account for an ample majority of the members of the Board. Furthermore, the number of executive directors must be kept to an absolute minimum, considering the complexity of the business group and the shareholding of executive directors in the Company's capital. Finally, the number of independent directors should represent at least one-third (1/3) of all board members.
2. The definitions of the different categories of directors will be those existing in the applicable law at any given time.
3. The Board shall ensure that among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.
4. If there are no external directors who can be considered proprietary or independent, the company must disclose this circumstance and the links that person maintains with the company, its senior officers or shareholders.
5. The nature of each director must be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination and Remunerations Commission.

#### **Article 7.- Quantitative composition**

1. The Board of Directors shall be composed of at least five (5) but no more than fifteen (15) members, to be decided by the General Meeting.
2. The Board will propose to the General Meeting the number of board members deemed to be most appropriate to ensure the representativeness and effective operation of the Board, bearing in mind the changing circumstances of the Company and the limits set out in the Articles of Association.

## **CHAPTER IV**

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

#### **Article 8.- Chairman of the Board**

1. The Chairman of the Board of Directors will be elected from among the members as provided for in the Company's Articles of Association, with a previous report of the Nominations and Remuneration Commission.
2. In addition to the faculties conferred by Law and the Articles of Association, the Chairman is responsible for convening the Board of Directors, formulating the agenda and chairing the debates. The Chairman, however, must convene a meeting when requested to do so by at least two board members and include the items they wish to address on the meeting agenda.
3. In the event of a tie, the Chairman will cast the deciding vote.

#### **Article 9.- The Vice President**

The Board must necessarily designate a Vice President. However, the Board may appoint various Vice Presidents, in which case they will act as such in the order in which they were appointed. The Vice President will stand in for the Chairman in the event that he is absent or unavailable or simply at the Chairman's request. If there are various Vice Presidents, they will stand in for the Chairman in the order established by the Board of Directors.

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

1. The Board of Directors will elect a Secretary who may be a board member or someone external to the Board who is qualified to perform the functions of the office. If the Secretary of the Board of Directors is not a Board member, he/she will have voice but no vote.

In any event, to safeguard the Secretary's independence, impartiality and professionalism, the appointment or removal of the Secretary must be reported by the Nomination and Remunerations Commission and approved by the plenary Board.

2. The Secretary will assist the Chairman in the performance of his duties and facilitate the smooth operation of the Board's activities, particularly by providing the directors with the necessary information and advice, keeping the Company's documentation on file, entering the meeting minutes in the minutes book and certifying the motions passed by the Board. Furthermore, the Secretary must make a note in the minutes of any concerns raised by the directors regarding the Company's business operations that cannot be resolved by the Board or any concerns raised by the Secretary himself or any of the directors regarding a motion, at the

request of the director who raises the concern.

3. The Secretary must take special care to ensure that the Board's actions (i) comply with the spirit and the letter of the laws and regulations, including those approved by regulatory bodies; (ii) comply with the company's Articles of Association, Regulations of the General Meeting, Regulations of the Board of Directors and internal conduct regulations and (iii) take the recommendations for good corporate governance into account.

#### **Article 11.- Assistant Secretary of the Board**

1. The Board of Directors may appoint an Assistant Secretary who need not be a director to assist the Secretary of the Board and stand in for him/her if absent or unavailable.

In any event, to safeguard the Assistant Secretary's independence, impartiality and professionalism, the appointment or removal of the Secretary must be reported by the Nomination and Remunerations Commission and approved by the plenary Board.

2. Unless otherwise decided by the Board of Directors, the Assistant Secretary may attend meetings to assist the Secretary with the drafting of the minutes.

#### **Article 12.- Delegated bodies of the Board of Directors**

1. Without detriment to the empowerments that may be conferred to any person, the Board may appoint among its members one or several Managing Directors or Executive Committees, determining the content, limits and modalities of the delegation. The Board shall not delegate the faculties foreseen in article 249bis of the Companies Act or those foreseen in article 529ter of the said Act.
2. In order for their appointments to be valid, the members of the Board who are appointed to occupy these positions must receive the favourable vote of two- thirds of the Board members and their appointments will not take effect until registered in the Companies Registry.
3. The Board may set up specialized committees, determining its composition, members and functions. Notwithstanding this, the Board must set up at least an Audit Commission and one, or two separate, Nominations and Remuneration Commissions, composed as, and with the minimum functions, foreseen in the Companies Act. The minutes of the commissions shall be available for the Board members.

## **Article 13.- Audit Commission. Composition, responsibilities and operation**

1. The Board of Directors will set up an Audit Commission according to the following rules:
  - a) The Audit Commission will be composed of a minimum of three directors, all of them being non-executive directors and most of them being independent directors. The members of the Commission, particularly its President, will be chosen based on their experience and knowledge in accounting, auditing or risk management matters, both financial and non- financial. The members shall be appointed by the Board. Considered overall, the members of the Commission will hold the appropriate technical knowledge, taking into account the sector of activity of the audited company.
  - b) The Chairman of the Audit Commission must be an independent director and must be replaced every four years. The Chairman may subsequently be re-elected one (1) year after stepping down.
  - c) The Commission shall appoint a Secretary, who may not be a director. The Secretary shall attend the meetings of the Commission and shall be entitled to speak but not to vote, unless holding the status of director.
2. Notwithstanding any other functions that may be assigned to it by these Regulations, the Articles of Association and the Law, the basic functions of the Audit Commission consist of:

### **2.1 General**

- Reporting to the Board of Directors prior to the Board taking decisions on all the subjects foreseen in the Laws, the Articles of Association and these Regulations, and in particular on:
  - a) The financial information that all listed companies must disclose periodically. The Audit Commission should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, it may consider the legitimacy of the external auditor to conduct a limited review.
  - b) Creating or acquiring shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might, apparently, impair the transparency of the group.
  - c) Related-party transactions.

