

**BY-LAWS**  
**OF**  
**APPLUS SERVICES, S.A.**



(consolidated version May 2019)

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## **BY-LAWS OF APPLUS SERVICES, S.A.**

### **TITLE I GENERAL PROVISIONS**

#### **Article 1.- Corporate name**

The Company's name is APPLUS SERVICES, S.A. (hereinafter, "the **Company**"). The Company shall be governed by these By-laws and the legal provisions relating to companies and other applicable laws and regulations, in particular, the Royal Decree 1/2010 of July 2, which enacted the revised text of the Spanish Companies Act or any legislation that might replace it in future (hereinafter, the "**Spanish Companies Act**").

#### **Article 2.- Corporate purpose**

2. 1. The Company's purpose is:

- (a) To Provide services in relation to the transport sector and vehicle and highway safety (engineering processes, design, testing, approval and certification of used cars), as well as technical inspections in sectors other than the automotive sector, with a blanket exclusion of activities that are covered by special legislation.
- (b) The technical audits of all types of installations for technical inspection or control of vehicles located anywhere in Spain or abroad, as well as any other type of technical inspection other than vehicles.
- (c) The draw up and execution of all types of studies and projects in relation to the abovementioned activities: economic, industrial, property, information technology, market surveys and research, as well as the supervision, direction and provision of services and advice in the execution thereof. Provision of services, advice, administration, operation and management, whether technical, fiscal, legal or commercial.
- (d) Business intermediation services, both locally and abroad.

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- (e) To provide all types of inspection services and quality and quantity control, regulatory inspection, collaboration with administration, consultancy, audit, certification, approval, personnel training and qualification, and technical assistance in general in order to improve the organization and management of quality, safety and environmental aspects.
- (f) To carry out studies, works, measurements, tests, analyses and controls, in laboratories or in situ, and such other professional methods and actions considered necessary or advisable, in particular those related to manufacturing materials, equipment, products and installations, in the fields of mechanics, electricity, electronics and information technology, transport and communications, administrative organization and office automation, mining, food, environment, construction and civil works, performed during the stages of design, planning, manufacturing, construction and assembly and commissioning, maintenance and production for all types of companies and entities, both public and private, as well as before the Central State Administration, the Administrations of Autonomous Communities, Provinces and Municipalities, and all types of agencies, institutions and users, whether within the country or abroad.
- (g) The purchase, holding and administration, whether direct or indirect, of shares, corporate interests, quota shares and any other form of holding or interest in the capital and/or securities granting right to the obtaining of shares, corporate interests, quota shares, or other holdings or interests in companies of any type, with or without legal personality, established in accordance with Spanish law or any other applicable legislation, in accordance with Article 108 of the Law 27/2014, of 27 November, on Corporate Income Tax, or by such legislation as may replace it, as well as the administration, management and guidance of such companies and entities, whether directly or indirectly, by means of the membership, attendance and holding of positions on any governing and management bodies of such companies or entities, carrying out the aforementioned advisory, management and guidance services making use of the corresponding organization of material and personnel means. An exception is made for those activities expressly reserved by law for Collective Investment Institutions, as well as for that expressly reserved by the Securities Market Act for investment service companies.

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2. 2. The aforementioned activities may be carried out either directly by the Company or through the ownership of shares or equity interest in other companies with an identical or related purpose, including the carrying out of all its activities in an indirect manner, therefore acting solely as a holding company.
2. 3. All activities for which the law establishes special requirements that cannot be carried out by the Company are excluded from the corporate purpose. Should legal provisions require a professional qualification, administrative authorization, or registration with a public registry to be able to perform any of the activities included in the corporate purpose, such activities must be performed by persons who hold such professional qualifications, and such tasks shall not be able to commence until the administrative requirements have been met.

**Article 3.- Registered office and corporate webpage**

3. 1. The Company's registered address is in Madrid, calle Campezo 1, edificio 3, Parque Empresarial Las Mercedes.
3. 2. The governing body will have authority to decide on transferring the registered office to another location in the same municipality and creating, eliminating or transferring branches, agencies and offices required or advisable for the corporate business in Spain or abroad.
3. 3. The address of the Company's website shall be [www.applus.com](http://www.applus.com).
3. 4. Changes, transfer or removal of the website may be determined by the governing body, in which case it shall be authorized to modify the previous paragraph of this Article. The agreement to modify, transfer or remove the webpage shall be placed on record as required by the Spanish Companies Act.

**Article 4.- Duration**

The Company is incorporated for an indefinite term.

