



# Regulations of the Board of Directors and its Committees for Indra Sistemas, S.A.

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# I. General Provisions

## Article 1. Purpose and Scope

1. The purpose of these Regulations is to govern the principles for action and rules of procedure for the Board of Directors of Indra Sistemas, S.A. (the "Company") and its committees, in accordance with applicable law, the Bylaws, and best practices in the areas of national and international Corporate Governance.
2. The Board Regulations apply to the Directors of the Company and, to the extent to which they are affected, to the Secretary and Deputy-Secretary of the Board as well as senior managers of the Company.
3. Senior managers are those persons who perform senior management duties under the direct supervision of the administrative body, its executive committees or Executive Directors of the Company who are members of the Management Committee.

## Article 2. Interpretation

1. These Regulations shall be construed in accordance with applicable legal and statutory rules, as well as applicable principles and recommendations on Corporate Governance.
2. The Board shall have the responsibility for clarifying their meaning and for resolving any doubts that may arise in their interpretation and application.

## Article 3. Effective Date; Amendment

1. These Regulations shall enter into force on the date of their approval or, if applicable, any amended form of them as adopted by the Board.
2. These Regulations may be amended at the request of the Chairman/Chairwoman of the Board, of the Appointments, Remuneration and Corporate Governance Committee, or one third of the number of Directors.
3. Any proposed amendment shall include a well-reasoned explanation for its motive and its scope and be previously reported on by the Appointments, Remuneration and Corporate Governance Committee.
4. The text of the proposal, together with the explanation and committee report referred to above, shall be attached to the call notice of the Board meeting where the amendment is to be discussed.

## Article 4. Distribution

1. Persons subject to these Regulations are obliged to understand, follow, and enforce them. To this end, the Board Secretary shall provide them with a copy.
2. The Board shall take measures to ensure that shareholders, markets, and investors in general become aware of the Board Regulations. To this end, the General Shareholders' Meeting will be informed, they shall be published on the Company's website, will be published as required by law, and will be submitted to all appropriate registries and supervisory bodies.

## II. Mission of the Board of Directors

### Article 5. Board Functions

1. Notwithstanding the powers vested in the General Shareholders' Meeting, the Board is the Company's highest administrative body and has the power to represent it as established by applicable law and the Bylaws.
2. The Board is responsible for supervision and control of the executive bodies and the management team to whom it delegates day to day management of the Company, as well as verification that they act in accordance with the approved strategies and established objectives.
3. The Board may not delegate those responsibilities which are reserved for its direct authority in accordance with applicable law, nor may it delegate any other power necessary for the responsible exercise of its general supervisory and control duties.
4. Administrative bodies and persons to whom authority has been delegated may, under urgent circumstances, make decisions on matters reserved for the Board, which shall be brought before the Board for ratification at the first Board meeting held after the decision is taken.
5. The Board shall take appropriate measures to ensure that:
  - a) No person or group of persons have decision-making power not subject to checks and balances.
  - b) No shareholder receives favourable or preferential treatment relative to other shareholders.

## Article 6. Criteria for Board Action

1. The Board of Directors shall act always governed by the common purpose of promoting protection of the Company's interest, understood to mean attainment of a profitable and sustainable business in the long term which ensures its continuity and maximisation of the Company's value.
2. The Board shall see to it that Company management pursues Company interest as defined in the preceding paragraph and that it has proper incentives to do so.
3. In pursuit of creation of value and protection of Company interest, the Board will respect laws and regulations; act in good faith, ethically, and with respect for generally accepted good practices; and will seek to reconcile Company interests with the legitimate interests of customers, employees, suppliers, investors and other Company stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole.

## III. Composition of the Board

### Article 7. Classes of Directors

Directors are classified in accordance with criteria established by applicable law.

The Company, through its website, will keep the information about its Directors up to date.

### Article 8. Qualitative Composition

1. In exercising its powers to propose nominees at Meetings as well as co-optation for coverage of temporary vacancies, the Board shall act on the criteria that Proprietary and Independent Directors represent a large majority of the Board and that the number of Executive Directors be the minimum necessary, considering the complexity of the Company and the percentage of Executive Directors' equity interest in the Company.
2. The Board shall also ensure that the percentage of Proprietary Directors as a total of Non-Executive Directors is not greater than the percentage of the Company's capital represented by those Proprietary Directors. This criterion may be relaxed where: (i) there are few significant shareholders; or (ii) where there are several shareholders represented on the Board without ties to each other.

3. In order to strike a reasonable balance between Proprietary Directors and Independent Directors, the Board shall consider the Company's shareholder structure, taking into account the magnitude of equity interest in absolute and comparative terms, as well as the degree of permanence and strategic links of the shareholders with the Company.
4. The Board and the Appointments, Remuneration and Corporate Governance Committee shall ensure that the selection of persons to serve as Director is carried out in accordance with a policy aimed at promoting an appropriate composition of the Board, which: (i) is concrete and verifiable (ii) is aimed at promoting diversity of knowledge, experience, age and gender while avoiding biases that may lead to discrimination; and (iii) ensures that nominations are based on the outcome of the prior analysis of the competencies required by the Board and conform to the Company's profile.

## Article 9. Quantitative Composition

1. The Board of Directors shall consist of a number of Directors determined at the General Shareholders' Meeting, within the maximum and minimum set out in the Bylaws.
2. The Board shall make a proposal to the General Shareholders' Meeting as to the number of Directors who, in accordance with the circumstances of the Company at all times, is most appropriate to ensure proper representation of shareholders and the effective functioning of the Board.

## IV. Board Positions

### Article 10. Chairmanship and Deputy Chairmanship of the Board

1. The Board's Chairman/Chairwoman shall be elected from among its members, following a report by the Appointments, Remuneration and Corporate Governance Committee, and he or she shall be the person who is ultimately responsible for leading the Board of Directors and ensuring that it functions efficiently. Where the Chairman/Chairwoman has the status of the Company's chief executive, the Board shall delegate to him or her the powers necessary for the effective performance of his or her post.
2. The Chairman/Chairwoman of the Board shall exercise the chairmanship of the Company in accordance with the provisions of applicable law, the Bylaws and the Board Regulations.
3. The Chairman/Chairwoman has the power to: (i) convene the Board of Directors; (ii) set the agenda for its meetings, chair them, and lead

discussions; (iii) perform any other duty which he/she is entrusted by the Board of Directors.