- Supervising compliance with the company's corporate governance regulations and internal codes of conduct, and ensuring that the corporate culture is aligned with the company's purpose and values.
- Being informed about the corporate and structural modification transactions that the Company plans to carry out for its analysis and previous report to the Board of Directors about its conditions and accounting impact and, specially, if it is the case, about the exchange equation proposed.
- Supervising the compliance of related-party transactions legal provisions. In particular the Commission will take care of the communication of the information on these transactions to the market, in accordance with the regulations in effect.
- Reporting to the General Shareholders Meeting on questions raised by the shareholders on matters falling under its jurisdiction, and in particular, on the audit's result, explaining how this audit has contributed to the integrity of the financial information and the function that the commission has developed in this process.

## **2.2 Financial and Non-Financial Information and Annual Accounts**

- Supervising the process of elaboration and presentation of the mandatory financial information, and submit recommendations and proposals to the Board of Directors, addressed to safeguard its integrity.
- Being familiar with the financial reporting process and the Company's internal control systems; verifying the appropriateness and integrity of these systems; and checking the appointment or replacement of the persons responsible for them.
- Checking the financial information that all listed companies must disclose periodically to the market and supervisory bodies.
- Supervising the application of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as the communication with shareholders and investors, proxy advisors and other stakeholders. Likewise, it will monitor the way in which the company communicates and interacts with small and medium-sized shareholders.

- Supervising and assessing the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks concerning the company and, where appropriate, the group - including operational, technological, legal, social, environmental, political, reputational and corruption-related risks - reviewing compliance with regulatory requirements, the appropriate definition of the scope of consolidation and the correct implementation of accounting criteria.
- Reviewing the Company's accounts and ensuring compliance with all legal requirements and the correct application of generally accepted accounting principles, for which the direct collaboration of the internal and external auditors will be required.

### **2.3 External Auditors**

- Establishing the relevant relationships with the external auditor in order to receive information on those questions that may imply a threaten to its independence, for the Commission's revision, as well as any others related to the audit development process, and where the case may be, the authorization of the services different from those prohibited ones, in the terms foreseen in articles 5, section 4, and 6.2b) of the EU Regulations 537/14, of 16 April and in what is not foreseen in section 3 Chapter IV of Act 22/2015, of 20 July, on Audit, on the independence regime, as well as other communications foreseen in the audit regulations and rules. In any case, the Commission shall receive on an annual basis from the external auditors a declaration on their independence with regard to the entity or entities directly or indirectly linked to it, as well as detailed and individualized information on additional services of any kind rendered and the fees received from these entities by the external auditors or by entities linked to it in accordance with the audit activity's regulations.
- Receiving regular information from the external auditor on the progress and findings of the audit programme, and checking that senior management are acting on its recommendations.

- Ensuring the independence of the external auditor and to that end: (i) ensuring that the Company notifies through the CNMV when there is a change of auditor, including a statement on the existence of any disagreements with the outgoing auditors and, if applicable, the content of such disagreements; (ii) ensuring that the company and the auditors abide by the laws regarding the provision of services other than auditing, the concentration limits of the auditor's business and all other laws intended to guarantee the independence of the auditors; and (iii) examining the circumstances surrounding the resignation of the auditors should this occur.
- In the case of groups, urging the group's auditor to take on the audit of all member companies.
- Monitoring that the remuneration of the external auditor does not compromise his working quality or his independence.
- Ensuring that the external auditor annually holds a meeting with the Board of Directors in order to inform about his work and the development of the accounting situation and risks of the Company.
- Proposing to the Board of Directors the external auditors' selection, appointment, re-election and replacement, being the commission responsible for the selection process, in accordance with articles 16, sections 2, 3 and 5, of the EU Regulations 537/14, of 16 April, as well as the contractual conditions with these auditors, and getting regularly from the auditor information on the audit plan and its execution, besides preserving its independence in the exercise of its duties.
- Supervising the fulfilment of the audit agreement, ensuring that the auditor's opinion of the Annual Accounts and the primary contents of the audit report are clearly and precisely written; evaluating the results of each audit.
- Issuing on an annual basis and prior to the issuance of the audit report, a report expressing the opinion on whether the auditor's or audit companies' independence is compromised or not. This report shall contain in any case the motivated assessment on any and all the additional rendered services referred to in lit. e) of art. 529. Quaterdecies 4 of the Companies Act, on an individual and aggregate basis, which are different from legal audit and in connection with the independence regime or with the audit activity's regulations.

## **2.4 Internal Audit**

- Supervising the effectiveness of the internal control of the company, the internal audit system and the management of risks system, including tax risks, as well as discussing with the external auditor the significant weaknesses of the internal control system detected in the development of the audit, this without infringing its independence. To such purpose, and if it is the case, the commission may submit recommendations or proposals to the Board of Directors and the corresponding term for its follow-up.
- Monitoring the independence of the unit that assumes the internal audit function; proposing the selection, appointment, and removal of the head of internal audits; proposing the budget for that service; approving or making a proposal for approval to the Board of the priorities and annual work plan of the internal audit unit, thereby ensuring that its activity is basically focused towards relevant risks for the Company (including reputational risks); receiving regular feedback on its activities; and verifying that senior management are acting on the findings and recommendations of its reports.
- Generally ensuring that the established internal control policies and systems are effectively implemented in practice.

## **2.5 Risk Management**

- Supervising the risk management and control policies that have an impact on the achievement of corporate objectives.
- Reviewing internal control and risk management systems on a regular basis to ensure that the main risks are properly identified, managed and disclosed.
- Regarding risk management and risk policies:
  - a) Identifying the different types of risks (including operational, technological, financial, legal and reputational risks, and risks relating to corruption) to which the company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks under financial or economic risks.
  - b) Identifying the level of risk the Company considers acceptable.
  - c) Identifying the measures in place to mitigate the impact of the identified risks should they occur.
- Identifying the internal reporting and control systems to be used to control and manage the aforementioned risks, including contingent liabilities and off-balance-sheet risks.

- Assuming the responsibility of the follow-up and details of the Model of Prevention and Management of Criminal Risks, within the terms established at all times by the Model.

