



**Justifying report drafted by the Board of Directors of the company Applus Services, S.A. on the proposed amendments of certain articles of the By-laws included in the item Six of the agenda of the Annual General Shareholder's Meeting convened for 17 and 18 June 2015 on first and second call, respectively, to adapt the text thereof to Act 31/2014, of 3 December, amending the Spanish Companies Act (*Ley de Sociedades de Capital*) to improve corporate governance**

*NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the this translation and the text of the original Spanish-language document, the text of the original Spanish-language document shall prevail.*

## **I. Introduction and purpose of the report**

This justifying report has been drafted and approved by all members of the Board of Directors of Applus Services, S.A. (hereinafter, “**Applus**” or the “**Company**”), at its meeting held on 5 May 2015, to justify the proposed amendment of certain articles of the by-laws of Applus (hereinafter, the “**By-laws**”) in compliance with the provisions set forth in article 286 of the Spanish Companies Act (*Texto Refundido de la Ley de Sociedades de Capital, aprobado por el Real Decreto Legislativo 1/2010, de 2 de junio*) (hereinafter, the “**Spanish Companies Act**”), which requires a justifying report issued by the directors of the Spanish public companies (*sociedades anónimas*) in case of amendment of the By-laws.

On January 1, 2015 Act 31/2014, of 3 December, which amends the Spanish Companies Act to improve corporate governance entered into force (hereinafter, “**Act 31/2014**”). The aforementioned Act 31/2014 includes legislative reforms which aim at improving good governance of all types of capital companies (*sociedades de capital*), and also includes specific measures for listed companies. In particular, Act 31/2014 provides an interim regulation for those subjects which may require changes to the bylaws or to companies internal regulations, setting forth that certain amendments introduced by Act 31/2014 must be approved by resolution at the first General Meeting held subsequently to January 1, 2015.

To comply with the above mentioned legal mandate, the proposed By-laws amendment will be submitted to the consideration of the Annual General Shareholders’ Meeting of the Company convened for 17 and 18 June 2014 on first and second call, respectively, under item Six of the agenda.

Finally, it is acknowledged that the convening notice for the General Shareholders’ Meeting shall express the terms of the proposed amendment and it shall contemplate the right of all shareholders to examine at the Company’s corporate headquarters the full text of the proposed amendment and this report, and to request the delivery and dispatch of such documents.

To the extent necessary, it is acknowledged that the present report repeals the report approved by the Board of Directors of Applus on July 28, 2014 in relation with the amendment of article 25 of the By-Laws, to the extent that the present report subsumes the proposed amendments in the abovementioned report of July 28, 2014.

## **II. Rationale and systematic of the proposed resolution**

In accordance with best corporate governance practices, the proposed amendment contemplates, on the one hand, adapting the By-laws to the new wording of the Spanish Companies Act and, on the other hand, introducing certain technical or grammatical improvements in certain provisions.

This amendment of the By-laws is part of the simultaneous amendment of the Internal Regulations of the General Shareholders’ Meeting of Applus which shall be subject to vote in the next General Shareholders’ Meeting and, for these purposes, the Board of Directors will draft a specific justifying report.

### III. Content of the amendment

In accordance with the foregoing, it is proposed the amendment of articles 2 (“*Corporate purpose*”), 14 (“*Rights of shareholders in relation to call*”), 15 (“*Right to attend General Shareholders Meeting*”), 19 (“*Adoption of resolutions*”), 23 (“*Appointment*”), 24 (“*Composition of the Board of Directors*”), 25 (“*Remuneration*”), 26 (“*Calling meetings of the Board of Directors*”), 27 (“*Quorum, representation and remote participation in the Board of Directors*”), 31 (“*Audit Committee*”) and 32 (“*Appointment and Compensation Committee*”) of the Bylaws.

Thereupon, it is included a detailed explanation of each of the By-laws amendments proposed:

– Proposed amendment of article 2 of the By-laws relating to the corporate purpose:

The proposed amendment of article 2 of the By-laws aims at updating the reference to the regulation of the Corporate Income Tax (*Impuesto sobre Sociedades*). For such purpose, it is proposed to substitute the reference to the Corporate Income Tax (*Texto Refundido del Impuesto sobre Sociedades*), repealed on January 1, 2015, by Act 27/2014, of November 27, of the Corporate Income Tax (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*) which is currently in force.