4. The Chairman/Chairwoman shall ensure that: (i) Directors receive adequate information on matters to be discussed well in advance of Board meetings and (ii) Directors actively participate at Board meetings, safeguarding their freedom to advocate points of view and express their opinions, maintaining at all times effectiveness in the workings of the Board.
5. As the person responsible for the effective functioning of the Board of Directors, the Chairman/Chairwoman shall: (i) submit an annual calendar of dates and issues for discussion at regular meetings; (ii) organise and coordinate the regular appraisal of the Board; and (iii) ensure that sufficient time is devoted to discussing strategic issues and that the programmes for the updating of the know-how required by each board member are recalled and reviewed, when the circumstances make this advisable.
6. The Board shall meet once a year to evaluate the work of the Chairman/Chairwoman of the Board in his or her capacity as such and, separately, as chief executive, if applicable. During the discussions for that evaluation, the Chairman/Chairwoman shall be absent and the Board chaired by a Deputy-Chairman/Chairwoman or the Lead Independent Director when appropriate.
7. The Board must appoint a deputy chairman/chairwoman from among the independent directors, and it may also appoint other deputy chairs.
8. In the absence of the Chairman/Chairwoman the Deputy-Chairman/Chairwoman will take his/her place and, in the event that there is more than one, the person who has held the position longest shall preside. In the absence of the Deputy-Chairman/Chairwoman, the Lead Independent Director shall preside. In the absence of all of the foregoing, the Chairman/Chairwoman will be replaced by the director chosen by the Board itself.

## Article 11. Lead Independent Director

1. Following a proposal from the Appointments, Remuneration and Corporate Governance Committee, the Board of Directors may appoint a Lead Independent Director from among the independent directors. While this person is being appointed, which must occur when the position of chairman/chairwoman of the board of directors is held by an executive director, all the executive directors must abstain.
2. The Lead Independent Director shall be empowered to do the following: (i) request the convening of the Board of Directors or the inclusion of new items on the agenda of a Board meeting already convened; (ii) meet with and coordinate Non-Executive Directors; (iii)

lead the regular evaluation of the Chairman/Chairwoman of the Board; (iv) chair the Board of Directors in the absence of the Chairman/Chairwoman and Deputy-Chairs, if any; (v) voice the concerns of Non-Executive Directors; (vi) maintain contacts with investors and shareholders in order to understand their views and form an opinion regarding their concerns, in particular as regards corporate governance of the Company; (vii) coordinate the succession plan of the Chairman/Chairwoman; and (viii) exercise any other powers invested under the Bylaws or these Regulations.

## Article 12. The Board Secretary

1. The functions of Secretary of the Board shall be exercised by the person appointed by the Board. The Secretary of the Board need not be a Director. The appointment, remuneration and dismissal of the Secretary shall be approved by the Board, following a report from the Appointments, Remuneration and Corporate Governance Committee.
2. The Secretary is responsible for: (i) assisting the Chairman/Chairwoman in his or her work directed toward the proper functioning of the Board; (ii) facilitating receipt by Directors of information necessary for the performance of their duties well in advance of each Board meeting and in the appropriate format; (iii) providing legal advice to members of the Board; (iv) keeping the minute books and associated documents within the confines of the Company premises; and (v) reflecting in said minutes the proceedings of meetings, attesting to their contents and the resolutions adopted.
3. The Secretary of the Board shall ensure the substantive and procedural legality of the acts and resolutions of the Board and its committees; respect for its governing regulations and procedures; and that the Board takes into account those corporate governance recommendations applicable to the Company in the course of its proceedings.
4. The Secretary shall also exercise all duties pertaining to him or her by applicable law and the Bylaws as regards calls to meeting and the constitution, adoption, certification, formalisation and implementation of Board resolutions and those of its committees and shall be responsible for verifying that, where necessary, financial reports have been signed by all Directors and forwarded to the *Comisión Nacional del Mercado de Valores* ("Spanish National Securities Markets Commission"). In addition, when General Shareholders' Meetings are convened and held, the Secretary will perform the duties for which he/she is responsible by law and in accordance with the bylaws or regulations.
5. The Secretary of the Board may simultaneously hold the position of in-house counsel to the Company. When he or she holds both positions simultaneously, appointment as counsel shall be made to a law

professional of proven prestige and experience.

6. The Board may appoint a Deputy Secretary, who need not be a Director, to assist the Secretary of the Board in his or her duties and substitute for the Secretary in the event of absence or vacancy in the post. The appointment and dismissal of the Deputy Secretary shall be approved by the Board, following a report by the Appointments, Remuneration and Corporate Governance Committee. Unless otherwise decided by the Board, the Deputy Secretary shall attend its meetings.
7. In the absence of the Secretary and the Deputy Secretary, their duties shall be performed by a board member with legal training. In the event that more than one person is eligible, the youngest of these shall be appointed.

## V. Proceedings of the Board

### Article 13. Board Meetings

1. At the beginning of the fiscal year, the Board shall establish a calendar of dates and matters for discussion at the regular meetings which it plans to hold.
2. The Board shall meet at least eight times per year. However, the Chairman/Chairwoman shall convene as many meetings as are necessary for the proper analysis and treatment of matters within the Board's purview.
3. The Chairman/Chairwoman shall convene the Board if formally requested by a Deputy-Chairman/Chairwoman, one third of the Directors or the Lead Independent Director. In the absence of the Chairman/Chairwoman, or if the Chairman/Chairwoman does not honour the request without good cause within one month, any Deputy-Chairman/Chairwoman, Lead Independent Director, or Directors constituting at least one third of the members of the Board may convene a meeting by production of an agenda with the matters to be discussed.
4. Any Director may propose matters to be discussed by the Board and insist on the inclusion of items on the agenda of Board meetings.
5. Ordinary meetings may be convened by e-mail, letter or any other valid means where delivery is recorded and will be effective if it contains the signature of the Chairman/Chairwoman or of the Secretary on the Chairman/Chairwoman's behalf or on behalf of Directors who have convened the meeting. The convening shall be made, except in case

of exigent circumstances, no later than three days before the date of the meeting.