## **2.6 Sustainability**

- Assess and review on a regular basis the corporate governance system and the company's environmental and social policy to ensure that they fulfil their purpose of promoting the social interest and take into account, as appropriate, the legitimate interests of the various stakeholders.
- Supervising that the company's environmental and social practices are in line with the strategy and policy in force.
- Supervising and assessing the processes of relations with the different stakeholders.

## **2.7 Other functions**

- Examining the fulfilment of the Internal Conduct Regulations, The Board of Directors Regulations and, generally, the rules of governance of the Company and proposing improvements as necessary.
  - Establishing and supervising a mechanism whereby staff can report, confidentially and, if it is possible and appropriate, anonymously, any irregularities they detect in the course of their duties, in particular criminal, financial or accounting irregularities, with potentially serious implications for the company.
  - Receiving information and, if applicable, issuing reports on the disciplinary actions to be taken against the Company's executive management staff.
- 3.** The Audit Commission will normally meet quarterly to review the periodic financial information to be forwarded to the stock market authorities and the information to be approved by the Board of Directors and included in the annual public documentation. The Commission may also meet at the request of any Commission member and as convened by the Chairman. A meeting must be convened any time the Board or the Chairman of the Board requests that a report be issued or a proposal adopted and, in any event, as needed for the Commission to properly discharge its functions. The meetings of the Commission may be held being the attendants in different places interconnected by means of remote communication systems that enable, in real time, the recognition and identification of the attendants to the meeting, the permanent communication amongst the members and the issuance of the members' vote. Such meetings will be

deemed held in the corporate domicile. The members of the Commission present in any of the interconnected places will be deemed as attending the same and sole meeting of the Commission.

4. The Audit Commission must report on its activities and work performed to the first meeting of the plenary Board of Directors following a meeting. Moreover, the Commission must keep minutes of its meetings, copies of which must be provided to all Board members. The Audit Commission must prepare an annual report on its activities, highlighting the main incidents, if any, that may have arisen in connection with its assigned functions. In addition, at the Audit Commission's discretion it may include in its report proposals to improve the Company's rules of governance. The report of the Audit Commission must be included in the Company's Annual Corporate Governance Report and made available to shareholders and investors on the corporate website.

The Board of Directors must deliberate on the Commission's proposals and reports.

5. The Audit Commission may request the presence of any member of the Company's executive staff or other personnel and may even ask them to appear without any other executive being present. These staff members must appear at the meeting of the Audit Commission upon request and must collaborate with the Audit Commission and share with it any information they are asked to provide. The Commission may also request the presence of the auditors at its meetings.
6. In order to more effectively discharge its duties, the Audit Commission may seek the advice of external experts on an as-needed basis.
7. The Company must have an internal audit function in place under the supervision of the Audit Commission to ensure the proper operation of internal reporting and control systems. The head of internal audits should present an annual work plan to the Audit Commission for approval and must report directly to the Audit Commission on its implementation, including any incidents or scope limitations arising out of such implementation, the results and monitoring of its recommendations. An activity report must be submitted at the end of each year.

#### **Article 14.- Nominations and Remuneration Commission. Composition, responsibilities and operation**

1. The Board of Directors will set up an Nomination and Remunerations Commission according to the following rules:
  - a) The Nomination and Remunerations Commission will be composed of at least three members who will be external directors (at least 2 of them shall be independent) to be appointed by the Board of

Directors, notwithstanding the fact that executive directors or officers may attend commission meetings at the specific request of the Commission. The members of the Nomination and Remunerations Commission will be chosen based on their knowledge, skills and experience in light of the Commission's functions. Any board member may ask the Commission to take into consideration potential candidates to fill vacancies on the Board.

- b) The Chairman of the Nomination and Remunerations Commission must be an independent, non-executive director.
  - c) The Commission shall appoint a Secretary, who may not be a director. The Secretary shall attend the meetings of the Commission and shall be entitled to speak but not to vote, unless holding the status of director.
2. Notwithstanding any other functions assigned to it by the Board of Directors, the basic responsibilities of the Nomination and Remunerations Commission include:
- Formulating and reviewing the criteria for determining the composition of the management staff of the Company and its subsidiaries and for selecting candidates.
  - Evaluating the necessary balance of skills, knowledge and experience on the Board. To such purpose the Commission will define the roles and capabilities required of the candidates to fill each vacancy; deciding on the time and dedication necessary for them to properly perform their duties.
  - Establishing a target of representation for the less represented gender in the Board, and preparing guidelines on how to get this target.
  - Proposing the appointment of independent Board members for their designation by the Board via co-optation or by the Shareholders Meeting. Proposing the re-election or separation of these Board members by the Shareholders Meeting.
  - Informing the proposals of appointment of the remaining Board members for their designation by the Board via co-optation or by the Shareholders Meeting. Proposing the re-election or separation of these Board members by the Shareholders Meeting.
  - Informing the proposals of appointment and separation of high executives and the basic conditions of their contracts.

- Reporting and proposing to the Board of Directors on the appointment and resignation of directors and officers and any candidacies put forward by the CEO for the Board's approval.
  - Reporting to the Board on gender diversity matters and director qualifications.
  - Making proposals to the Board of Directors on the remuneration policy for directors, general managers or those who perform executive functions under the direct dependence of the Board, executive commissions or the CEO, and on the individual compensation of executive directors and other contractual conditions, taking care of their observance.
  - Examining or arranging the succession of the chairman and of the CEO, making recommendations to the Board so the handover proceeds in a planned and orderly manner.
  - Overseeing the observance of the remuneration policies established by the Company and the transparency of the remuneration policy.
  - Reporting on transactions that involve or could involve a conflict of interest.
3. The Nomination and Remunerations Commission will ordinarily meet once every three months. The Commission may also meet as convened by the Chairman. A meeting must be convened any time the Board or the Chairman of the Board requests that a report be issued or a proposal adopted and as needed for the Commission to properly discharge its duties. The meetings of the Commission may be held being the attendants in different places interconnected by means of remote communication systems that enable, in real time, the recognition and identification of the attendants to the meeting, the permanent communication amongst the members and the issuance of the members' vote. Such meetings will be deemed held in the social domicile. The members of the Commission present in any of the interconnected places will be deemed as attending the same and sole meeting of the Commission.