**TITLE II  
SHARE CAPITAL AND SHARES**

**Article 5.- Share capital and shares**

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5. 1. The share capital is FOURTEEN MILLION THREE HUNDRED ONE THOUSAND EIGHT HUNDRED AND FORTY THREE EUROS OF EUROS (€14,301,843), divided into ONE HUNDRED AND FORTY THREE MILLION EIGHTEEN THOUSAND FOUR HUNDRED AND THIRTY (143.018.430) common shares, all in the same class and series, each having a par value of TEN CENTS OF EURO (€0.10), fully subscribed and paid-up.
5. 2. The shares are represented in book-entry form and, as regards their nature as book entries, they shall be governed by the Securities Market Act and other complementary provisions.
5. 3. The register of book entries shall be carried by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) and its participating entities.
5. 4. The Company shall acknowledge as a shareholder any party that appears entitled thereto as owner in the entries of the corresponding book-entry register. Likewise, if the Company were to provide any service to the person shown as a shareholders according to the accounting record, it shall be released from the corresponding liability, even if that person were not to be the actual owner of the share, as long as the Company were to have acted in good faith.

#### **Article 6.- Shareholder rights and obligations**

6. 1. Each share of the Company confers upon its legitimate holder the status of shareholder, and vests such holder with the right and obligations established by the Spanish Companies Act and by these By-laws.
6. 2. Ownership of shares entails compliance with the articles of association and submission to the lawfully-adopted decisions of the decision-making bodies and management of the Company.

#### **Article 7.- Share transfer regime**

Shares and the economic rights derived from them, including that of pre-emptive subscription, can be freely transferred by all lawful means.

#### **Article 8.- Joint ownership, usufruct, pledge and attachment**

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8. 1. The shares are indivisible. Co-owners of one or more shares shall be jointly and severally liable to the Company for all obligations arising from their status as shareholders and must designate a single person for the exercise of shareholder rights. The same rule shall apply to all other instances of co-ownership of rights to the shares.
8. 2. In case of beneficially-owned shares (*usufructo de acciones*), the bare owner shall be qualified as the designated shareholder, with the beneficial owner having the right in all cases to the dividends approved by the Company during the period of beneficial ownership. Share The beneficial owner shall be required to facilitate the bare owner its exercise of these rights. Relations between the beneficial owner and the bare owner shall be governed by the document creating the beneficially-owned shares (*usufructo de acciones*), or otherwise by the terms of the Spanish Companies Act, and on a supplementary basis, applicable civil legislation.
8. 3. In the event of a pledge of shares, or attachment of shares, the terms of the Spanish Companies Act shall apply.

#### **Article 9.- Issuance of Debentures**

9. 1. As a listed company, the governing body shall be able to issue simple or convertible and/or exchangeable debentures shares at its request, or at the shareholders request by acting at a General Shareholders Meeting, or both, for a par value of no more than one quarter of the share capital, with the limitations and in the terms set at each moment by the Spanish Companies Act.
9. 2. The amortization of these type of shares should also take place in accordance with the Spanish Companies Act, which shall apply to all matters pertaining to such shares.

### **TITLE III GOVERNANCE OF THE COMPANY**

#### **Article 10.- Governing bodies**

10. 1. The Company's governing bodies are the General Shareholders Meeting and the Board of Directors, and matters not foreseen in these articles of association shall be governed by the terms of the Spanish Companies Act.

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10. 2. Legal and statutory regulation by these bodies shall be developed and supplemented by the Regulations for the General Shareholders Meeting and the Regulations for the Board of Directors, the approval and modification of which shall correspond to the Shareholders' Meeting and the Board of Directors respectively.
10. 3. Powers that have not been assigned by law or by the By-laws to the General Shareholders Meeting shall correspond to the Board of Directors.

**Section One**  
**General Shareholders Meeting**

**Article 11.- General Shareholders Meeting**

11. 1. The General Shareholders Meeting is the Company's senior decision-making body on the matters within their power.
11. 2. Resolutions that are duly adopted at a General Shareholders Meeting, adopted in accordance with the articles of association, the Regulations for the General Meeting and the legal provisions in force, shall bind all shareholders, including shareholders who are absent, dissenting, abstain from voting, or lack the right to vote, without prejudice to the rights they may have to challenge such resolutions.
11. 3. The General Shareholders Meeting is governed by the provisions of law, these By-laws, the Regulations for the General Shareholders Meeting, and other applicable provisions of the Corporate Governance System.

**Article 12.- Call to the General Shareholders Meetings**

12. 1. The General Shareholders Meeting, whether ordinary or extraordinary, must be formally called through an announcement published which must contain all statements required by the Spanish Companies Act, at least one month prior to the date indicated for the meeting, except in those instances in which the Spanish Companies Act requires a superior period notice.