The convening shall always include the agenda of the meeting and shall be accompanied by information relevant to the matters to be discussed. Where, in the Chairman/Chairwoman's view, it is inadvisable for reasons of confidentiality, additional information shall not accompany the agenda and the Directors shall be advised of the possibility of examining said information at the Company offices. Directors may also request that the Chairman/Chairwoman, the Secretary and the Deputy-Secretary of the Board provide them with any additional information they deem necessary to carry out an adequate assessment of the matters to be discussed at the meeting.

6. Extraordinary Board meetings may be convened by any means referred to in the previous paragraph. The notice period and other requirements set out above will not apply when, in the opinion of the person convening the meeting, the circumstances make this justifiable.
7. Board meetings may be held in person, by videoconference, or other remote communication techniques and in such case shall be construed as being held at the Company's registered office. Additionally, the Board of Directors may adopt written resolutions without meeting when no Director objects.
8. Members of the management team and Company staff whose presence is required by the Chairman/Chairwoman upon his or her own initiative or at the request of a Director shall be obliged to attend Board meetings, as well cooperate with the Directors and provide them with access to information available to them. The Board may also require attendance by the Company's external auditors at Board meetings.
9. The Board shall annually evaluate its own performance, the quality of its work, the effectiveness of its proceedings and the performance of its members based upon a report prepared by the Appointments, Remuneration and Corporate Governance Committee. It shall also assess the performance of its committees based on the annual business reports which they present to the Board.

The evaluation process shall be organised and coordinated by the Chairman/Chairwoman of the Board together with the chairmen/women of all Board committees, as well as by the Lead Independent Director in the case of the evaluation of the Chairman/Chairwoman of the Board.

Every three years the Board will be assisted in carrying out the evaluation by an external consultant.

## Article 14. Meeting Procedures

1. Except where other attendance quora have been established by law or by the Bylaws, the Board shall be validly constituted when at least half plus one of its members are present or represented. If the number of Directors is odd, it is understood that a quorum exists when more than half of the Directors are present.
2. Directors shall personally attend meetings and ensure that non-attendance occurs only when unavoidable.

In the event that a Director is unable to attend a meeting, he or she shall endeavour to grant a proxy with voting instructions.

Non-Executive Directors may only deliver a proxy to another Non-Executive Director.

Proxies may be granted for each meeting by e-mail or by letter or any other valid means of recorded delivery.

3. Except where a different type of majority has been established by applicable law or by the Bylaws, resolutions shall be adopted by an absolute majority of votes of the Directors attending the meeting. In the event of a tie, the Chairman/Chairwoman of the Board shall cast the deciding vote.

## Article 15. Minutes and Discussions

1. Matters discussed and the resolutions adopted at Board meetings and meetings of its committees shall be recorded in a minute book which, once adopted, shall be signed by the secretary of the meeting with the approval of the person who has acted as Chairman/Chairwoman.
2. The minutes shall reflect the discussions held at the meeting and, upon request, statements by Directors.

Minutes will be approved by the Board at the end of the meeting or at its next meeting, though they may be partially approved at the end of the meeting provided that the legal formalities are adhered to in all cases. Furthermore, when the minutes are to be approved at the next meeting, board members will be given a draft sufficiently in advance of the meeting at which they are to be approved.

## VI. Board Committees

### Article 16. Board Committees

1. Without prejudice to delegations of powers issued on an individual basis, the Board shall form the following committees:
  - a) Auditing and Compliance Committee
  - b) Appointments, Remuneration and Corporate Governance Committee
  - c) Sustainability Committee
  - d) Other committees deemed appropriate by the Board, including an Executive Committee with powers delegated by the Board and a Strategy Committee.
2. The Board of Directors may agree to distribute the powers of the Appointments, Remuneration and Corporate Governance Committee among several committees, separating the powers relating to appointments from those relating to payments and any from other matters deemed appropriate.
3. The Board, after a report from the Appointments, Remuneration and Corporate Governance Committee, shall appoint the members of the committees taking into account their knowledge, skills and experience in the matters relating to the functions to be performed by each committee.

Without prejudice to the foregoing, the Board shall encourage rotation of Directors among the various committees.

4. Except as otherwise specified by these Regulations, committees shall regulate their own procedures and appoint a chairman/chairwoman from among their members. The Secretary or Deputy-Secretary of the Board shall act as secretary.
5. Committees shall meet upon convening by their Chairman/Chairwoman or upon a request by the Chairman/Chairwoman of the Board or any of the Deputy-Chairmen/Chairwomen, the Lead Independent Director or over half of the Directors.

The Board Secretary shall forward meeting requests and information on matters to be discussed at each meeting, in accordance with Article 13.5 of the Board Regulations as it relates to the Board.

6. Committees shall be validly constituted when a majority of their members are present or represented. Resolutions shall be adopted by

an absolute majority of the members present, with tie votes decided by a vote of the Chairman/Chairwoman.

Members of the committee shall personally attend meetings and ensure that non-attendance be minimised to the extent possible. In the event that any committee member is unable to attend, a proxy may be granted for each meeting by email or by letter or any other valid means where delivery is recorded.

7. Committees shall keep the Board informed of matters discussed and resolutions adopted at their meetings. To this end, the chairman/chairwoman of each committee shall report at the first Board meeting following the meeting of the relevant committee. Except in the case of the Executive Committee, and in other cases where permitted by law or the Bylaws, decisions taken by the committees shall be considered as proposals for resolution or information for the Board.
8. Committees shall create an annual calendar of dates and matters to be discussed at regular meetings, without prejudice to their ability to hold other extraordinary meetings. They shall also create an annual proceedings report. The calendar and proceedings report shall be presented to the Board.
9. Members of the management team and Company staff whose presence is required by the committee shall be obliged to attend committee meetings as well as cooperate with the committee and provide it with access to information available to them, and such appearances may be made with no other staff member present in order to maintain necessary independence in the functioning of the committee. The committee may also require attendance of the Company's external auditors at committee meetings.
10. In order to enhance the performance of their duties, committees may seek the advice of external professionals, who shall be subject to the provisions of these Regulations.
11. Articles 13 through 15 and other provisions of the Board Regulations relative to operations of the Board shall apply to the operations of Board committees, provided that they are compatible with the nature and function of the committees and favour their effective operation.
12. The Secretary of the Board shall make a copy of the minutes of meetings of the committees available to all members of the Board.