The Commission must report on its activities and work performed to the first meeting of the plenary Board of Directors following a meeting. Moreover, the Commission must keep minutes of its meetings, copies of which must be provided to all Board members.

The Commission should consult with the Chairman and the CEO, especially on matters relating to executive directors and senior officers.

Any Board member will be entitled to request to the Nominations and Remuneration Commission to take into consideration, in case they found them suitable, potential candidates to cover member's vacancies.

The Board of Directors will debate the proposals and reports submitted by the Commission.

4. In order to more effectively discharge its duties, the Nomination and Remunerations Commission may seek the advice of external experts on an as- needed basis.

**Article 14BIS.- Derma Commission. Membership, competences and management**

1. In addition, a Derma Commission will be incorporated within the Board of Directors, in accordance with the following rules:
  - a) The Derma Commission will be composed of a minimum of 3 Board Members that will be appointed by the Board itself. Other Board members and company's executives may attend the meetings if the members of the Commission so expressly agree. The members of the Derma Commission will be appointed taking into consideration their knowledge, skills and expertise as well as the competences of the Commission.
  - b) The President will be appointed and removed by the Board of Directors.
  - c) The Commission shall appoint a Secretary, who may not be a director. The Secretary shall attend the meetings of the Commission and shall be entitled to speak but not to vote, unless holding the status of director.
2. Without detriment to other functions that the Board of Directors may entrust to this Commission, the Derma Commission shall check, debate and promote the strategy of the company in the derma field, the activities related to the implementation of this strategy and the key projects in the derma area not only in R&D but also in business development, in order to propose the debate and approval, if it is the case, of these projects by and within the Board of Directors.
3. The Derma Commission will ordinarily meet once every three months. The Commission may also meet as convened by the Chairman. A meeting must be convened any time the Board or the Chairman of the Board requests that a report be issued or a proposal adopted and as needed for the Commission to properly discharge its duties. The meetings of the Commission may be held being the attendants in different places interconnected by means of remote communication

systems that enable, in real time, the recognition and identification of the attendants to the meeting, the permanent communication amongst the members and the issuance of the members' vote. Such meetings will be deemed held in the social domicile. The members of the Commission present in any of the interconnected places will be deemed as attending the same and sole meeting of the Commission.

The Commission must keep minutes of its meetings, copies of which must be provided to all Board members.

The Board of Directors will debate the proposals and reports submitted by the Commission.

4. In order to more effectively discharge its duties, the Derma Commission may seek the advice of external experts on an as-needed basis.

#### **Article 14TER.- Governance Commission. Composition, responsibilities and operation**

1. A Governance Commission shall also be established within the Board of Directors in accordance with the following rules:
  - a) The Governance Commission shall be composed of at least three (3) directors nominated by the Board of Directors, all of whom shall be independent and/or other external directors, without prejudice to the attendance of other Directors of other categories or senior officers if expressly resolved by the members of this Commission. The members of the Governance Commission shall be appointed with due regard to their knowledge, skills and experience, as well as the functions of the Commission. The Coordinating Director, if any, shall be a member of the Corporate Governance Commission.
  - b) The Chairman of the Governance Commission shall necessarily be an independent director elected from among the members of the Commission. The Coordinating Director, if appointed, shall chair the Governance Commission.
  - c) The Commission shall appoint a Secretary, who need not be a director. The Secretary shall attend meetings of the Commission with the right to speak but not to vote, unless he/she is a Director.
2. Without prejudice to any other functions delegated to it by the Board, the Governance Commission shall advise and assist the Coordinating Director in the discharge of his/her duties, having the following core functions:
  - Advising to the Coordinating Director in relation to the possible convening of the Board, as well as regarding the introduction of new items on the agenda of any meeting of the Board that has already been convened.

- Advising and assisting the Coordinating Director in coordinating and meeting with Non-Executive Directors and in communicating to the competent bodies of the Company the matters of concern he/she receives from them.
  - Advising and assisting the Coordinating Director in conducting, where appropriate, a periodic assessment of the performance of the Chairman of the Board of Directors when the Company's Chairman is an executive director, identifying potential conflicts of interest or situations of lack of transparency.
  - Informing and assisting the Coordinating Director in contacting investors and shareholders to ascertain their views in order to reach an opinion on their concerns and, in particular, in relation to the corporate governance of the Company.
  - Analysing and reviewing governance evaluations made by external agents (e.g. proxy advisors) and recommending appropriate measures to the Board of Directors.
  - Holding meetings and maintaining a direct and fluid dialogue with the areas of the Company in charge of Compliance and Governance, in order to identify potential areas of improvement and proposing appropriate measures to the Board of Directors.
  - Informing and assisting the Coordinating Director in coordinating any succession plans for the Chairman, without prejudice to the functions assigned to the Nominations and Remuneration Committee.
  - Advising and assisting the Coordinating Director in connection with chairing the Board in the absence of the Chairman and the Vice Presidents, if any.
- 3.** The Governance Commission shall generally meet quarterly. It shall also meet whenever convened by its Chairman, who shall do so whenever the Board or its Chairman requests the submission of a report or the adoption of proposals and in any case whenever it is appropriate to properly discharge its duties. Meetings of the Commission may be held in different locations connected by means of remote communication systems that allow the recognition and identification of the participants, permanent communication between them, discussion and voting, all in real time. Such meetings shall be deemed to have been held at the registered office. Members of the Commission attending at any of the connected locations shall be deemed for all purposes to be in attendance at the same and only meeting of the Commission.

The Commission shall also keep minutes of its meetings. A copy of such

minutes shall be sent to all members of the Board.

The Board shall consider the proposals and reports submitted to it by the Commission.

4. In order to best perform its duties, the Governance Commission may seek the advice of external experts whenever it deems it necessary to discharge its duties properly.