– Proposed amendment of article 14 of the By-laws relating to rights of shareholders in relation to call:

The proposed amendment of article 14 of the By-laws aims at updating the content of such article to the provisions set forth in article 495.2 of the Spanish Companies Act, in relation to the reduction of the percentage of the stake in the share capital which enables the shareholders to require the Board of Directors the convening of the General Shareholders Meeting (from five per cent (5%) to three per cent (3%) of the share capital). Likewise, it is proposed to adapt the content of article 14 to the provisions set forth in 519 of the Spanish Companies Act, in relation with the reduction of the stake in the share capital which enables the shareholders to request the publishing of a complement of the convening in the annual General Shareholders Meetings (from five percent (5%) to three per cent (3%).

– Proposed amendment of article 15 of the By-laws relating to the right to attend the General Shareholders Meeting:

The proposed amendment of article 15 of the By-laws aims at adapting the content of such article to the provisions set forth in article 181 of the Spanish Companies Act, in relation with the authorization to certain people who may have interest in the good development of the corporate matters to attend the General Shareholders Meeting.

– Proposed amendment of article 19 of the By-laws relating to the adoption of resolutions:

The proposed amendment of article 19 of the By-laws aims at adapting the content of such article to the provisions set forth in article 190.1 of the Spanish Companies Act, in relation with the limitations to the exercise of the voting right in situations of conflict of interest. Likewise, it is proposed to adapt the content of article 19 to the provisions set forth in article 201 of the Spanish Companies Act, which sets forth that the applicable majority by default for the adoption of resolutions by the General Shareholders Meeting is the simple majority, being deemed that a resolution will be approved when it obtains more votes in favour than against of the share capital present or represented.

– Proposed amendment of article 23 of the By-laws relating to the appointment:

The proposed amendment of article 23 aims at adapting the content of such article to the provisions set forth in the new article 529 decies of the Spanish Companies Act, which sets forth that it is not necessary to have the condition of shareholder for being appointed director by the cooptation procedure. Likewise, it is set forth that the maximum term of office for the position of director in listed companies will be of four (4) years, in accordance with the provisions set forth in article 529 undecies of the Spanish Companies Act. Lastly, it is added the category of “Other External” directors, introduced by article 529 duodecies of the Spanish Companies Act.

– Proposed amendment of article 24 of the By-laws relating to the composition of the Board of Directors:

The proposed amendment of article 24 of the By-laws aims at adapting the content of such article to the provisions set forth in article 529 septies of the Spanish Companies Act, in relation with the requirements for the appointment of the Chairman of the Board of Directors. Likewise, it is proposed to adapt the content of article 24 to the provisions set forth in article 529 sexies and octies of the Spanish Companies Act, respectively, in relation with the requirement for the appointment of the Chairman and, if appropriate, the Vice chairman(s) and the Secretary and, if appropriate, the Vice secretary of the Board of Directors, that must be preceded by the corresponding report of the Appointments and Compensation Committee.

Additionally, the proposed amendment of article 24 of the By-laws aims at including the figure of the Coordinating Director, whose appointment is mandatory in case the Chairman of the Board of Directors is an Executive Director, in accordance with the provisions set forth in the second paragraph of article 529 septies of the Spanish Companies Act.

– Proposed amendment of article 25 of the By-laws relating to remuneration:

The proposed amendment of article 25 of the By-laws aims at adapting the regulation in the By-laws to the remuneration regime of the Directors included in articles 217, 218, 219, 249 bis, 529 septdecies, 529 octodecies and 529 novodecies of the Spanish Companies Act.

Likewise, the proposed amendment of article 25 of the By-laws aims at establishing a different remuneration regime for the different categories of Directors. In particular, it is considered beneficial that the Nominee Directors do not receive remuneration for the exercise of their position, preserving the remunerated nature of the Independent and Executive Directors. Notwithstanding the foregoing, all the Directors, without distinction of its typology, shall perform its position in accordance with the level of dedication, responsibility and requirement set forth in the Spanish Companies Act, in the By-laws and in the Regulations of the Board of Directors of Applus.

– Proposed amendment of article 26 of the By-laws relating to the calling meetings of the Board of Directors:

The proposed amendment of article 26 of the By-laws aims at adapting the content of such article to the provisions set forth in article 245.3 of the Spanish Companies Act, which requires the Board of Directors to meet, at least, quarterly. Likewise, it is proposed to adapt the content of article 26 to the provisions set forth in article 529 septies of the Spanish Companies Act, in relation with the faculties of the Coordinating Director to convene the Board of Directors and request the inclusion of new items in the agenda of already convened Board meetings.

In addition, it is proposed to amend the term for convening the meetings of the Board of Directors, from seven (7) business days to seven (7) calendar days, in order to facilitate the convening task.