## Article 17. The Executive Committee

1. If constituted, the Executive Committee shall be delegated all or part of the powers of the Board, except those which may not be delegated in accordance with applicable law, the Bylaws and these Regulations.

2. The Executive Committee shall consist of the number of Directors determined from time to time by the Board, with a minimum of four and a maximum of nine members, and shall have at least two Non-Executive Directors, one of whom shall be Independent.
3. The appointment of its members and the permanent delegation of powers by the Board shall require the favourable vote of at least two thirds of Directors.
4. Resolutions adopted by the Executive Committee shall be valid and binding without the need for further ratification at a plenary meeting of the Board unless ratification is legally mandated, or the resolution refers to a power matter for hearing by the Board but has been adopted by the Committee under the terms of Article 5 of these Regulations, or the chairman/chairwoman decides to submit it for ratification, given the importance of the matter at the discretion of the chairman/chairwoman or one third of the members of the Executive Committee. Notwithstanding the foregoing, the Executive Committee shall keep the Board informed of any decisions it adopts.

## Article 18. The Audit and Compliance Committee

1. The operations of the Audit and Compliance Committee shall be in accordance with applicable law, the Bylaws and these Regulations.
2. The Audit and Compliance Committee shall consist exclusively of Non-Executive Directors, with a minimum of three and a maximum of six. A majority of its members shall be Independent Directors and shall appoint a Chairman/Chairwoman from among them. In the absence of its Chairman/Chairwoman, meetings shall be chaired by the Independent Director appointed by the committee.
3. The Auditing and Compliance Committee shall meet whenever it is convened, pursuant to the terms of these Regulations, and at least four times a year.
4. The Chairman/Chairwoman shall be replaced at least every four years, without prejudice to his or her continuing as a member of the committee and may be re-elected as Chairman/Chairwoman after a period of one year has elapsed since stepping down from the post.
5. Taken as a whole, committee membership, and in particular selection of its chairman/chairwoman, shall be predicated on the members' knowledge and experience in accounting, auditing, internal control and risk management, both financial and non-financial.
6. The committee shall have the following duties, in addition to those assigned to it by law.

## 6.1 With regard to internal reporting and monitoring systems:

- a) Monitoring and evaluating the preparation and reporting of the Company's financial and non-financial information and its systems for the monitoring and management of financial and non-financial risk (including operational, technological, legal, social, environmental, political and reputational risk and risk relating to corruption), checking compliance with the requirements set out in law, the accurate demarcation of the scope of consolidation, and the correct application of accounting principles, and submitting the relevant report to the Board where applicable.
- b) Overseeing the composition, powers and performance of the internal auditing, risk monitoring and management and compliance departments, and to that end: i) ensuring their independence; ii) proposing the election, appointment, payment and dismissal of the people respectively in charge of those areas; iii) approving their budgets and the direction of the annual working plan and overseeing their implementation; iv) receiving regular information on their activities and, in particular, any potential incidents or restrictions on the scope set out in the development of the annual working plan; and v) checking that senior management takes account of the conclusions and recommendations contained in their reports.

With regard to the internal audit area, the committee will ensure that its activity is mainly focused on relevant risks, including reputational risks.

- c) Establish and supervise the operation of a means by which employees and other Company stakeholders such as Directors, shareholders, suppliers, contractors or subcontractors may communicate confidentially and, when appropriate, anonymously, potentially significant irregularities, including financial and accounting irregularities, related to the Company or its group, and that respects the rights of the complainant and the accused.
- d) Ensure that established internal control policies and systems are implemented effectively.

## 6.2 With regard to the external auditor:

- a) Ensure that the accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations and the audit report does not contain reservations or qualifications.

- b) In the event of resignation, examine the circumstances that motivated it.
- c) Ensure that the remuneration of the external auditor for its work and any other payments arising from other business relationships with the Company do not compromise its quality or the auditor's independence.
- d) Ensure that the Company properly communicates any change of auditor through legally established channels and accompanies such communication with a statement regarding the possible existence of material disagreements with the outgoing auditor and their content.
- e) Ensure that the external auditor holds an annual meeting with the full Board of Directors to report on the work performed and changes in the accounting and risk environments of the Company.
- f) Ensure that the Company and the external auditor comply with applicable rules on the provision of services other than auditing services, limits on concentration of the auditor's business and, in general, rules on the independence of auditors, as well as authorising the procurement of those services.

### 6.3 Other functions:

- a) Report to the Board on economic conditions and their accounting impact and, in particular and where appropriate, on the proposed exchange ratio for corporate restructuring activities that the Company intends to perform.
- b) Take decisions regarding internal compliance and competence programmes and procedures approved and assigned to it by the Board, as well as monitor compliance with the Company's internal policies and codes of conduct ensuring that corporate culture is aligned with their purpose and values and propose amendments.
- c) Overseeing compliance with the internal codes of conduct, including (as applicable) the Internal Code of Conduct on Matters Relating to the Stock Markets and application of the policy for communicating with shareholders, institutional investors and proxy advisors, along with the procedures for maintaining relations with other stakeholders. Overseeing any financial, non-financial and corporate reporting policy that may form part of these relations and proposing amendments.

- d) Report on related-party transactions which must be approved at a Meeting or by the Board of Directors and supervise the internal procedure established by the Company.

## Article 19. The Appointments, Remuneration and Corporate Governance Committee

1. Operations of the Appointments, Remuneration and Corporate Governance Committee shall comply with applicable law, the Bylaws and these Regulations.
2. The Appointments, Remuneration and Corporate Governance Committee shall consist exclusively of Non-Executive Directors, with a minimum of three and a maximum of six. A majority of its members must be Independent Directors and shall appoint a chairman/chairwoman from among them. In the absence of the chairman/chairwoman, the meeting shall be chaired by the Independent Director appointed for that purpose by the Committee.
3. The members of the committee shall be appointed with the goal of constituting a body with the knowledge, skills and experience appropriate to the functions they perform.
4. The Appointments, Remuneration and Corporate Governance Committee shall meet whenever it is convened, pursuant to the terms of these Regulations, and at least three times a year.
5. The Committee shall have the following duties in addition to those assigned to it by law:
  - a) Report on the selection policy for Directors approved by the Board and verify compliance annually.
  - b) Annually review compliance with the requirements of the category under which each Director was appointed, which will be noted in the Annual Corporate Governance Report.
  - c) Determine the skills and know-how required by the Board and regularly check that these are duly exhibited by its members.
  - d) Define the profile and skills required for the appointment or re-election of board members prior to beginning the selection process and ensure that the process does not involve any form of discrimination but favours the recruitment of the highest quality professionals. Follow the guidelines in order to ensure compliance with the targets for representation of the gender that is less represented on the Board.
  - e) Verify the content of the Annual Corporate Governance Report

and incorporate the Audit and Compliance Committee report relative to the sections of that report that are within its purview.