## **CHAPTER V**

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

#### **Article 15.- Board of Directors meetings**

1. The Board of Directors shall meet as frequently as required and at least once a quarter to perform its functions, adhering to the dates and agenda items established at the beginning of the year. Each director may propose additional agenda items as long as the request is made at least five days before the scheduled meeting date. The Board will meet as convened by the Chairman as often as deemed necessary for the smooth operation of the Company's business and at the request of at least two directors, in which case the Meeting shall be convened by the Chairman to be held within fifteen days of receiving the request.

If the Chairman is asked to call a meeting and fails to do so, without just cause, within one month of the request, directors accounting for at least one-third of the members of the Board may call a meeting, stipulating the agenda, to be held in the city where the Company's registered offices are located. 16

2. The call of ordinary meetings must be sent by certified letter, fax, telegram or e-mail and must be authorised with the signature of the Chairman or the Secretary or Assistant Secretary, by order of the Chairman. The meeting call must be sent at least three days in advance and must include the agenda along with a sufficient amount of relevant and duly summarised information on the agenda items to be debated. The Chairman, as the person responsible for the smooth running of the Board, must ensure that the directors duly receive all such information.
3. The Chairman of the Board of Directors may convene extraordinary Board meetings when, in his opinion, the circumstances warrant doing so, in which case the advance notice and other call requirements indicated above will not apply. However, every effort must be made to ensure that the documentation is provided to the directors sufficiently in advance. Furthermore, a Board meeting may be validly convened without the need for any advance notice if all of its members are present or represented and they unanimously agree to hold the meeting.
4. When the Company's Chairman is an executive director, the Board of Directors, with the abstention the executive directors, shall necessarily

appoint an independent director as coordinator director to request the calling of board meetings, the inclusion of new business on the agenda, to coordinate and join the external directors, and to lead the Board's evaluation of the Chairman. Likewise, the coordinating director shall be empowered to chair the Board of Directors in the absence of the Chairman and the Vice Chairmen, if any, to listen to the concerns of the non-executive directors, to maintain contacts with investors and shareholders to learn about their points of view in order to form an opinion on their concerns, particularly in relation to the corporate governance of the Company, and to coordinate the succession plan for the Chairman. If one or more of the Company's Vice Presidents are independent directors, the Board must empower one of them to perform the functions referred to in this section.

5. The Board may also pass motions by written vote without the need to hold a meeting, as provided for in the Capital Companies Act. Additionally, the meetings of the Board of Directors may be held being the attendants in different places interconnected by means of remote communication systems that enable, in real time, (i) the recognition and identification of the attendants to the meeting, (ii) the permanent communication amongst the members and (iii) the issuance of the members' vote. Such meetings will be deemed held in the social domicile. The members of the Board of Directors present in any of the interconnected places will be deemed as attending the same and sole meeting of the Board of Directors.
6. The Board must draft an annual calendar of its ordinary sessions.
7. Each year, the Board of Directors will evaluate: (i) the quality and efficiency of its operations; (ii) the performance of the Chairman of the Board and of the CEO, based on the report of the Nomination and Remunerations Commission; and (iii) the operation of the Board's Committees, based on their reports. To this end, the Chairman of the Board of Directors will organise and coordinate the evaluation of the Board and of the Chairman and of the CEO with the Committees' chairmen.

#### **Article 16.- The sessions**

1. The Agenda of the sessions will clearly indicate those points on which the Board of Directors will have to adopt a decision or an agreement so that the members can study or obtain, before the session is held, the necessary information.

When, exceptionally, in cases of emergency, the president wants to submit to the approval of the Board of Directors decisions or agreements that were not included in the Agenda, the prior and express consent of the majority of the present members will be required. This consent will be duly recorded in the minutes.

2. The Board will be validly constituted when at least one-half plus one of the members are present or represented.

The directors will make every attempt to attend the Board meetings but when they are unable to attend in person they will execute a written proxy authorising another Board member to represent them (the non-executive Board members only may be represented by other non-executive members), including voting instructions. A separate proxy must be executed for each meeting and the Chairman of the Board must be notified.

The absence of Board members will be referred to the Annual Report of Corporate Governance.

3. The Chairman will organise the deliberations, encouraging all Board members to participate in the Board meetings, ensuring that each one has the opportunity to speak and the freedom to express his/her opinion.
4. Unless otherwise specified by law or in the Articles of Association, agreements must be passed by the majority of the attendees at a meeting. In the event of a tie, the Chairman will cast the deciding vote.
5. Minutes must be kept of all Board of Directors meetings, which must be signed at least by the Chairman and the Secretary or Assistant Secretary, and transcribed or filed in accordance with the law in a special Minutes Book.
6. The minutes must be approved by the Board of Directors at the end of the meeting or at a subsequent meeting. The Board may delegate the approval of the minutes on the President and two members of the Board attending the meeting, that are appointed to such purpose in the meeting itself.

## **CHAPTER VI**

### **APPOINTMENT AND REMOVAL OF DIRECTORS**

#### **Article 17.- Appointment of directors**

1. The directors will be appointed by the General Meeting or the Board of Directors pursuant to the terms of the Capital Companies Act with a favourable report from the Nomination and Remunerations Commission, (i) based on the proposal of the Nomination and Remunerations Commission when they are independent directors and (ii) based on a prior report of the aforementioned Commission for all other types of directors.
2. All new directors must complete the Company's orientation programme for new directors when they are first appointed in order to quickly acquire an understanding of the Company and the rules of corporate governance.
3. The Board of Directors will approve a specific and demonstrable Board Members Selection Policy aimed at promoting an appropriate composition of the Board, that assures that the proposals of appointment or re-election are based on a previous analysis of the competences required by the above mentioned Board and that favours the diversity of knowledge, experiences, age and gender. The result of the previous analysis of the competences required by the Board will be gathered in the justificative report of the Nominations and Remuneration Commission that will be published once the General Meeting is called for the ratification, the appointment or the re-election of every member. The Board Member Selection Policy will promote that before the end of 2022 the number of women in the Board represents, at least, 40% of the members, and not less than 30% previous to that. The Nominations and Remuneration Commission will annually check the fulfilment of the Board Members Selection Policy and will be reported on the Annual Report of Corporate Governance.
4. The Nominations and Remuneration Commission will ensure that the non- executive members have enough availability for the correct development of their functions.