Proposed amendment of article 27 of the By-laws relating to quorum, representation and remote participation in the Board of Directors:

The proposed amendment of article 27 of the By-laws aims at adapting the content of such article to the provisions set forth in article 529 quater of the Spanish Companies Act, which sets forth that the Directors shall attend in person to the meetings and, if not possible, shall delegate their representation in favour of another Director. Likewise, it is included a reference that the Non-Executive Directors shall only delegate their vote in other Non-Executive Director.

– Proposed amendment to article 31 of the By-laws relating to the Audit Committee:

The proposed amendment of article 31 of the By-laws aims at adapting the content of such article to the provisions set forth in article 529 quaterdecies of the Spanish Companies Act, in relation with the composition of the Audit Committee and its faculties.

– Proposed amendment of article 32 of the By-laws relating to the Appointment and Compensation Committee:

The proposed amendment of article 32 of the By-laws aims at adapting the content of such article to the provisions set forth in article 529 quindecies of the Spanish Companies Act, in relation with the composition of the Appointment and Compensation Committee and its faculties.

**IV. Full text of the amendment**

In case of approval by the General Shareholders' Meeting, the amended articles would have the wording set forth in the Annex I attached hereto.

For the purposes of enabling the identification and comprehension of the proposed amendments, it is attached as Annex II hereto, for informational purposes only, a comparative table containing the provisions proposed to be amended, containing, on the left column, the transcription of the current text and, on the right column, the proposed changes.

**IN WITNESS WHERE OF**, and to all appropriate legal effects, the Board of Directors of Applus Services, S.A. unanimously issues and approves this justifying report.

In Bellaterra Cerdanyola del Vallès (Barcelona), on May 5, 2015.

*(Signature of the members of the Board of Directors follow in the Spanish version)*

**Annex I**

**Full text of the amendment**

“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.*
- (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.*
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 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 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 thereof 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 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 at the General Shareholders Meeting. 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 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 Directors, Independent Directors, Nominee Directors or Other External Directors. 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

24. 1. *The Board of Directors shall be composed of a minimum of seven (7) and a maximum of nine (9) 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, 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 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 and 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*
  - (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. 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 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 must be non-executive Directors, and at least two (2) 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.*
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.*
  2. *Monitoring the effectiveness of the Company's internal control systems, internal audit and risk management systems, including tax risks, as well as discussing with the external auditors any significant weaknesses in the internal control system detected during the audit.*
  3. *Supervising the regulated financial information as it is drawn up and prepared.*
  4. *Proposing to the Board of Directors, for its submission to the General Shareholders Meeting, the selection, appointment, re-election and replacement of the external auditor in accordance with the applicable regulations, 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 duties.*

5. *Establishing appropriate relationships with the external auditors to share information on any issues that may jeopardize their independence, so that said information may be considered by the Audit Committee and any others involved in the audit, and 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 information on additional services of any kind that are provided to and the fees collected from these entities by auditors or by any persons or entities related to them, in accordance with the currently applicable legislation on auditing.*
6. *Issuing annually, prior to the issuance of the audit report, a report including an opinion on the independence of the auditors. This report shall, in any event, provide details on the provision of additional services as referred to in the previous section, both as a whole and individually considered, different from statutory auditing and related to the independence regime or to the regulations governing the auditing 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 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.*
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.”*



**Annex II**

**Comparative information on the provisions proposed to be amended**

<b>CURRENT TEXT</b>	<b>PROPOSED AMENDMENT</b>
<p><u>Article 2.- Corporate Purpose</u></p> <p>2. 1. The Company's purpose is:</p> <ul style="list-style-type: none"><li>(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.</li><li>(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.</li><li>(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.</li><li>(d) Business intermediation services, both locally and abroad.</li><li>(e) To provide all types of inspection services and quality and quantity control,</li></ul>	<p><u>Article 2.- Corporate Purpose</u></p> <p>2. 1. The Company's purpose is:</p> <ul style="list-style-type: none"><li>(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.</li><li>(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.</li><li>(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.</li><li>(d) Business intermediation services, both locally and abroad.</li><li>(e) To provide all types of inspection services and quality and quantity control, regulatory inspection, collaboration with</li></ul>