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12. 2. Notwithstanding the foregoing, when the Company offers all shareholders the possibility of voting by electronic means available to all of them, Extraordinary General Shareholders Meetings shall be able to be called with a minimum notice of fifteen (15) calendar days with the prior approval of the ordinary General Shareholders Meeting in the terms established by the Spanish Companies Act.

12. 3. The announcement of the call to meeting must set forth the day, place, date and time of the meeting and all matters to be dealt with. Moreover, it must include the right of shareholders to examine at the registered office, and if necessary to immediately obtain at no cost, a copy of the documents to be submitted to the approval of the meeting, and where appropriate, the report of the external auditors and the corresponding technical reports.

The announcement may also, if appropriate, set forth the date on which the General Shareholders Meeting shall proceed upon second call. At least twenty-four (24) hours should elapse between the first and second meeting.

12. 4. The announcement of the call to meeting shall be disseminated through the following media, at a minimum:

(a) The Official Bulletin of the Commercial Registry or one of the more widely circulated newspapers in Spain.

(b) The website of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

(c) The Company's website.

12. 5. The General Shareholders Meeting may be called in the municipality within the registered office, or when the Chairman considers it appropriate for reasons of logistics and need, in any location within the province of Barcelona. When not indicated in the call, the meeting shall be understood to be called to be held at the registered office.

### **Article 13.- Types of meeting**

13. 1. General Shareholders Meetings may be ordinary or extraordinary, and must be called by the Board of Directors.

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13. 2. The shareholders acting at an annual General Shareholders Meeting, which shall be previously called for such purpose, must meet within the first six (6) months of each financial year in order to review corporate management, approve the individual accounts and consolidated accounts, if appropriate, for the prior financial year, and decide upon the allocation of profits or losses from such financial year. Resolutions may also be adopted at the annual General Shareholders Meeting regarding any other matter within the power of the shareholders, provided that such matter appears on the agenda of the call to meeting or is legally appropriate and that the General Shareholders Meeting has been convened with the required share capital in attendance.
13. 3. The ordinary General Shareholders Meeting shall be valid even if called or held beyond the deadline.
13. 4. Any General Shareholders Meeting not provided for in the preceding section shall be deemed an extraordinary General Shareholders Meeting.

**Article 14.- Rights of shareholders in relation to call**

14. 1. The Board of Directors must call a General Shareholders Meeting if the meeting is requested, in the manner provided for by the By-laws, by shareholders holding or representing at least three percent (3%) of the share capital, which request sets forth the matters to be dealt with. In this event, the Board of Directors shall call for the General Shareholders Meeting to be held within two (2) months following the date of notarial request to the Board of Directors for it to be called. The Board of Directors must include the requested matters in the agenda of the call to meeting.
14. 2. Furthermore, once the ordinary General Meeting has been called, the shareholders representing at least three percent (3%) of the share capital may request, by means of due notification to be received at the registered office within the following five (5) days of publication of the call, the publication of a supplement to the call to the Annual Shareholders' Meeting including one or more items in the agenda of the call to meeting, so long as the new items are accompanied by a rationale or, if applicable, by a duly substantiated proposal for a resolution. This supplement to the call must be published at least fifteen (15) days in advance of the date established for the holding of the General Shareholders Meeting.
14. 3. Last, and in relation to any General Shareholders Meeting, shareholders

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representing at least three percent (3%) of the share capital shall have the right to submit well-founded proposed resolutions regarding matters already included or that should be included in the agenda of the call to meeting of the General Shareholders Meeting being called, with the Company being required to ensure communication of such proposals in the manner established in the Spanish Companies Act.

#### **Article 15.- Right to attend General Shareholders Meetings**

15. 1. Shareholders entitled to attend General Shareholders Meetings shall be the holders of one or more voting shares. In order to exercise the right to attend, shareholders must cause the shares to be registered in their name in the corresponding book-entry register at least five (5) days prior to the day on which the General Shareholders Meeting is to be held. This circumstance must be evidenced with the appropriate attendance, proxy, and absentee voting card, validation certificate, or other valid form of verification accepted by law.
15. 2. Other directors, managers, experts and any other persons interested in the good progress of the company's matters shall also be able to attend General Shareholders Meetings when their presence is required by the Chairman of the General Shareholders Meeting or the Board of Directors. The members of the Board of Directors must attend the General Shareholders Meeting.
15. 3. In addition, the Chairman of the General Shareholders Meeting may authorize the attendance thereof of other persons when he deems appropriate, although the shareholders acting thereat may revoke such authorization.
15. 4. In all matters not dealt with in this article regarding the right of attendance at meetings, the Regulations for the General Shareholders Meeting and the terms of the Spanish Companies Act shall apply.

