

REGULATIONS OF THE APPOINTMENTS COMMITTEE



PRELIMINARY CHAPTER

Article 1. Nature of the Committee

The Appointments Committee (the “**Committee**” or the “**Appointments Committee**”) established by the Board of Directors of Euskaltel, S.A. (the “**Company**”) in accordance with the provisions of article 65 of the Company’s Bylaws, is an informational and consultative body without executive duties, with information, advisory and proposal-making powers within its scope of action, which shall be governed by the provisions of the Company’s Bylaws, the Regulations of the Board of Directors and these Regulations of the Appointments Committee (the “**Regulations**”).

Article 2. Object of the Regulations

These Regulations are intended to determine the Committee’s principles of conduct, as well as the basic rules of organization and operation thereof.

Article 3. Approval and amendment

1. These Regulations must be approved by resolution of an absolute majority of the members of the Board of Directors on the initiative of the Board itself, of its Chair or of one-third (1/3) of the directors. The Regulations shall enter into force on the date of their approval.
2. Amendments thereto must be approved by resolution of an absolute majority of the members of the Committee on the initiative of the Committee itself, of its Chair or of one-third (1/3) of its members, and must subsequently be approved, if appropriate, by the Board of Directors. Amendments shall enter into force on the date of their ratification.

CHAPTER I. SCOPE AND DUTIES

Article 4. Scope of powers

The duties of the Committee shall be performed thereby with respect to both the Company and the subsidiaries making up its group.

Article 5. Duties of the Committee

The main task of the Committee is to assist, inform and make proposals to the Board of Directors on matters that at any time assigned thereto by the Company’s Bylaws, the Regulations of the Board of Directors and these Regulations.

Without prejudice to any other tasks that may be assigned thereto from time to time by the Board of Directors, the Appointments Committee shall have the following basic duties:

- (i) Evaluate the skills, knowledge and experience needed on the Board of Directors. For these purposes, it shall define the functions and skills necessary in the candidates to fill each vacancy and shall evaluate the time and dedication required for them to effectively perform their duties.
- (ii) Establish a goal for representation of the less represented gender on the Board of Directors and prepare guidelines on how to achieve this goal.

- (iii) Submit to the Board of Directors proposals for the appointment of independent directors on an interim basis (co-option) or for submission to a decision of the shareholders at a General Meeting of Shareholders, as well as proposals for the re-election or removal of said directors by the shareholders.
- (iv) Report on proposals for the appointment of the other directors on an interim basis (co-option) or for submission to a decision of the shareholders at a General Meeting of Shareholders, as well as proposals for the re-election or removal thereof by the shareholders.
- (v) Report on proposals for the appointment and removal of senior officers and the basic terms of their contracts.
- (vi) Examine and organise the succession of the chair of the Board of Directors and the chief executive of the Company and, if applicable, make proposals to the Board of Directors so that said succession occurs in an orderly and planned manner.

For purposes of these Regulations, “chief executive” of the Company means the Executive Chairman, Chief Executive Officer or Managing Director, whether a director or not.

Article 6. Powers regarding the composition of the Board of Directors and of the committees thereof and regarding the process of appointments to internal posts within the Board of Directors and of senior officers

The main duties of the Committee in this regard shall be:

- (i) Advise the Board of Directors regarding the most appropriate configuration thereof and of its committees as regards size and balance among the various classes of directors existing at any given time. To that end, the Committee shall review the structure of the Board of Directors and of its committees on a regular basis, particularly when vacancies occur within such bodies.
- (ii) Report on the proposal for the individual representative of a corporate director.
- (iii) Report on and review the criteria that should be followed in composing the Board of Directors and in selecting candidates, defining their required duties and abilities and evaluating the time and dedication required for the proper performance of their work, taking care to ensure that when new vacancies are filled or new directors are appointed, the selection procedures are free from any implicit bias involving any kind of discrimination, and particularly from any bias that may hinder the selection of female directors, establishing a goal for the representation thereof on the Board of Directors and preparing guidelines on how to achieve this goal.
- (iv) Ensure that the persons to be appointed to the office of director by means of any procedure meet the requirements of respectability, capability, expertise, competence, experience, qualifications, training, availability and commitment to their duties and that they are not affected, directly or indirectly, by any of the instances of disqualification, prohibition, conflict or opposition of interests to the corporate interest as set forth in provisions of a general nature.

- (v) Report on and make proposals regarding the appointment or removal of the members of each of the committees, verifying and confirming compliance with the requirements of knowledge and experience in connection with the purview of the committee in question, and particularly as regards the Audit and Control Committee.
- (vi) Report on or formulate proposals relating to the appointment or removal of the Chair of the Board of Directors and any chief executive of the Company.
- (vii) Examine or organise the succession of the Chair of the Board of Directors and the chief executive of the Company and, if applicable, make proposals to the Board of Directors so that said succession occurs in an orderly and planned manner.
- (viii) Report on or formulate proposals from the Chair of the Board of Directors relating to the appointment or removal of the Vice Chair of the Board of Directors.
- (ix) If the chair of the Board of Directors performs executive duties, submit to the Board of Directors a proposal for the appointment of a lead independent director (*consejero independiente especialmente facultado*) and report on proposals for such director's removal.
- (x) Report on proposals from the chair of the Board of Directors or formulate proposals relating to the appointment or removal of the Secretary and Deputy Secretary of the Board of Directors.
- (xi) Ensure that non-executive directors have sufficient time available to properly perform their duties.
- (xii) Report on proposals relating to the appointment, promotion, or removal of senior officers, as well as proposals to revise and amend the organisational chart and the allocation of responsibilities within the Company.
- (xiii) On an annual basis, verify compliance with the director selection policy and report thereon in the annual corporate governance report.
- (xiv) Investigate and report, when appropriate, to the Board of Directors on the selection and appointment of directors and senior officers of the Company and its group.