- f) Ensure that Non-Executive Directors have sufficient time available to perform their duties effectively.
- g) Create the reports to be issued by the Board in carrying out the annual evaluation of its performance and the annual evaluation of the Chairman/Chairwoman of the Board.
- h) Design, organise and regularly update continuing education and onboarding programmes for new Directors.
- i) Propose to the Board of Directors the Remuneration Policy for Directors.
- j) Periodically review the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensuring that their individual remuneration is proportionate to the amounts paid to other directors and senior managers in the company, is in line with the Company's strategy and long-term value creation.
- k) Monitoring compliance with the remuneration policy set by the company.
- l) Propose to the Board of Directors contractual terms for senior managers.
- m) Present a succession plan for the Chairman/Chairwoman of the Board, Executive Directors and the senior managers to be approved by the Board.
- n) Verify the data regarding remuneration of Directors and senior managers contained in corporate documents and, specifically, in the Annual Report on Directors' Remuneration.
- o) Periodically analyse Company policies, internal rules, procedures and practices in the area of corporate governance when supervision does not interfere with another committee, as well as their consonance with national and international standards, recommendations and best practices in these areas, and propose modifications.
- p) Report to the Board, prior to its approval, on the rest of the information made public by the Company related to matters within its purview.
- q) Ensure that conflicts of interest do not adversely affect the independence of advice provided to the committee by outside advisors and/or the Board of Directors.

- r) Periodically review Company policies and procedures on recruitment, retention, development and remuneration of professional talent as an essential asset of the Company.
- s) Consult with the Chairman/Chairwoman of the Board and, in the event that this is not an executive position, the Company's chief executive, especially where matters relating to executive directors and senior officers are concerned and, where applicable, invite them to committee meetings.

## Article 19 bis. The Sustainability Committee

1. The operations of the Sustainability Committee shall be in accordance with applicable law, the Bylaws and these Regulations.
2. The Sustainability Committee shall consist exclusively of Non-Executive Directors with a minimum of three and a maximum of six. A majority of its members must be Independent Directors and shall appoint a chairman/chairwoman from among them. In the absence of the Chairman, meetings shall be chaired by the Independent Director appointed for that purpose by the committee.
3. Members of the Committee shall be appointed in an effort to ensure that as a group they possess the knowledge, skills and experience appropriate for the duties they are to execute.
4. The Sustainability Committee shall meet whenever it is convened, pursuant to the terms of these Regulations, and at least three times a year.
5. This Committee shall have the following duties:
  - a) Guide, monitor and evaluate the degree of compliance with policies, good practices and specific action plans in the area of sustainability, particularly regarding corporate social responsibility, the environment, diversity, and integration, and ensure that they conform to the strategy and Master Plan approved by the Board of Directors.
  - b) Determine the general principles and criteria that should inform the contents of the Sustainability Report (non-financial information statement) in accordance with applicable law and international best practices in this area and propose its contents to the Audit and Compliance Committee.
  - c) Periodically review the Company's sustainability performance, as well as its position in existing indices and metrics, taking particular account at all times of those aspects that are increasingly valued by the various stakeholders, and proposing measures for the Company to respond to them.

- d) Report to the Audit and Compliance Committee on non-financial risks related to matters within its purview.
- e) Supervise the management of intangible assets such as reputation, brand image, intellectual property and transparency, and propose improvement measures.
- f) Any other sustainability issues delegated to it by the Board.

## Article 19 ter. The Strategy Committee

1. The operations of the Strategy Committee shall be in accordance with applicable law, the Bylaws and these Regulations.
2. The Strategy Committee shall consist exclusively of Non-Executive Directors with a minimum of three and a maximum of six, at least three of whom must be independent directors.

It shall be chaired by the Chairman of the Board of Directors; in the absence of the Chairman, the meeting shall be chaired by the independent director appointed for this purpose by the Committee.

3. Members of the Committee shall be appointed in an effort to ensure that as a group they possess the knowledge, skills and experience appropriate for the duties they are to execute.
4. The Strategy Committee shall meet whenever it is convened, pursuant to the terms of these Regulations, and at least twice a year.
5. The Committee shall have a consultative and advisory nature, with the following duties:
  - a) Analyze the proposals made by the executive directors to the Board regarding the strategy (business, financial or otherwise) of the Company and its group.
  - b) To monitor the strategic plan, submitting proposals or recommendations to the Board on the same.
  - c) Keep updated on international, local and industry market trends in which the Company and its group operate.

## VII. Appointment and Dismissal of Directors

### Article 20. Nomination and Appointment of Directors

1. Directors shall be appointed, re-elected or ratified at General Shareholders' Meetings without prejudice to shareholders' rights to

proportional representation, in accordance with the provisions contained in the *Ley de Sociedades de Capital* (“Spanish Corporations Act”) and the Bylaws.

Should vacancies occur during the period for which a Director was appointed, the Board may, by co-optation, designate a person to occupy the post until the next General Shareholders' Meeting, if one is not already convened. If already convened, the Board of Directors may appoint a Director until the next General Shareholders' Meeting following the one convened.

- 2 Proposal for appointment shall be for persons of recognised personal and professional character, with sufficient capacity to maintain proper dedication to the post and without other interests incompatible with their performance.

Only natural persons may be board members, notwithstanding the exceptions set out in law.

- 3 Proposals for the appointment, re-election and dismissal of Directors submitted by the Board to General Shareholders' Meetings, as well as the provisional appointment decisions it adopts, shall be made upon proposal from the Appointments, Remuneration and Corporate Governance Committee in the case of Independent Directors and the Board itself, after a report by that committee, in other cases.
- 4 The proposal or report of the Appointments, Remuneration and Corporate Governance Committee shall classify the new Director into one of the defined categories according to applicable law, and be accompanied by a supporting report from the Board containing the results of the analysis carried out on the skills, experience and merits of the proposed person, which shall be attached to the minutes of the General Shareholders' Meeting or of the Board.