#### **Article 16.- Proxies**

16. 1. All shareholders having the right to attend may be represented at a General Shareholders Meeting by proxy through another person, whether or not such person is a shareholder, by complying with the requirements of the Spanish Companies Act, as recorded for the purpose in the Regulations for the General Shareholders Meeting in force at each moment.
16. 2. The proxy shall also be able to be granted by electronic means of communication that duly guarantee the identity of the party being represented

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and the proxy, and that may be established by the Board of Directors upon the issue of the call to each Meeting, as laid down in the Regulations for the General Shareholders Meeting.

16. 3. The Chairman and the Secretary of the General Shareholders Meeting, and the persons acting by delegation therefrom, shall have the broadest powers to verify the identity of the shareholders and their representatives, verify the ownership and status of their rights, and recognize the validity of the attendance at the Meeting.
16. 4. A proxy is always revocable. Attendance by the shareholder granting the proxy at the General Shareholders Meeting shall have the effect of revoking the proxy.

#### **Article 17.- Electronic communication and remote voting**

17. 1. Shareholders may attend the General Shareholders Meeting and may cast their vote by means of electronic correspondence or remote means in accordance with the terms of the Regulations for the General Shareholders Meeting.
17. 2. The conditions and limitations on this form of attendance and voting shall be detailed in the Regulations for the General Shareholders Meeting, in accordance with the Spanish Companies Act at each moment.

#### **Article 18.- Establishment of a quorum for the General Shareholders Meeting**

18. 1. Ordinary or extraordinary General Shareholders Meetings shall be validly established on first call when shareholders present or represented hold at least twenty-five percent (25%) of voting share capital; and on second call meetings shall be considered to be validly convened whatever the voting capital represented. Exception is made for those matters for which applicable regulations require a larger quorum.
18. 2. Shareholders qualifying to attend who issue their vote remotely using the means established by the Company shall be considered to be present for quorum purposes.
18. 3. The Shareholders' Meeting shall also be validly constituted to hear and resolve any matter provided that all the share capital is represented and those present

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unanimously agree to its holding.

#### **Article 19.- Adoption of resolutions**

19. 1. Each voting share is represented in person or by proxy at the General Shareholders Meeting shall give the right to one vote.
19. 2. The shareholders acting at a General Shareholders Meeting shall adopt resolutions by a simple majority of the votes of the shareholders in person or represented by proxy at the General Shareholders Meeting, being adopted when resolutions obtain more favourable votes than opposing votes of the share capital presented or represented by proxy. The foregoing does not apply to situations in which the law or these By-laws require a greater majority. The Regulations for the General Shareholders Meeting shall detail the procedures and systems for calculating the voting of resolution proposals.
19. 3. In any event, the exercise of voting rights of shareholders under one of the causes of conflict of interest set forth in the Spanish Companies Act shall be governed by the Spanish Companies Act.

#### **Article 20.- Shareholder rights to information**

Shareholder rights to information and participation in relation to the General Shareholders Meeting shall be governed by the regulations applicable to the Company at each moment, and by the terms of the Regulations for the General Shareholders Meeting, which shall detail rules on the matter.

#### **Article 21.- The Presiding Committee of the General Shareholders Meeting**

21. 1. The Presiding Committee (*Mesa*) of the General Shareholders Meeting shall consist of the members of the Board of Directors, and shall be presided by the Chairman of the Board of Directors or whoever is acting on his behalf, assisted by the Secretary of the Board of Directors or whoever is acting on his behalf.
21. 2. All matters not covered by this article in relation to the Board of the General Meeting shall be governed by the terms of the Regulations for the General Shareholders Meeting and the Spanish Companies Act.

### **Section Two** **Board of Directors**

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## **Article 22.- Structure of the Company's Management**

22. 1. Management of the Company is vested in a Board of Directors with the powers set forth in the provisions of law, except for those powers corresponding to the General Shareholders Meeting according to the Spanish Companies Act and these articles of association.
22. 2. The Board of Directors has the broadest powers and authority to manage, direct, administer, and represent the Company, focusing its activities on the supervision and monitoring of the general strategies followed by the Company entrusted to the Executive Directors and senior management, as well as on consideration of all such matters of particular importance to the Company.

## **Article 23.- Appointment**

23. 1. The members of the Board of Directors shall be appointed by the General Shareholders Meeting, notwithstanding the possibility of co-opting members as established in the Spanish Companies Act.
23. 2. It is not necessary to be a shareholder to be elected member of the Board.
23. 3. Tenure of office shall be four (4) years as from the date of acceptance, being able to be re-elected one or more times for periods of equal maximum duration.
23. 4. Individual or legal entities covered by any of the prohibitions established by current legislation for reasons of incapacity or incompatibility shall be disqualified from Board membership.
23. 5. As from their appointment, Board Members shall be included in one of the following categories: Executive Director, Nominee Director, Independent Director or Other External Director. The definition of these categories shall take place in accordance with regulations or the recommendations of corporate governance applied at each moment in the Company, and shall be stated, or if advisable, further developed in the Regulations for the Board of Directors.