#### **Article 18.- Appointment of external directors**

The Board of Directors will make every effort to ensure that the candidates are persons of sound reputation with the necessary skills and experience. Special precautions must be taken when independent directors are appointed, as provided for in article 6 of these Regulations.

### **Article 19.- Re-election of directors**

Before proposing that a director be re-elected, the Board of Directors must evaluate the quality of the director's work and his/her performance during the previous term of office. The director who is up for re-election may not take part in the evaluation process in accordance with article 22 of these Regulations.

### **Article 20.- Term of office**

1. Directors shall be appointed for a period of time to be decided by the General Meeting, which must be the same for all directors and may not exceed four years, at the end of which they may be re-elected one or more times for equal maximum terms of office.
2. The director's term of office shall expire at the time of the first General Meeting held after the expiration date of his/her appointment or when the legal deadline for holding the General Meeting in which the shareholders must decide on the approval of the previous year's annual accounts has elapsed.
3. Directors appointed by co-option must be ratified at the first General Meeting held after the expiration date of their term of office.
4. A director who resigns from his/her post or steps down for any reason may not be a director or officer in any company with an analogous corporate purpose for two years.
5. The Board of Directors, at its discretion, may waive or reduce this limitation for outgoing directors.

### **Article 21.- Removal of directors**

1. Directors will vacate office when the term for which they were appointed has elapsed or when the shareholders at the General Meeting, by virtue of the powers attributed to them by law or in the Articles of Association, so resolve.
2. Directors shall make their seats available to the Board of Directors and formally resign under the following circumstances:
  - a) When they no longer occupy the executive posts associated with their appointment as directors.
  - b) When they are subject to any legal incompatibility or prohibition.
  - c) When they receive a serious warning from the Board of Directors for having violated their obligations as directors.
  - d) When their remaining on the Board could pose a risk or be detrimental to the Company's interests or reputation, or when the reasons why they were appointed no longer exist (for example,

when a proprietary director disposes of his/her interest in the Company).

- e) Independent directors may not serve for a continuous period of more than 12 years. After 12 years, they must tender their resignation to the Board of Directors and step down.
  - f) For proprietary directors, (i) when the shareholder they represent sells its interest in the company and (ii) by the corresponding number when the said shareholder reduces its interest in the company to a level requiring a reduction in the number of proprietary directors.
- 3.** Directors who give up their position for any reason before their tenure expires, through resignation or resolution of the general meeting, should state their reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter to be sent to all members of the board. This should all be reported in the annual corporate governance report, and if it is relevant for investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the director.

The Board of Directors may only propose to remove an independent director before the expiration date of the director's term of office when there is just cause for doing so and based on a report by the Nomination and Remunerations Commission. In particular, just cause is understood to exist if a director breaches the obligations inherent to his/her post or is found to be in breach of any of the circumstances that prevents him/her from discharging his/her duties as described in the definition of directors set forth in the recommendations for good corporate governance in force at any given time.

The separation of independent members may be also proposed as consequence of takeover bids, mergers or other corporate similar transactions that imply a change in the capital structure of the Company, when these changes in the structure of the Board of directors are caused by the criterion of proportionality indicated in the recommendation 16 of the Code of Good Governance of the Listed Companies.

### **Article 22.- Abstention from voting**

Pursuant to the provisions of Article 29 of these Regulations, directors being proposed for appointment, re-appointment or dismissal may not participate in the debates or vote on these issues.

## **CHAPTER VII**

### **THE DIRECTOR'S RIGHT TO INFORMATION**

#### **Article 23.- Information and inspection rights**

1. Directors may request information on any matter falling under the Board's jurisdiction and to that end may examine the Company's books, records and other documentation. This includes the right to obtain information on subsidiaries, whenever possible.
2. The request for information must be addressed to the Secretary of the Board of Directors, who will forward it to the Chairman of the Board of Directors and the appropriate person or department within the Company.
3. The Secretary must advise the director of the confidential nature of the information being provided and the director's obligation to keep the information strictly confidential pursuant to the terms of these Regulations.
4. The Chairman may refuse to provide the information if he considers: (i) that it is not necessary for the performance of the director's functions or (ii) that the cost is unreasonable in light of the significance of the problem and the Company's assets and income.

#### **Article 24.- Expert assistance**

1. The directors may obtain any advice or assistance they require from the Company in order to perform their functions. To this end, the Company may, under special circumstances and at its own expense, seek the advice of external experts.  
  
The assistance of an external expert will only be sought for specific problems of a certain relevance and complexity affecting the performance of the director's functions.
2. The Chairman must be notified of the decision to seek expert assistance and may be vetoed by the Board of Directors if it can be shown that:
  - a) It is not necessary for the external directors to discharge their duties.
  - b) The cost is unreasonable in light of the significance of the problem and the Company's available assets and income.
  - c) The technical assistance can be adequately provided by the Company's own experts and technical personnel.