When the Board departs from the recommendation of the Appointments, Remuneration and Corporate Governance Committee, it shall make the reasons known and record them in the minutes.

- 5 The Board and the Appointments, Remuneration and Corporate Governance Committee, within the scope of their respective duties, shall exercise rigour in relation to those persons called to fill the post of Independent Director.
- 6 The Board shall propose to the General Shareholders' Meeting that proposals for the appointment or re-election of Directors be subject to individual vote on each of them.
- 7 From the time of publication of the convening of the General Shareholders' Meeting, the Company shall publish continuously and keep up to date at least the following information on the website regarding persons proposed for appointment, ratification or re-election

as members of the Board: (i) identity and CV; (ii) the proposed Director category noting, in the case of Proprietary Directors, the shareholder represented or with whom he or she is linked; and (iii) the proposal and reports referred to in the previous paragraphs.

## Article 21. Duration of Mandate

Directors shall hold office for the period provided for in the Bylaws, without prejudice to Article 23.1, and may be re-elected one or more times for periods of equal duration.

The Board shall endeavour to implement measures aimed at achieving a reasonable periodic turnover of Independent Directors.

## Article 22. Re-election of Directors

Proposals for re-election of Directors which the Board decides to submit to a Meeting shall follow the process provided for in these Regulations for the appointment of new Directors.

## Article 23. Resignation and Dismissal of Directors

1. Directors shall leave office when they are dismissed at a Meeting or when they communicate their resignation to the Company.

Where the Board proposes the dismissal of an Independent Director in advance of the end of the period for which he/she was appointed, its proposal shall be accompanied by clear justification and the underlying report of the Appointments, Remuneration and Corporate Governance Committee.

2. Directors shall inform the Board and offer to resign whenever:
  - a) Any of the legally defined circumstances of incompatibility, prohibition or forced resignation arise.
  - b) They seriously violate their duties as Directors or commit acts or omissions contrary to the responsibility and care with which they must perform their duties.
  - c) They cannot maintain the dedication necessary for their effective performance.
  - d) The shareholder which the Proprietary Director represents sells his or her equity interest in full or decreases it to a level requiring a reduction in the number of Proprietary Directors appointed on his or her behalf.
  - e) In the case of Independent Directors, when conditions or

circumstances change calling into question the independent status of the Director.

- f) In the case of Executive Directors, upon termination for any reason of the management position associated with their appointment as Director.
3. In all cases the Director must inform the Company and resign if appropriate, when he or she is affected by a situation, whether or not related to his or her duties at the Company, that may harm the credit and reputation of the Company. In particular, he or she must inform the Board of any criminal case in which he or she is a suspect and of any proceedings in the case.

Having been informed or learned otherwise of the occurrence of any of the situations referred to in the preceding paragraph, the Board shall examine the case as soon as possible and decide, in light of its specific circumstances, after a report of the Appointments, Remuneration and Corporate Governance Committee, whether or not to take any action (opening an internal investigation, requesting the Director's resignation, proposing his or her dismissal or taking any other action it deems appropriate).

The Board of Directors shall give a detailed report in the Annual Report on Corporate Governance, unless there are special circumstances which justify not doing so, which will be recorded in the minutes.

4. In the event that, where it is required, the Director does not submit his or her resignation in the cases described in the previous paragraphs, the Board shall submit a proposal for dismissal to the Meeting.
5. When a Director's mandate is ended, either due to his or her resignation or by agreement of the General Shareholders' Meeting, he or she shall deliver a letter to the other members of the Board giving a sufficient explanation of the reason for his or her resignation or, in the case of Non-Executive Directors, their opinion on the reasons for their dismissal by the Shareholders' Meeting. These explanations shall be contained in the Annual Corporate Governance Report and, to the extent relevant to investors, the Company shall publish such as soon as possible, including sufficient reference to the reasons or circumstances provided by the Board.

## Article 24. Duty to Abstain. Secret Ballot

1. The duty of loyalty obliges a Director to abstain from participating in deliberations and voting on resolutions or decisions in which he or she or a person linked to him or her has a direct or indirect conflict of interest whether in front of the Board or a committee of which he or she is a member.

Notwithstanding the contents of the foregoing paragraph, Directors are exempt from the duty to abstain from voting on resolutions relating to their appointment or their removal from posts on the administrative body and similar bodies and any other matters where this exemption is set out in law.

2. When deemed appropriate by the Chairman/Chairwoman or upon request by a majority of attendees, votes on the appointment, re-election or dismissal of Directors may be conducted by secret ballot.

## VIII. Director Information

### Article 25. Right to Information

1. In the performance of his or her duties, the Director has the right to obtain from the Company the information appropriate and necessary for the fulfilment of his or her duties. In this regard, the Director shall enjoy the broadest powers to be informed about any aspect of the Company, to examine books, records, documents and preliminaries of Company operations, to inspect all its facilities and communicate with senior management of the Company. The right of information extends to affiliates, whether domestic or foreign.
2. In order not to disturb the day to day running of the Company, the exercise of the right to information will be conducted through the Chairman/Chairwoman of the Board, who will respond to the Director's request by providing information directly to him, offering him access to appropriate members of the organisation or providing means for access to the desired information.
3. Directors will also be regularly informed of changes in shareholder structure, as well as opinions that significant shareholders, investors and rating agencies have about the Company and its group.
4. Any Director may attend and participate in meetings of the Board committees of which he is not a member, but shall not have the right to vote, upon request to the Chairman/Chairwoman of the Board or to the Chairman/Chairwoman of the respective committee.
5. The Company will facilitate Directors' acquisition and updating of information regarding the Company, including its corporate governance regulations.

### Article 26. External advice

1. In order to count on adequate information and advice in the exercise of their duties, Directors may request the Company engage legal,

accounting, financial or other expert advisors.

The engagement will necessarily deal with specific, significant, and complex matters presented to the Director in the performance of his or her duties.

- 2 The engagement request shall be addressed to the Chairman/Chairwoman and authorised at a plenary session of the Board, which may refuse the request if it is established that:
  - a) It is not required for proper performance of the Director's duties.
  - b) The cost is unreasonable, in view of the significance of the matter and the financial situation of the Company.
  - c) The advice can be adequately provided by Company experts and technicians.
  - d) Confidentiality of the matter may be jeopardised.