## **Article 24.- Composition of the Board of Directors**

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24. 1. The Board of Directors shall be composed of a minimum of nine (9) and a maximum of twelve (12) directors, who shall be appointed or ratified at a General Shareholders Meeting in accordance with the Spanish Companies Act. The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders Meeting, within the mentioned minimum and maximum limits.
24. 2. The Board of Directors, following a report issued by the Appointments and Compensations Committee, shall elect from among its members, a Chairman of the Board of Directors and, if it so decides, one or more Vice-Chairmen who shall stand in for the Chairman in the event of vacancy, absence or sickness. Should there be several Vice-Chairmen, their order of precedence should be established at the time of their appointment. In the absence of the Chairman and Vice-Chairmen, the meeting shall be chaired by its oldest member. The appointment of an Executive Director as Chairman of the Board of Directors shall be approved with the favourable vote of two thirds (2/3) of the members of the Board of Directors.
24. 3. If the Chairman of the Board is an Executive Director, the Board of Directors, at the proposal of the Appointments and Compensation Committee, with the abstention of the Executive Directors, must necessarily appoint a Coordinating Director among the Independent Directors. The Coordinating Director will be entrusted the tasks set forth in the Law and in the Regulations of the Board of Directors. The appointment of the Coordinating Director will be voluntary if the Chairman of the Board is not an Executive Director.
24. 4. The Board of Directors, following a report issued by the Appointments and Compensations Committee, shall also elect a Secretary of the Board of Directors and, if applicable, one or more Vice Secretaries to replace the secretary in the event of vacancy, absence or sickness. Both the Secretary and the Vice Secretary may or may not be directors, and when not, they shall have the right to speak but not to vote. In the absence of the Secretary and Vice Secretary, the director appointed by the Board of Directors from among those attending the meeting in question shall act as such.

## **Article 25.- Remuneration**

25. 1. The office of director is remunerated. Notwithstanding the foregoing, Nominee Directors shall not receive any remuneration for the performance of their duties. For the sake of clarity, it is acknowledged that the office of the

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Independent Directors and the Executive Directors is remunerated according to the terms of this Bylaws.

25. 2. The remuneration of the Independent Directors shall consist on a fixed annual amount. The amount payable by the Company to all the Independent Directors shall be set by the General Shareholders Meeting, and will remain in force until amended by the General Shareholders Meeting, and shall be increased by the Spanish Consumer Price Index or any other index that may replace it in the future. Unless otherwise determined by the General Shareholders Meeting, the exact amount payable within the limit approved by the General Shareholders Meeting and the distribution between the different Directors shall be determined by the Board of Directors, taking into account the duties and responsibilities of each Independent Director in the Board and in each of its Committees.
25. 3. In addition, the Company is authorized to take out civil liability insurance covering its directors.
25. 4. The Directors shall be entitled, if applicable, to be paid or reimbursed any expenses incurred as a result of their attendance to the meetings and other tasks directly related to the performance of their duties, such as travel, accommodation, meals and any others in which they may incur, upon delivery of documentation evidencing such expenses.
25. 5. Apart from the remuneration corresponding to the office of Director, Executive Directors shall be entitled to receive compensation for the performance of their executive duties, which may comprise:
  - (a) a fixed amount, in cash or in kind, adjusted to the services and responsibilities performed;
  - (b) a variable amount, linked to personal and the Company's performance indicators;
  - (c) benefits, which will include appropriate social benefits and insurance arrangements, as well as the in-kind benefits established in their contracts;
  - (d) a fixed amount as consideration for contractual non-competition covenants, if any; and

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(e) severance payment in the event of termination of the relationship other than as a result of a material breach of his/her obligations, all in accordance with the applicable regulations. The amount of the aforementioned compensation items shall be set by the Board of Directors.

25. 6. Executive Directors may also receive remuneration schemes linked to the evolution of the share value or which include the granting of shares or stock options, remuneration schemes linked to the share value of the Company or which include the granting of shares or stock options over the Company's shares. Such remuneration systems must be approved by the General Shareholders' Meeting, which shall establish the value of the shares that will be taken as a reference, the maximum number of shares to be granted, the exercise price or calculation system of the stock options over the shares, the duration of this remuneration scheme and such other conditions as may be deemed necessary. All of this, notwithstanding the rights that could have been granted in advance to other Directors on an exceptional basis.