## **CHAPTER VIII**

### **DIRECTOR REMUNERATION**

#### **Article 25.- Director remuneration**

1. The remuneration of the directors as such will consist of a fixed quarterly amount.
2. The members of the Board of Directors will also be paid fees for each Board Meeting and committee meeting they attend.
3. Directors may be compensated with shares, stock options or remuneration linked to the price of the shares. The application of this kind of remuneration will require an agreement of the General Meeting of Shareholders. This agreement must indicate the maximum number of shares that may be delivered in each exercise, the price of exercising stock options, the value of the shares used as a reference and the duration of this form of remuneration.
4. The aggregate maximum sum of the annual remuneration of the directors as such shall be approved by the Shareholders Meeting, and will remain in effect until it is modified. The determination of the exact amount to be paid within this maximum, as the distribution of the amount among the directors, will be decided by the Board.
5. The Company is authorised to take out civil liability policies for directors, as well as life insurances.
6. The remuneration referred to in this article shall be compatible with and independent from any salaries, wages, indemnities, pensions, contributions to pension funds, life insurance, compensation in the form of shares or stock options or other forms of compensation payable to some or all of the members of the Board of Directors who perform executive functions, regardless of the nature of their relationship with the Company – whether a regular or executive working relationship or a commercial or services relationship, which must be compatible with their positions as members of the Board of Directors. The Board of Directors shall fix the amount of the remuneration of the Board members for the development of executive functions and the terms and conditions of their contracts with the company, in accordance with articles 248 and 529octodecies of the Companies Act and the remuneration policy in effect at any given time.
7. Without detriment to the provisions of article 217.4 of the Companies Act, the Board of Directors must make every effort to ensure that the remuneration paid to the directors is commensurate with the compensation being offered on the market by companies of a similar size for the same type of work.

8. In addition the Board of Directors will ensure that the remuneration paid to external directors is such that it serves as an incentive without compromising their impartiality.
9. The Board of Directors will draft and make public an annual report on director remuneration which must include those remunerations that the directors receive as such and, if it is the case, those received for the performance of executive functions. The report shall contain complete, clear and comprehensive information on the company's remuneration policy approved by the Board for the year in progress. It will also include a summary of how the remuneration policy was applied during the past year and details on the amounts accrued in favour of each individual director. The report will be distributed as other relevant information to CNMV and put to a vote for consultative purposes as a separate agenda item at the ordinary General Meeting of Shareholders.

## **CHAPTER IX**

### **THE DIRECTORS' RESPONSIBILITIES**

#### **Article 26.- General obligations of a director**

All directors must conduct themselves in the performance of their duties with diligence and loyalty to the company. Their actions must be guided by whatever is in the interests of the Company, in the performance of which they must strive to defend and protect the interests of all shareholders who have given them their mandates and to whom they are accountable for their actions. In particular and without detriment to the provisions of the Law, directors are obligated to:

- a) Inform themselves and prepare for meetings of the Board and any delegated bodies of the Board of which they are members;
- b) Attend the meetings of the Board of Directors and participate actively in the deliberations to ensure that their opinions are taken into account in the decision- making process.

If a director has just cause for being unable to attend a meeting, he/she must choose another director to act as a proxy, to whom instructions must be given (in case of non-executive members, they may be only represented by other non- executive members).

- c) The directors and, to a greater extent, independent directors shall contribute at all times to the strategic vision and the concepts, criteria and innovative measures required for the optimum development and evolution of the Company's business.
- d) Perform any function specifically entrusted to them by the Board of Directors or any of the Board's delegated and/or consultative bodies which can reasonably be considered to fall within the scope of his/her

responsibility.

- e) Investigate irregularities in the management of the Company brought to their attention and monitor situations of risk.
- f) Request that the persons with the authority to convene an extraordinary meeting of the Board do so or that certain items be included on the meeting agenda.
- g) Oppose agreements that run contrary to the law, the Articles of Association or the Company's interests and request that their position be reflected in the meeting minutes when they consider it to be in the interests of the Company. Independent directors and others not affected by potential conflicts of interest must in particular clearly express their opposition to decisions that could be harmful to shareholders who are not represented on the Board.

If the Board of Directors passes significant or reiterated motions on a matter about which a director has serious reservations, the director must act accordingly and if the director decides to resign, he/she must explain the reasons for the resignation in a letter to the Board.

The terms of this section also apply to the Secretary of the Board even if he/she is not a director.

Directors are required to devote sufficient time and effort to perform their duties effectively, and, as such: (a) directors must inform the Nomination and Remunerations Commission of their other professional obligations to ensure that there is no interference with their directorship; and (b) the Company must set rules on the number of boards on which their directors may sit.

#### **Article 27.- Confidentiality obligation**

1. Directors are obligated to keep the deliberations of the Board of Directors and delegated bodies of the Board strictly confidential and in general to abstain from disclosing any information to which they have had access in the performance of their duties.
2. In addition the directors shall kept secrecy on the information, data, reports or background to which they have had access as per the performance of their duties, even after ceasing their positions, unless otherwise allowed or required by Law.

**Article 28.- Non-Competition clause**

Directors will refrain from developing activities, on their own or as employees or dependants, which imply an effective competition, either actual or potential, with the company, or which anyhow may allocate them in a permanent conflict of interest with the company.

**Article 29.- Conflicts of interest**

Directors must observe and comply at all times with the provisions of conflict of interest foreseen in articles 229 and ff. of the Companies Act.

**Article 30.- Use of corporate assets**

Directors may not use the Company's assets, including the Company's confidential information, with private purposes.

**Article 31.- Non-public information**

Directors must adhere to the rules of conduct established in the laws regulating the stock market, particularly the contents of the Company's Internal Conduct Regulations for the Stock Market in relation to the treatment of privileged and reserved information.

**Article 32.- Business opportunities**

Directors may not take advantage of a business opportunity available to the Company.

**Article 33.- Indirect transactions**

Directors are understood to violate their obligation to be loyal to the Company if they knowingly allow or fail to reveal the existence of transactions carried out by the persons indicated in article 231 of the Companies Act that have not been subjected to the conditions and controls foreseen in the Law, the Articles of Association and/or these Regulations.

**Article 34.- Directors' reporting responsibility**

1. Directors must inform the Company of the shares they control, either directly or indirectly through the persons indicated in article 231 of the Companies Act, in compliance with the terms of the Internal Conduct Regulations for the Stock Market and the Companies Act.
2. Directors must also inform the Company of the offices they occupy on the Boards of Directors of other publicly listed companies and in general any events, circumstances or situations which could be relevant to their performance as directors of the Company pursuant to the terms of these Regulations and the Law. Furthermore, directors must inform the Company of any circumstance that might harm the organisation's name or reputation, related or not to their actions within the company, and, in

particular, must inform the Board of any criminal charges brought against them and the progress of any subsequent trial.