## IX. Director Remuneration

### Article 27. Director Remuneration

1. The Board of Directors shall submit the Directors' remuneration policy for approval by the General Shareholders' Meeting at least every three years, as a separate item on the agenda. This policy must comply with the remuneration requirements set out in law and it shall adhere to the remuneration system provided for in the Bylaws. Justification for the remuneration policy submitted by the Board at a Meeting shall be provided, and it shall be accompanied by a specific report from the Appointments, Remuneration and Corporate Governance Committee. The maximum annual remuneration established in the said policy for Directors acting as such shall be determined at the Meeting, and this limit shall remain in force as long as it is not modified at a subsequent General Shareholders' Meeting. The General Shareholders' Meeting shall also establish the criteria for the distribution of such remuneration, bearing in mind the duties and responsibilities assigned to each Director.
- 2 Subject to the maximum limit approved by the General Shareholders' Meeting, the Board of Directors shall be responsible for establishing each individual board member's remuneration in his/her capacity as such, within the framework set out in the bylaws and the remuneration policy, along with the frequency and dates of such payments, following a report by the Appointments, Remuneration and Corporate Governance Committee.

Executive Directors must enter into a contract with the Company containing remuneration amounts for their executive duties, consistent

with the Bylaws and with the remuneration policy approved at the General Shareholders' Meeting. Such contracts must be approved in advance by the Board with a favourable vote of two thirds of its members. The Director concerned shall not attend deliberations nor participate in the vote. The contract shall detail all the terms under which the Director is remunerated for the performance of executive duties and shall be attached to the minutes of the meeting after approval.

3. The Board of Directors shall be responsible for determining the remuneration to be received by each board member for performing the duties assigned to them, within the framework of remuneration policy and pursuant to the terms of their contract, following a report from the Appointments, Remuneration and Corporate Governance Committee.
4. With advice from the Appointments, Remuneration and Corporate Governance Committee, the Board shall ensure that the remuneration received by board members as a result of their membership of the administrative bodies and the performance of their executive duties is subject to the principles set out in the remuneration policy in force from time to time.
5. Upon proposal from the Appointments, Remuneration and Corporate Governance Committee, the Board shall produce an annual report on the remuneration of Directors with content required by applicable law and which shall be put to an advisory vote as a separate item on the agenda at a General Shareholders' Meeting.
6. The Board will periodically approve the information on the remuneration of Directors and senior managers that the Company must make public after a report of the Appointments, Remuneration and Corporate Governance Committee and in accordance with applicable law.

## X. Director Duties

### Article 28. Duty of Care

1. A Director must perform his or her work and carry out those duties imposed by law, the Bylaws and these Regulations with due professional care and attention.
2. Directors shall possess proper dedication and take actions necessary for proper direction and control of the Company.
3. In performing his or her duties, a Director has a duty to demand and receive from the Company the information appropriate and necessary to fulfil his or her obligations.

## Article 29. Duty of Secrecy and Confidentiality

1. The Director, even after leaving his or her post, shall maintain the secrecy of resolutions, information, data, documentation and proceedings learned as a result of the exercise of his or her post, which he or she must not disclose or communicate to third parties.
2. The following cases are exempt from the duty of secrecy referred to in the previous paragraph:
  - a) As permitted by applicable law.
  - b) As required by competent authorities or which the Director has a legal obligation to submit despite the information being subject to the secrecy requirement in accordance with the provisions of this article. In these cases, disclosure of information shall comply with the provisions of applicable law.

## Article 30. Duty of loyalty

1. In the performance of his or her duties, the Director will act with the loyalty of a fiduciary and act in good faith and in the best interest of the Company. To this end, the Director's own interests shall at all times be secondary to those of the Company.
2. Violation of the duty of loyalty will result not only in the obligation to compensate for the damage caused to the Company treasury, but also to return to the Company any unjust enrichment obtained by the Director.

## Article 31. Conflicts of Interest and Waiver

1. The Directors shall adopt the necessary measures to prevent situations in which their personal interests could come into conflict, either directly or indirectly, with the corporate interest and their duties to the Company.
2. In particular, the duty to avoid conflicts of interest obliges the Director to refrain from:
  - a) Carrying out transactions with the Company except in the case of non-material, routine transactions made under standard conditions for customers, understood to mean those transactions which need not be accounted for in order to express a fair picture of the assets, financial situation, and results of the entity in accordance with the provisions of these Regulations.
  - b) Using the Company's name or invoking his or her Director status to unduly influence the conduct of personal transactions.

- c) Making use of Company assets, including the Company's confidential information, for private purposes.
  - d) Taking advantage of the Company's business opportunities.
  - e) Obtaining advantage or remuneration from third parties other than the Company and its group for performance of the duties of his or her post, unless they are offered out of mere courtesy.
3. The provisions set out in paragraph 1 above shall also apply where the beneficiary of the prohibited acts or activities is a person linked to the Director.
  4. For the purposes of these Regulations, persons linked to the Director shall be those considered as such under applicable law.
  5. Directors shall communicate to the Board any direct or indirect conflict of interest that they or any person linked to them may have with the Company.

They shall also communicate: (i) positions held on other boards of directors to which they belong, whether or not they are listed companies, as well as any other remunerated activities performed regardless of their nature; and (ii) Company shares and share options which they own, either directly or indirectly.

6. Waiver of the obligations detailed in paragraph 1 above, when appropriate, shall require approval of the Board of Directors or at a General Shareholders' Meeting in accordance with applicable law and the internal operating rules of the Company.
7. In the cases outlined in paragraph 1 above, the Board, shall require the adoption of measures which, in its view, are necessary to preserve the Company interest after a report from the Appointments, Remuneration and Corporate Governance Committee.
8. The Company shall make public instances of conflict of interest involving Directors in terms required by applicable law.

## Article 32. Prohibition Against Competition

1. Directors may not conduct business or other activities which compete with the Company, whether actually or potentially, or which in any way places them in long-term conflict with Company interests.

The above paragraph shall also apply if the beneficiary of such prohibited activity is a person linked to the Director.

2. The obligation not to compete with the Company may only be waived in the event that there is no reason to expect harm to the Company or

the Company is expected to benefit from the profits obtained from the waiver. The waiver shall be granted by separate and express resolution at a Meeting.