25. 7. If any Director would have a regular employment, special top management, commercial, civil or service relationship with the Company other than as mentioned in this Article 25, the salaries, remunerations, granting of shares or stock options, remuneration linked to the share value, severance payments, pensions or indemnities of any kind, generally or individually set for these members of the Board of Directors as a result of any such relationship shall be compatible with and independent from any other remuneration that he/she may receive, as the case may be.

## **Article 26.- Calling meetings of the Board of Directors**

26. 1. The Board of Directors shall meet as often as needed to perform its functions, and whenever it is required to meet in the interest of the Company, and, at least, on a quarterly basis, following the calendar and agenda set at the beginning of the year. In addition, the Board of Directors shall meet whenever is convened by the Chairman of the Board or whoever is acting on his behalf as well as whenever is requested by one-third of the members of the Board of Directors, establishing the agenda thereof, in order for the meeting to be held at the place where the registered office is located, if a prior petition has been submitted to the Chairman of the Board of Directors and he has failed, without well founded reasons, to call the meeting within one (1) month.
26. 2. When the Chairman of the Board of Directors is also the Chief Executive of the Company, the Board of Directors may also be convened by the Coordinating Director, who may, likewise, request the inclusion of new items in the Agenda of a Board meeting that has already been convened, coordinate and gather Non-Executive Directors and conduct, as the case may be, the ongoing evaluation of the performance of the Chairman of the Board.
26. 3. The meetings of the Board of Directors should be called with at least seven (7) calendar days' notice, and should be sent by letter, fax or e-mail or any other written or electronic form that ensures receipt. In an emergency situation, as determined by the Chairman, the minimum notice will be twenty-four (24) hours. The notice should state the date, time and place of the meeting, as well as the agenda, and it should be accompanied by all the necessary information to prepare for the meeting, in accordance with the Regulations for the Board of Directors.
26. 4. The Board of Directors shall be deemed to have validly met without the need for a call if all the directors present in person or by proxy unanimously agree to hold the meeting and to the items of the agenda to be dealt with.

## **Article 27.- Quorum, representation and remote participation in the Board of Directors**

27. 1. The Board of Directors is validly constituted when the meeting includes half the total directors plus one, in person or by proxy.
27. 2. Directors must attend in person to any meetings of the Board.

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Notwithstanding the foregoing, if they are unable to attend, Directors may be represented at meetings of the Board of Directors by any other Director. Non-Executive Directors may only be represented by another non-Executive Director. In any case, representation shall be granted by a letter addressed to the Chairman or by other means detailed in the Regulations for the Board of Directors.

27. 3. Meetings will be held at the Company's registered offices or in any other place designated by the Chairman and stated in the meeting notice.
27. 4. Board of Directors meetings may be held by telephone conference call, video conference calls or any other such system that allows one or more of the directors to attend the meeting through the aforementioned system. To this end, the meeting notice should state the location where the meeting will take place. The notice should also specify that the meeting may be attended via conference call, video conference call or any such equivalent, with an indication of the exact means needed to attend the meeting in this manner, which must allow direct and simultaneous communication between all attendees.

#### **Article 28.- Adoption of resolutions by the Board of Directors**

28. 1. The adoption of resolutions of the Board of Directors shall require the attendance at the meeting, in person or by proxy, of a majority of the directors, except under the circumstances given in the next paragraph. This does not exclude any majority votes as established by law.
28. 2. Voting by written procedure in lieu of a meeting is valid if no Director objects, following the procedures detailed in the Regulations of the Board of Directors.
28. 3. The resolutions adopted by the Board of Directors should be recorded in minutes, which shall be approved by the Board at the end of the meeting or during the next meeting. The minutes shall be signed by the Secretary of the Board of Directors or of that meeting, with the approval of the person acting as Chairman. The minutes shall be included in the Book of Minutes.

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## **Article 29.- Board delegated committees**

29. 1. The Board of Directors may delegate its functions, either in whole or in part, and in accordance with the law, to one or more Supervisory Committees, or to one or more Directors, on the terms and to the extent it deems appropriate. The delegation resolution, which shall be approved by at least two thirds (2/3) of Directors, shall set forth the authorities delegated and the regime applicable to the delegation.
29. 2. The Board of Directors may permanently delegate all the powers it holds, except the authorities are reserved to the Board of Directors pursuant to law, to the By-laws or to the Regulations of the Board of Directors.

### **Section Three** **Board Committees**

## **Article 30.- Supervisory Committee**

30. 1. The Board of Directors shall appoint the Directors who will hold the office of members of the Supervisory Committee, which will comprise at least three (3) and a maximum of five (5) Directors.
30. 2. All the powers of the Board of Directors will be delegated to the Supervisory Committee, except for those that may not be delegated in accordance with law or with the Regulations of the Board of Directors.
30. 3. The rules of operation of the Supervisory Committee will be set out in the Regulations of the Board of Directors and, if applicable, in a separate set of internal regulations agreed by such Committee.