<p>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.</p> <p>(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.</p> <p>(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</p>	<p>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.</p> <p>(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.</p> <p>(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</p>
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<p>accordance with Spanish law or any other applicable legislation, in accordance with Article 116 of the Consolidated Text of the Corporate Income Tax Law approved by means of Royal Decree 4/2004 dated March 5, 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.</p> <p>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.</p> <p>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</p>	<p>other applicable legislation, in accordance with Article <del>116</del><sup>108</sup> of the <del>Consolidated Text of the Law 27/2014, of 27 November, on</del> Corporate Income Tax <del>Law approved by means of Royal Decree 4/2004 dated March 5</del>, 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.</p> <p>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.</p> <p>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</p>
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<p>commence until the administrative requirements have been met.</p>	<p>commence until the administrative requirements have been met.</p>
<p><u>Article 14.- Rights of shareholders in relation to call</u></p> <p>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 five percent (5%) 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.</p> <p>14.2. Furthermore, once the ordinary General Meeting has been called, the shareholders representing at least five percent (5%) 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.</p> <p>14.3. Last, and in relation to any General Shareholders' Meeting, shareholders representing at least five percent (5%) of</p>	<p><u>Article 14.- Rights of shareholders in relation to call</u></p> <p>14.1. The Board of Directors must call a General Shareholders<sup>2</sup> Meeting if the meeting is requested, in the manner provided for by the By-laws, by shareholders holding or representing at least <b>five</b>three percent (<b>5</b><u>3</u>%) 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<sup>2</sup> 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.</p> <p>14.2. Furthermore, once the ordinary General Meeting has been called, the shareholders representing at least <b>five</b>three percent (<b>5</b><u>3</u>%) 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<sup>2</sup> Meeting.</p> <p>14.3. Last, and in relation to any General Shareholders<sup>2</sup> Meeting, shareholders</p>

<p>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.</p>	<p>representing at least <del>five</del><sup>three</sup> percent (<del>5</del><sup>3</sup>%) 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<sup>2</sup> Meeting being called, with the Company being required to ensure communication of such proposals in the manner established in the Spanish Companies Act.</p>
<p><u>Article 15.- Right to attend General Shareholders' Meetings</u></p> <p>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.</p> <p>15. 2. Other persons shall also be able to attend General Shareholders' Meetings when their presence is required by the chair of the General Shareholders' Meeting or the Board of Directors. The members of the Board of Directors must attend the General Shareholders' Meeting.</p> <p>15. 3. In addition, the chair of the General Shareholders' Meeting may authorize the attendance thereat of other persons when he deems appropriate, although the shareholders acting thereat may revoke such authorization.</p> <p>In all matters not dealt with in this article</p>	<p><u>Article 15.- Right to attend General Shareholders<sup>2</sup> Meetings</u></p> <p>15. 1. Shareholders entitled to attend General Shareholders<sup>2</sup> 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<sup>2</sup> 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.</p> <p>15. 2. Other <u>directors, managers, experts and any other persons interested in the good progress of the company's matters</u> shall also be able to attend General Shareholders<sup>2</sup> Meetings when their presence is required by the <del>chair</del><sup>Chairman</sup> of the General Shareholders<sup>2</sup> Meeting or the Board of Directors. The members of the Board of Directors must attend the General Shareholders<sup>2</sup> Meeting.</p> <p>15. 3. In addition, the <del>chair</del><sup>Chairman</sup> of the General Shareholders<sup>2</sup> Meeting may authorize the attendance thereat of other persons when he deems appropriate,</p>

<p>regarding the right of attendance at meetings, the Regulations for the General Shareholders' Meeting and the terms of the Spanish Companies Act shall apply.</p>	<p>although the shareholders acting thereat may revoke such authorization.</p> <p>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.</p>
<p><u>Article 19.- Adoption of resolutions</u></p> <p>19.1. Each voting share is represented in person or by proxy at the General Shareholders' Meeting shall give the right to one vote.</p> <p>19.2. The shareholders acting at a General Shareholders' Meeting shall adopt resolutions with the favorable vote of more than one-half of the voting shares present in person or by proxy at the General Shareholders' Meeting. 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.</p>	<p><u>Article 19.- Adoption of resolutions</u></p> <p>19.1. Each voting share is represented in person or by proxy at the General Shareholders' Meeting shall give the right to one vote.</p> <p>19.2. The shareholders acting at a General Shareholders' Meeting shall adopt resolutions <del>with the favorable vote of more than one-half of the voting shares present</del> <u>by a simple majority of the votes of the shareholders</u> in person or <u>represented</u> by proxy at the General Shareholders' Meeting, <u>being adopted when resolutions obtain more favourable votes than opposing votes of the share capital presented or represented by proxy at the General Shareholders Meeting.</u> 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.</p> <p><u>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.</u></p>
<p><u>Article 23.- Appointment</u></p> <p>23.1. The members of the Board of Directors</p>	<p><u>Article 23.- Appointment</u></p> <p>23.1. The members of the Board of Directors</p>