In the event that a director is indicted or an order for the commencement of oral proceedings (*apertura de juicio oral*) is issued against him for any of the offences set forth in article 213 of the Capital Companies Act, the Board shall examine the case as soon as possible and, in view of the specific circumstances, shall decide whether or not the director should continue to hold office.

### **Article 35.- Transactions with significant shareholders**

1. All transactions carried out by the Company with directors or significant shareholders pursuant to stock market laws must be authorised by the Board of Directors based on a favourable report by the Audit Commission. However, authorisation by the Board is not required for related-party transactions that simultaneously meet the following three conditions: (i) they are transactions taking place under contracts with standard conditions that apply to a large number of clients; (ii) the prices or rates applied to the transactions are the general rates habitually charged by the provider of the goods or services in question; and (iii) the amount does not exceed 1% of the Company's annual income.
2. Before authorising these kinds of transactions, they must be evaluated by the Audit Commission and the Board of Directors from the point of view of equal treatment of shareholders and market conditions.

## **CHAPTER X**

### **INFORMATION POLICY AND BOARD RELATIONS**

#### **Article 36.- Website**

1. The Company must have a website available to shareholders and investors where the following legally-mandated documentation must be published:
  - The current Articles of Association and any amendments added in the last twelve months.
  - The current General Meeting Regulations.
  - The Regulations of the Board of Directors and, where applicable, the Regulations of current Board Committees.
  - The annual sustainability report or memo for the last two financial years, which must be added for its presentation at the General Meeting as soon as it has been prepared.
  - The Internal Conduct Regulations for the Stock Market.

- The Annual Corporate Governance Report for the last financial year.
  - Information on the call, agenda, motions and any other relevant information that shareholders may need to cast their votes, starting with the publication of the first call of any ordinary or extraordinary General Meeting.
  - Information on the sessions of the General Meeting held during the current and previous financial year, in particular, information on the agenda, composition of the General Meeting when the session was convened, the motions passed, the number of votes cast and the outcome of the votes on each of the proposals listed on the agenda.
  - The channels of communication open between the Company and shareholders and in particular the pertinent explanation of shareholders' information rights.
  - The established procedure for granting proxies for the General Meeting, from the time of the call up to the actual meeting date.
  - The procedures and methods for distance voting.
  - The inside information and other relevant information reported to the CNMV during the current and previous financial year.
  - The following information on directors: (i) professional profile and biography; (ii) other relevant Boards of Directors on which they sit, regardless of whether or not they are publicly listed companies; (iii) the director categories and in the case of proprietary directors, the shareholders they represent or with whom they are connected; (iv) the date on which they were first appointed as Company directors and subsequent re-elections; and (v) any Company shares or stock options they possess.
2. The Board of Directors is responsible for determining the information available on the website in compliance with the stock market regulations, and for ensuring that the information is updated as required by law.

### **Article 37.- Relations with shareholders**

1. The Board of Directors will provide adequate channels of communication to inform about the proposals that the shareholders may make in relation to how the Company is managed.
2. The Board may, through some of its directors and with the collaboration of senior staff members, organise informational meetings on the Company's and Group's progress for shareholders residing in the vicinity of the most relevant financial districts in Spain and other countries.
3. Public requests made by the Board of Directors or any of its members for

the shareholders to delegate their votes must indicate how the proxy will vote if the shareholder does not give specific instructions.

4. The Board of Directors will encourage the informed participation of the shareholders at the General Meetings and will take the measures that are necessary to ensure that the General Meeting of Shareholders effectively performs the functions provided for by law and in the Articles of Association.

In particular, the Board of Directors will implement the following measures:

- a) Make all legally required information available to the shareholders prior to a meeting and any other information which, although not required, could be of interest and be reasonably supplied.
- b) Respond as expeditiously as possible to shareholders' requests for information prior to the meeting.
- c) Answer the questions raised by the shareholders at the general meeting as diligently as possible.

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

1. The Board of Directors will also establish appropriate mechanisms for regularly sharing information with the institutional investors that are Company shareholders.
2. Under no circumstances shall the relations between the Board of Directors and the institutional shareholders result in a situation in which the latter are provided with any information that could give them an unfair advantage or privilege over the other shareholders.

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

1. The Board of Directors, through the notices inside information and other relevant information reported to the CNMV and the corporate website, will immediately inform the public of any inside information and other relevant information as provided for in the Stock Market Act and related regulations.
2. The Board of Directors will take the measures necessary to ensure that the financial information reported to the markets each semester, quarterly or with any other required frequency is prepared according to the same professional standards, principles and criteria as the annual accounts, and that it is equally reliable.
3. The Board of Directors will include information in the documentation it publishes annually on the rules of corporate governance and the level of compliance with those rules.

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

1. The Audit Commission is responsible for proposing the appointment (indicating the contractual conditions and scope of the professional mandate), renovation and revocation of the Company's auditors to the Board of Directors, which in turn submits the proposal to the General Meeting of Shareholders and for overseeing the fulfilment of the auditor's contract in accordance with article 13.2 of these Regulations.
2. The Audit Commission will abstain from proposing to the Board and the Board will abstain from submitting to the General Meeting any proposal to appoint an auditing firm that is incompatible according to audit laws or any firm whose fees, for all items, exceed five percent of the Company's total income for the last financial year.
3. The Board of Directors will make every effort to formulate the final accounts such that no objections are raised by the auditors. And in those cases where the auditors include any qualification in its report, the President of the Audit Commission should give a clear explanation at the general meeting of their opinion regarding the scope and content, making a summary of that opinion available to the shareholders at the time of the publication of the notice of the meeting, along with the rest of proposals and reports of the board. However, when the Board believes that it should maintain its position, it will explain the content and scope of the discrepancy to the public.

#### **Article 41.- Effective date**

The term of these Regulations is indefinite. They will take effect the day after the Company's shares begin trading on the stock market through the Spanish Stock Market Interconnection System and will apply to all Board meetings convened subsequent to the effective date of these Regulations.