## **Article 31.- Audit Committee**

31. 1. The Company shall have an Audit Committee comprising a minimum of three (3) and a maximum of five (5) Directors, appointed by the Board of Directors. All the members of the Audit Committee should be non-executive Directors, and the majority of the members of the Audit Committee shall be required to be Independent Directors, one (1) of which shall be appointed on the basis of its knowledge and experience in matters of accounting or auditing, or in both these areas.

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As a whole, all of the members of the Audit Committee shall have relevant technical knowledge in connection with the sector of activity in which the Company operates.

31. 2. The Audit Committee shall appoint a Chairman among the Independent Directors members of the Committee for a term not exceeding four (4) years. The members who have held the office of Chairman of the Audit Committee may not hold such position for one (1) year as of the end of their term as Chairman, even if they continue to hold the office or are re-appointed as members of the Audit Committee.
31. 3. The powers of the Audit Committee which are further detailed in the Regulations of the Board of Directors include the following, as a minimum:
  1. Reporting to the General Shareholders Meeting about the issues raised within the scope of its functions and, in particular, on the outcome of the audit, explaining how the audit has contributed to the integrity of the financial reporting and the role the Committee has played throughout this process.
  2. Monitoring the effectiveness of the Company's internal control systems, internal audit and risk management systems, as well as discussing with the external auditors any significant weaknesses in the internal control system detected during the audit , all of this without breaching its integrity. For this purpose, the Audit Committee may submit recommendations or proposals, that will be considered by the Board of Directors within a specific timeframe.
  3. Supervising the regulated financial information as it is drawn up and prepared and present recommendations and proposals to the Board of Directors, with the purpose of safeguarding its integrity.
  4. Proposing to the Board of Directors, for its submission to the General Shareholders Meeting, the proposals of selection, appointment, re-election and replacement of the external auditor, being held fully responsible for the selection process, in accordance with the provisions set out in articles 16, section 2, 3 and 5, and 17.5 of Regulation (EU) N° 537/2014, of 16 April, and the terms of its contract, as well as regularly collecting information on the audit plan and the implementation thereof, and preserving the auditor's independence in the performance of its

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duties.

5. Establishing appropriate relationships with the external auditors to share information on any issues that may be a threat to their independence, so that said information may be considered by the Audit Committee and any others involved in the audit, and when appropriate, the authorisation of services other than those prohibited under the terms set out in articles 5, section 4 and 6.2.b) of Regulation (EU) N° 537/2014, of 16 April, and as provided in Section 3 of Chapter IV of Title I of Law 22/2015, of 20 July, on Account Auditing, regarding the independence regime, including any other communications detailed in the audit legislation and in the audit regulations. In any case, the external auditors should receive annual written confirmation of their independence from the company and any other entities that are related either directly or indirectly, as well as detailed and individualized information on additional services of any kind that are provided to and the fees collected from these entities by external auditors or by any persons or entities related to them, in accordance with the regulation on account auditing activities.
6. Issuing annually, prior to the issuance of the audit report, a report including an opinion on whether the independence of the auditors is compromised. This report shall, in any event, contain a reasoned assessment on the provision of each and every additional services as referred to in the previous number, both as a whole and individually considered, different from statutory auditing and related to the independence regime or to the regulations governing the activity of the auditing account profession.
7. Reporting beforehand to the Board of Directors on all matters provided in the Law, the Bylaws and the Regulations of the Board of Directors and, in particular, regarding: (i) financial information to be regularly disclosed by the Company; (ii) the constitution or acquisition of shares of special-purpose entities or entities domiciled in countries or territories considered tax havens; and (iii) related parties transactions.

### **Article 32.- Appointment and Compensation Committee**

32. 1. The Company shall have an Appointment and Compensation Committee comprised of a minimum of three (3) and a maximum of five (5) Directors

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appointed by the Board of Directors. All the members of the Appointment and Compensation Committee should be non-executive Directors, and, at least, two (2) of them shall be Independent Directors. The Chairman of the Appointment and Compensation Committee will be appointed among the Independent Directors members of the Committee.