<p>shall be appointed by the General Shareholders' Meeting, notwithstanding the possibility of co-opting members as established in the Spanish Companies Act.</p> <p>23. 2. It is not necessary to be a shareholder to be elected member of the Board, except in the case of co-option.</p> <p>23. 3. Tenure of office shall be six (6) years as from the date of acceptance, being able to be reelected one or more times for periods of equal duration.</p> <p>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.</p> <p>23. 5. As from their appointment, Board Members shall be included in one of the following categories: executive director, external proprietary director, or external independent 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.</p>	<p>shall be appointed by the General Shareholders<sup>2</sup> Meeting, notwithstanding the possibility of co-opting members as established in the Spanish Companies Act.</p> <p>23. 2. It is not necessary to be a shareholder to be elected member of the Board, <del>except in the case of co-option.</del></p> <p>23. 3. Tenure of office shall be <del>six</del><u>four (64)</u> years as from the date of acceptance, being able to be <del>reelected</del><u>re-elected</u> one or more times for periods of equal <u>maximum</u> duration.</p> <p>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.</p> <p>23. 5. As from their appointment, Board Members shall be included in one of the following categories: <del>executive director, external proprietary director, or external independent director</del><u>Executive Directors, Independent Directors, Nominee Directors or Other External Directors.</u> 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.</p>
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Article 24.- Composition of the Board of Directors	Article 24.- Composition of the Board of Directors
<p>24. 1. The Board of Directors shall be composed of a minimum of seven (7) and a maximum of nine (9) 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.</p> <p>24. 2. The Board of Directors shall elect from among its members, a chairman of the Board of Directors and, if it so decides, one or more vice-chairs who shall stand in for the chairman in the event of vacancy, absence or sickness. Should there be several vice-chair, their order of precedence should be established at the time of their appointment. In the absence of the chairman and vice-chairs, the meeting shall be chaired by its oldest member.</p> <p>24. 3. The Board of Directors shall also elect a secretary of the Board of Directors and, if applicable, one or more deputy secretaries to replace the secretary in the event of vacancy, absence or sickness. Both the secretary and the deputy 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 deputy secretary, the director appointed by the Board of Directors from among those attending the meeting in question shall act as such.</p>	<p>24. 1. The Board of Directors shall be composed of a minimum of seven (7) and a maximum of nine (9) directors, who shall be appointed or ratified at a General Shareholders<sup>2</sup> 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<sup>2</sup> Meeting, within the mentioned minimum and maximum limits.</p> <p>24. 2. The Board of Directors, <u>following a report issued by the Appointments and Compensations Committee</u>, shall elect from among its members, a <del>chairman</del><u>Chairman</u> of the Board of Directors and, if it so decides, one or more <del>vice-chairs</del><u>Vice-Chairmen</u> who shall stand in for the <del>chairman</del><u>Chairman</u> in the event of vacancy, absence or sickness. Should there be several <del>vice-chair</del><u>Vice-Chairmen</u>, their order of precedence should be established at the time of their appointment. In the absence of the <del>chairman and vice-chairs</del><u>Chairman and Vice-Chairmen</u>, the meeting shall be chaired by its oldest member. <u>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.</u></p> <p><u>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</u></p>



	<p><u>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.</u></p> <p><del>24.4.</del> <del>24.3.</del> The Board of Directors, <u>following a report issued by the Appointments and Compensations Committee,</u> shall also elect a <del>secretary</del><u>Secretary</u> of the Board of Directors and, if applicable, one or more <del>deputy secretaries</del><u>Vice Secretaries</u> to replace the secretary in the event of vacancy, absence or sickness. Both the <del>secretary</del><u>Secretary</u> and the <del>deputy secretary</del><u>Vice Secretary</u> 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 <del>secretary and deputy secretary</del><u>Secretary and Vice Secretary</u>, the director appointed by the Board of Directors from among those attending the meeting in question shall act as such.</p>
<p><u>Article 25.- Remuneration</u></p> <p>25. 1. The office of director is remunerated.</p> <p>25. 2. Notwithstanding the terms of the remaining sections of this same article, in general director's remuneration shall consist of a fixed annual allocation and attendance allowances for each board meeting or meeting of its Committees, according to the following detail:</p> <p>(i) The fixed annual allocation shall consist of an amount for each of the directors to be set by the General Shareholders' Meeting. If not established by the General</p>	<p><u>Article 25.- Remuneration</u></p> <p><u>25.1.</u> The office of director is remunerated. <u>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 Independent Directors and the Executive Directors is remunerated according to the terms of this Bylaws.</u></p> <p><del>25.2.</del> <del>Notwithstanding the terms of the remaining sections of this same article, in general director's remuneration shall consist of a fixed annual allocation and attendance</del></p>