3. Upon request by any shareholder, a decision will be made at a Meeting on the dismissal of a Director who engages in competitive activities with a material risk of harm to the Company.

### Article 33. Dedication

1. In the exercise of his or her duties, the Director shall dedicate the time and effort necessary for his or her proper performance. To this end, he or she shall inform the Board of activities which may materially affect his or her dedication as a Company Director.
2. Generally speaking, Directors may not belong to so many boards that they are prevented or hindered from devoting sufficient time to their position as a Director of the Company. To this end, Directors shall comply with the following general limits:
  - a) Executive Directors may hold administrative positions in only two other listed companies.
  - b) Non-Executive Directors may hold administrative positions in only four other listed companies.

Without prejudice to these limits, the Board shall assess in each case the personal and professional circumstances for each Director, in particular in the case of Proprietary Directors.

3. Failure to comply with the foregoing shall result in the application of the regulations of Article 23, paragraph 2 of these Regulations.

### Article 34. Duties of the Secretary and Deputy-Secretary of the Board

The regulations contained in this Chapter X shall also apply to the Secretary and the Deputy-Secretary of the Board, in the event that they are not Directors, to the extent that it is reasonable in the light of their duties.

## XI. Transactions with Directors and Shareholders

### Article 35. Related-Party Transactions

1. The Board is responsible for understanding and approving any direct or indirect transaction made between the Company and any related party as defined by applicable law prior to its execution.

Transactions shall be evaluated from the point of view of equal treatment and market conditions and in accordance with provisions set out in law.

The Board's power to approve related party transactions may not be delegated except in the cases provided for in the legislation in force from time to time.

2. Notwithstanding the contents of the foregoing paragraph, authorisation must be given by the General Shareholders' Meeting when the transaction reaches a value of 10% or more of the total assets shown in the most recently approved annual consolidated balance sheet, or the value set out in the legislation in force from time to time.
3. Approval of a related party transaction by the General Shareholders' Meeting or the Board must be subject to a prior report by the Auditing and Compliance Committee, the contents of which shall adhere to the provisions of the legislation in force from time to time. Affected board members may not take part in the drafting of the said report.
4. Board members must provide information on any parties that are related to them, pursuant to the way this term is defined in law, so that the Company may identify any potential related party transactions.
5. As a general rule, board members who are affected by related party transactions or who represent or are linked to any affected shareholders must abstain from participating in the debate and vote on the relevant resolution, unless their abstention is not required in law. When these relate to transactions with shareholders that are subject to a decision by the General Shareholders' Meeting, the affected Shareholder shall be deprived of its voting rights, except in cases in which the proposed resolution has been approved by the Board of Directors and a majority of the independent directors have not voted against it, pursuant to the regulations set out in the legislation in force from time to time.
6. Related party transactions shall be valued in accordance with the regulations for calculating their value set out in the legislation in force from time to time.

## Article 36. Public Information

Related party transactions engaged in by the Company or companies belonging to its group shall be subject to the rules of disclosure set out in the legislation in force from time to time.

## XII. Board Relations

### Article 37. Relations with Shareholders and Investors, Voting Advisers and Other Stakeholders

1. The Board will favour and promote a policy of communication and regular Company contact with its shareholders, institutional investors, brokers, voting advisors and the market in general, as well as a general policy of communication of financial, non-financial and corporate information in full compliance with insider trading rules and the principle of equal treatment of similarly situated shareholders, and will facilitate adequate channels for receiving proposals that any of these parties may make regarding Company management, guaranteeing continuity and accuracy in those communications.
2. Under no circumstances may relations with institutional investors result in the delivery to them of any non-public information that might provide them with competitive advantage over other investors or shareholders.
3. Public requests for delegation of votes made by the Board or any of its members shall be governed by the provisions of applicable law and the Rules of Procedure for General Shareholders' Meetings.
4. The Board will promote the informed participation of shareholders at General Shareholders' Meetings and take all appropriate measures to help the General Shareholders' Meeting effectively perform its duties according to applicable law, the Bylaws and the Rules of Procedure for General Shareholders' Meetings.

### Article 38. Relations with Markets

1. The Board is responsible for keeping information required by applicable law updated on the corporate website, as well as information that it believes is relevant to financial and capital markets.
2. The Board shall ensure timely compliance with applicable rules on insider information and other material information, in accordance with the provisions of the Internal Rules of Conduct in Matters Relating to the Company's Securities Markets, as well as insider trading rules.
3. The Board will approve and make public information on its regulations and practices in the area of Corporate Governance, complying at all times with applicable law and taking into account recommendations and best practices in the area of Corporate Governance.

## Article 39. Relations with Auditors

1. The Board's relations with the Company's external auditors will be managed by the Audit and Compliance Committee.
2. Nonetheless, the external auditors shall attend any Board meeting where any audit report on financial information to be made public by the Company is to be presented, so that all Directors may have direct access to the auditors at the time of submission of the content and conclusions of those reports.

The Chairman/Chairwoman of the Board may also request the involvement of external auditors at Board meetings when he deems it appropriate or at the request of a Deputy-Chairman/Chairwoman, the Lead Independent Director or one third of Directors.

3. The Board will make every effort to submit to the Meeting the Company's annual financial statements without reservations or qualifications in the audit report. Should any exist, the Board shall request external auditors, if required, to report clearly on them to shareholders at the General Shareholders' Meeting. The Chairman/Chairwoman of the Audit and Compliance Committee shall inform shareholders at the General Shareholders' Meeting of the views of the committee as to the contents and scope of the qualified opinions or reservations and shall make a summary of such views available at the time of convening the General Shareholders' Meeting.
4. The Board shall refrain from contracting the audit of the annual financial statements to any firm when circumstances arise which may compromise their independence according to criteria established by applicable law.
5. The Board shall publicly report on the overall fees that the Company pays to the audit firm for audit services with the frequency and content established under applicable law and shall provide detailed and individualised information on additional services of any kind provided and the corresponding fees received by the external auditor or by persons or entities linked to it.
6. The audit firm, the audit professional responsible for the work, and members of the external audit team should rotate periodically in accordance with schedules established under applicable law and under circumstances, where appropriate, as determined by the Board after proposal from the Audit and Compliance Committee.

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