32. 2. The powers of the Appointment and Compensation Committee, which are detailed in the Regulations of the Board of Directors, include the following, as a minimum:

1. Evaluating the skills, knowledge and experience of the Board of Directors, and subsequently defining the roles and capabilities required for any candidates to fill each vacancy, as well as deciding on the time and dedication required to effectively carry out such office.
2. Setting a representation goal for the least represented gender in the Board of Directors, and drafting guidelines on how to achieve this goal.
3. Submitting appointment proposals of Independent Directors to the Board of Directors, so that the appointment is approved on an interim basis or the decision is submitted to the General Shareholders Meeting for approval. In addition, submitting proposals for the re-appointment or removal of such Directors by the General Shareholders Meeting.
4. Reporting on appointment proposals of the remaining Directors so that the appointment is approved on an interim basis or the decision is submitted to the General Shareholders Meeting for approval. In addition, submitting proposals for the re-appointment or removal of such Directors by the General Shareholders Meeting.
5. Reporting on proposals for appointing or removing senior management and the basic conditions of their contracts.
6. Examining and organizing the succession of the Chairman and the chief executive of the Company and, where necessary, to make proposals to the Board of Directors, so that such succession occurs in an orderly and well-planned manner.

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7. Proposing to the Board of Directors the compensation policy for Directors and managing directors or others who perform their top management duties and directly depend on the Board of Directors, the Supervisory Committee or the Chief Executive Officer, as well as the individual compensation and other contractual conditions for Executive Directors, and overseeing the compliance with the above.

### **Article 33.- Other Committees**

In addition to the Supervisory Committee, the Audit Committee and the Appointment and Compensation Committee, as detailed in the preceding paragraphs, the Board of Directors may establish any other committees necessary so that the Board's responsibilities are properly implemented. The composition and functions of these committees shall be determined by the Board of Directors, with further details in the Regulations of the Board of Directors.

## **TITLE IV THE FINANCIAL YEAR AND ANNUAL ACCOUNTS**

### **Article 34.- Financial Year**

34. 1. The financial year shall last for one year and shall cover the period from January 1<sup>st</sup> to December 31<sup>st</sup> of the same year.
34. 2. As an exception, the first financial year began on the date the Company was founded, and ended on the following December 31<sup>st</sup>.

### **Article 35.- Annual accounts**

No later than three (3) months from the end of each financial year, the Board of Directors shall prepare the annual accounts, a management report and the proposed distribution of profits and, where appropriate, the annual accounts and a consolidated management report in accordance with the evaluation criteria and the structure required by law and other regulations applicable to the Company.

### **Article 36.- Profit distribution**

36. 1. Dividends may only be distributed in accordance with the profit for the year, or from unrestricted reserves, if all of the necessary allocations set forth by the law and the By-laws have been covered, and provided that the net equity

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is, or does not fall as a result of the distribution, lower than the share capital. If there are losses from previous financial years which cause the net equity of the Company fall below the share capital amount, the profits shall be allocated to offset such losses.

36. 2. The remaining profits may be allocated at General Shareholders Meeting choice. The dividend distribution resolution will be subject, in any case, to the legal requirements, and will set forth the time and manner of payment.
36. 3. The General Shareholders Meeting may decide that the dividend be paid, in whole or in part, in kind, provided that all legal requirements are met.
36. 4. Both the General Shareholders Meeting and the Board of Directors may decide to distribute an interim dividend, provided that all legal requirements are met.

## **TITLE V DISSOLUTION AND LIQUIDATION**

### **Article 37.- Dissolution**

The company shall be wound-up and liquidated upon occurrence of the causes and in accordance with the regime set forth in the Spanish Companies Act.

### **Article 38.- Liquidation**

38. 1. The members of the Board of Directors, at the time of the company dissolution, shall become liquidators, unless upon approval of the winding-up the General Shareholders Meeting designates others for the office. The liquidators shall hold office indefinitely. If three (3) years elapse from the beginning of the liquidation procedure without the final liquidation balance being submitted to the General Shareholders Meeting, any shareholder or other person with a legitimate interest may apply to the Court Clerk or the Commercial Registrar for the liquidators to be removed in the manner provided by the Spanish Companies Act.
38. 2. Once all creditors have been paid or their debts with the Company have been duly consigned, and once other debts which are not due at such time have been secured, the remaining corporate assets will be divided between the shareholders in proportion to their respective shareholdings in the Company's share capital.

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**TITLE VI  
BOND ISSUANCE**

**Article 39.- Bond issuance**

39. 1. The Company may issue bonds or other securities that recognize or create debt, in accordance with the established legal regime and restrictions.
39. 2. The bonds may be represented by certificates or in book-entry form, the latter governed by the applicable laws, and they may be simple or mortgage bonds.

**TITLE VII  
JURISDICTION**

**Article 40.- Jurisdiction**

For all litigious disputes which may arise between the Company and the shareholders with regard to corporate matters, both the Company and the shareholders waive their own jurisdiction, and expressly submit to the jurisdiction of the courts where the registered offices of the Company is located, except in those cases in which another jurisdiction is imposed by law.

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