<p>Shareholders' Meeting, its amount shall be that for the previous year, increased by the rise in the consumer price index or such index as may replace it in future.</p> <p>(ii) Attendance allowances for each meeting of the Company's Board of Directors or its committees shall be equivalent to an amount per director and meeting that will also be determined by the General Shareholders' Meeting. If not established by the General Shareholders' Meeting, its amount shall be that for the previous year, increased by the rise in the consumer price index or such index as may replace it in future.</p> <p>25. 3. In addition, remuneration scheme linked to the share value, or which include the granting of stock or stock options are planned. 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 number of shares to be granted, the share option exercise price, the duration of this remuneration scheme, and such other conditions as may be deemed necessary.</p> <p>25. 4. In addition, the Company is authorized to take out civil liability insurance covering its directors.</p> <p>25. 5. The amounts to be received according to this article shall be compatible and independent from salaries, remuneration, indemnification, pensions, contributions to social security systems, life insurance or compensation of any kind, whether fixed or variable, annual or multiple-year,</p>	<p><del>allowances for each board meeting or meeting</del><u>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</u> of its Committees,<del>according to the following detail:</del></p> <p><del>(i) The fixed annual allocation shall consist of an amount for each of the directors to be set by the General Shareholders' Meeting. If not established by the General Shareholders' Meeting, its amount shall be that for the previous year, increased by the rise in the consumer price index or such index as may replace it in future.</del></p> <p><del>(ii) Attendance allowances for each meeting of the Company's Board of Directors or its committees shall be equivalent to an amount per director and meeting that will also be determined by the General Shareholders' Meeting. If not</del></p>
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<p>established on a general basis or individually for those directors performing executive duties, whatever the nature of their relationship with the Company, whether it is employed – ordinary or special senior management – as a commercial or as a service provider, relationships which shall be compatible with the office of director, observing in each case the terms of applicable legislation in force.</p>	<p><del>established by the General Shareholders' Meeting, its amount shall be that for the previous year, increased by the rise in the consumer price index or such index as may replace it in future.</del></p> <p><del>25.3. In addition, remuneration scheme linked to the share value, or which include the granting of stock or stock options are planned. 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 number of shares to be granted, the share option exercise price, the duration of this remuneration scheme, and such other conditions as may be deemed necessary.</del></p> <p><u>25.3. In addition, the Company is authorized to take out civil liability insurance covering its directors.</u></p> <p><u>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.</u></p> <p><u>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:</u></p> <p><u>(a) a fixed amount, in cash and in</u></p>
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	<p><u>kind, adjusted to the services and responsibilities performed;</u></p> <p><u>(b) a variable amount, linked to personal and the Company's performance indicators;</u></p> <p><u>(c) benefits, which will include appropriate social benefits and insurance arrangements, as well as the in-kind benefits established in their contracts;</u></p> <p><u>(d) a fixed amount as consideration for contractual non-competition covenants, if any; and</u></p> <p><u>(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.</u></p> <p><u>25.6. <del>25.3. In addition,</del> Executive Directors may also receive remuneration <del>schemes</del> <u>schemes</u> linked to <u>the evolution of</u> the share value, or which include the granting of <del>stock</del> <u>shares</u> or stock options <del>are planned,</del> <u>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.</u> 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 <u>maximum</u> number of shares to be granted, the <del>share option</del> <u>exercise price or calculation system of the stock</u></u></p>
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	<p><u>options over the shares</u>, the duration of this remuneration scheme, and such other conditions as may be deemed necessary. <u>All of this, notwithstanding the rights that could have been granted in advance to other Directors on an exceptional basis.</u></p> <p><del>25. 4. In addition, the Company is authorized to take out civil liability insurance covering its directors.</del></p> <p><u>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.</u></p> <p><del>25. 5. The amounts to be received according to this article shall be compatible and independent from salaries, remuneration, indemnification, pensions, contributions to social security systems, life insurance or compensation of any kind, whether fixed or variable, annual or multiple-year, established on a general basis or individually for those directors performing executive duties, whatever the nature of their relationship with the Company, whether it is employed ordinary or special senior management as a commercial or as a service provider, relationships which shall be</del></p>
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	<p><del>compatible with the office of director, observing in each case the terms of applicable legislation in force.</del></p>
<p><u>Article 26.- Calling meetings of the Board of Directors</u></p> <p>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, following the calendar and agenda set at the beginning of the year. One-third of the directors may also call a meeting, 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 month.</p> <p>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 two (2) independent directors, or by the director acting as vice-chair.</p> <p>26. 3. The meetings of the Board of Directors should be called with at least seven (7) business 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, 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.</p> <p>26. 4. The Board of Directors shall be deemed</p>	<p><u>Article 26.- Calling meetings of the Board of Directors</u></p> <p>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, <u>and, at least, on a quarterly basis,</u> following the calendar and agenda set at the beginning of the year. <del>One-third of the directors may also call a meeting</del><u>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,</u> 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 <del>chairman</del><u>Chairman</u> of the Board of Directors and he has failed, without well founded reasons, to call the meeting within one <u>(1)</u> month.</p> <p>26. 2. When the <del>chairman</del><u>Chairman</u> of the Board of Directors is also the <del>chief executive</del><u>Chief Executive</u> of the Company, the Board of Directors may also be convened by <del>two (2) independent directors, or by the director acting as vice-chair.</del><u>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</u></p>

<p>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.</p>	<p align="center"><u><b>Chairman of the Board.</b></u></p> <p>26. 3. The meetings of the Board of Directors should be called with at least seven (7) <b>business calendar</b> 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 <b>situation</b>, as determined by the <b>chairman</b><u>Chairman</u>, 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.</p> <p>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.</p>
<p><u>Article 27.- Quorum, representation and remote participation in the Board of Directors</u></p> <p>27. 1. The Board of Directors is validly constituted when the meeting includes half the total directors plus one, in person or by proxy.</p> <p>27. 2. Directors may only be represented at meetings of the Board of Directors by another 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.</p> <p>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.</p>	<p><u>Article 27.- Quorum, representation and remote participation in the Board of Directors</u></p> <p>27. 1. The Board of Directors is validly constituted when the meeting includes half the total directors plus one, in person or by proxy.</p> <p>27. 2. Directors <u><b>must attend in person to any meetings of the Board. Notwithstanding the foregoing, if they are unable to attend, Directors</b></u> may <b>only</b>—be represented at meetings of the Board of Directors by <u><b>any other Director. Non-Executive Directors may only be represented by</b></u> another <del>director</del><u><b>non-Executive Director.</b></u> In any case, representation shall be granted by a letter addressed to the <b>chairman</b><u>Chairman</u> or by other means detailed in the Regulations</p>

<p>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.</p>	<p>for the Board of Directors.</p> <p>27. 3. Meetings will be held at the Company's registered offices or in any other place designated by the <del>chairman</del><u>Chairman</u> and stated in the meeting notice.</p> <p>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.</p>
<p><u>Article 31.- Audit Committee</u></p> <p>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. At least a majority of the members of the Audit Committee should be non-executive Directors, and at least one (1) of the members of the Audit Committee shall be required to be an independent Director, and shall be appointed on the basis of its knowledge and experience in matters of accounting or auditing, or in both these areas.</p> <p>31. 2. The Audit Committee shall appoint a Chairman from among the non-executive Directors 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</p>	<p><u>Article 31.- Audit Committee</u></p> <p>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. <del>At least a majority of All</del> the members of the Audit Committee should be non-executive Directors, and at least <del>one</del><u>two (2)</u> of the members of the Audit Committee shall be required to be <del>an independent</del> <del>Director,</del> <del>and</del><u>Independent Directors, one (1) of which</u> shall be appointed on the basis of its knowledge and experience in matters of accounting or auditing, or in both these areas.</p> <p>31. 2. The Audit Committee shall appoint a Chairman <del>from</del> among the <del>non-executive</del><u>Independent</u> Directors</p>



<p>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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>1. Reporting to the General Shareholders' Meeting about the issues raised within the scope of its functions.</li> <li>2. Monitoring the effectiveness of the Company's internal control systems, internal audit and risk management systems, as well as discussing with the auditors any significant weaknesses in the internal control system detected during the audit.</li> <li>3. Supervising the regulated financial information as it is drawn up and prepared.</li> <li>4. Proposing the appointment of auditors to the Board of Directors for submission to the approval the General Shareholders' Meeting, in accordance with applicable regulation.</li> <li>5. Establishing appropriate relationships with the auditors to share information on any issues that may jeopardize their independence, so that said information may be considered by the Audit Committee and any others involved in the audit, and including any other communications detailed in the audit legislation and in the audit regulations. In any case, the 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 information on additional services of</li> </ol>	<p><u>members of the Committee</u> 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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>1. Reporting to the General Shareholders' Meeting about the issues raised within the scope of its functions.</li> <li>2. Monitoring the effectiveness of the Company's internal control systems, internal audit and risk management systems, <u>including tax risks</u>, as well as discussing with the <u>external auditors</u> any significant weaknesses in the internal control system detected during the audit.</li> <li>3. Supervising the regulated financial information as it is drawn up and prepared.</li> <li>4. Proposing <del>the appointment of auditors</del> to the Board of Directors, for <u>its</u> submission to <del>the approval</del> the General Shareholders' Meeting, <u>the selection, appointment, re-election and replacement of the external auditor</u> in accordance with <u>the applicable regulation</u> regulations, and <u>the terms of its contract, as well as regularly collecting information on the audit plan and the implementation thereof, and preserving the auditor's</u></li> </ol>
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<p>any kind that are provided to these entities by auditors or by any persons or entities related to them, in accordance with the currently applicable legislation on auditing.</p> <p>6. Issuing annually, prior to the issuance of the audit report, a report including an opinion on the independence of the auditors. This report shall, in any event, provide details on the provision of additional services as referred to in the previous section.</p>	<p><u><a href="#">independence in the performance of its duties</a></u>.</p> <p>5. Establishing appropriate relationships with the <u><a href="#">external</a></u> auditors to share information on any issues that may jeopardize their independence, so that said information may be considered by the Audit Committee and any others involved in the audit, and including any other communications detailed in the audit legislation and in the audit regulations. In any case, the <u><a href="#">external</a></u> 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 information on additional services of any kind that are provided to <u><a href="#">and the fees collected from</a></u> these entities by auditors or by any persons or entities related to them, in accordance with the currently applicable legislation on auditing.</p> <p>6. Issuing annually, prior to the issuance of the audit report, a report including an opinion on the independence of the auditors. This report shall, in any event, provide details on the provision of additional services as referred to in the previous section, <u><a href="#">both as a whole and individually considered, different from statutory auditing and related to the independence regime or to the regulations governing the auditing profession</a></u>.</p> <p><u><a href="#">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</a></u></p>
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	<p align="center"><u><a href="#">acquisition of shares of special-purpose entities or entities domiciled in countries or territories considered tax havens; and (iii) related parties transactions.</a></u></p>
<p align="center"><u>Article 32.- Appointment and Compensation Committee</u></p> <p>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 appointed by the Board of Directors. All the members of the Appointment and Compensation Committee should be non-executive Directors, and, at least, a majority should be independent Directors.</p> <p>32. 2. The powers of the Appointment and Compensation Committee, which are detailed in the Board Regulations, include the following, as a minimum:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. 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.</li> <li>3. Reporting on appointment proposals of the remaining Directors so that the</li> </ol>	<p align="center"><u>Article 32.- Appointment and Compensation Committee</u></p> <p>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 appointed by the Board of Directors. All the members of the Appointment and Compensation Committee should be non-executive Directors, and, at least, <del>a majority should be independent</del><u>two (2) of them shall be Independent</u> Directors. <u>The Chairman of the Appointment and Compensation Committee will be appointed among the Independent Directors members of the Committee.</u></p> <p>32. 2. The powers of the Appointment and Compensation Committee, which are detailed in the <del>Board</del><u>Regulations of the Board of Directors</u>, include the following, as a minimum:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. <u>Setting a representation goal for the least represented gender in the Board of Directors, and drafting guidelines on how to achieve this goal.</u></li> <li>3. <del>2.</del> Submitting appointment proposals of <del>independent</del><u>Independent</u> Directors</li> </ol>

<p>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.</p> <ol style="list-style-type: none"><li>4. Reporting on proposals for appointing or removing senior management and the basic conditions of their contracts.</li><li>5. 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.</li><li>6. Proposing to the Board of Directors the compensation policy for Directors and senior managers, and the individual compensation and other contractual conditions for executive Directors, and overseeing the compliance with the above.</li></ol>	<p>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.</p> <ol style="list-style-type: none"><li>4. <del>3.</del> 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.</li><li>5. <del>4.</del> Reporting on proposals for appointing or removing senior management and the basic conditions of their contracts.</li><li>6. <del>5.</del> 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.</li><li>7. <del>6.</del> Proposing to the Board of Directors the compensation policy for Directors and <del>senior managers, and</del> <u>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</u> the individual compensation and other contractual conditions for <del>executive</del> <u>Executive</u> Directors, and overseeing the compliance with the above.</li></ol>
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