For purposes of these Regulations, "senior management" means those officers who directly report to the Board of Directors or the chief executive of the Company, if any, and in any event the Company's head of internal audit.
- (xv) Issue such reports and take such actions within its purview as are requested by the Board of Directors or the Chair thereof.

Article 7. Powers regarding the selection of candidates for director

The main duties of the Committee in this regard shall be:

- (i) Select possible candidates who might be appointed as directors of the Company and submit its proposals or reports, as applicable, to the Board of Directors through its chair.
- (ii) Submit to the Board of Directors proposals for the appointment of independent directors (for appointment on an interim basis (co-option) or for submission to a decision of the shareholders at a General Meeting of Shareholders).

- (iii) Verify compliance with the specific requirements for independent directors provided by law and the internal rules of the Company, and gather adequate information regarding their personal qualities, experience and knowledge as well as on their actual availability.
- (iv) At the request of the Chair of the Board of Directors or any other member of the Board of Directors, report on the proposed appointment of other directors (for appointment on an interim basis (co-option) or for submission to a decision of the shareholders at a General Meeting of Shareholders).

Article 8. Powers regarding the evaluation and re-election of directors

The main duties of the Committee in this regard shall be:

- (i) Establish and supervise an annual programme for continuous evaluation and review of the qualifications, training, and, if applicable, independence, as well as of ongoing compliance with the requirements of respectability, suitability, expertise, competence, availability and commitment to their duties that must be satisfied in order to serve as director and as a member of a particular committee, and propose to the Board of Directors such measures as it deems advisable in this regard, with the power to collect any information or documentation that it deems necessary or appropriate to such end.
- (ii) Participate in the annual process of evaluation of performance of the chair of the Board of Directors and of any chief executive of the Company.
- (iii) Prior to the end of the term for which a director has been appointed, examine the advisability of the director's re-election, as well as the director's continuance, if applicable, on the committees of the Board of Directors of which such director is a member.
- (iv) Verify that the director to be re-elected continues to comply with the general requirements applicable to all directors of the Company pursuant to law, as well as evaluate the quality of work and dedication to office of the director in question during the preceding term of office, and specifically such director's respectability, suitability, expertise, competence, experience, qualifications, availability and commitment to the duties entrusted thereto.
- (v) Once the procedures described in the preceding sub-sections have been completed, submit to the Board of Directors its proposal (in the case of independent directors) or report (in the case of the other directors) regarding the re-election of directors.

Article 9. Powers regarding the removal and termination of directors

The main duties of the Committee in this regard shall be:

- (i) Report to the Board of Directors regarding proposed removals due to breach of the duties inherent to the position of director or due to a director becoming affected by supervening circumstances of mandatory resignation or termination.
- (ii) Propose the removal of directors in the event of disqualification, prohibition, structural conflict of interest or any other grounds for resignation or termination, pursuant to law or the internal rules of the Company.

- (iii) For the purposes set forth in the preceding sub-sections, request the information or documents it deems necessary or appropriate of the directors, the individuals that are to represent the corporate directors and, in the case of proprietary directors, the shareholders that have proposed, requested or determined the appointment thereof.

CHAPTER II. COMPOSITION AND OPERATION

Article 10. Composition

1. The Committee shall be made up of a minimum of three (3) and a maximum of seven (7) external (i.e. proprietary and independent) directors. A majority of the members of the Committee shall be independent directors.
2. Within these limits, the Committee may submit to the Board of Directors a proposed change in the number of its members when more appropriate for efficient operation.

Article 11. Appointment

1. The members of the Committee shall be appointed by the Board of Directors, upon a proposal of its Chair, from among the external directors.
2. The Board of Directors shall appoint the members of the Committee while endeavouring to ensure that they have the knowledge, skill and experience appropriate for the duties they are called upon to perform.

Article 12. Distribution of offices

1. The Committee shall elect a Chair from among the independent directors forming part of the Committee.
2. The Committee shall also appoint a Secretary, who may be one of its members or the Secretary or Deputy Secretary of the Board of Directors, and may appoint a Deputy Secretary, who may be one of its members or the Deputy Secretary of the Board of Directors, who shall replace the Secretary in cases of vacancy, absence, illness or disability.

Article 13. Duties of the Secretary

The Secretary shall have the following duties:

- (i) Maintain the documentation of the Committee, reflecting in the minute books the proceedings of the meetings of the Committee, attesting to the resolutions adopted thereby, and ensuring the formal and substantive legality of the actions of the Committee.
- (ii) Certify the minutes and resolutions adopted by the Committee. The certificates shall be issued and signed by the Secretary of the Committee or, in the absence thereof, by the youngest member of the Committee, with the approval of the Chair or, in the absence thereof, the oldest member of the Committee.
- (iii) Channel and coordinate the relations of the Committee with the other bodies, departments or third parties referred to in these Regulations. following the instructions of the Chair.

- (iv) Such other duties as are assigned by these Regulations, as well as those governed by the Company's Bylaws and the Regulations of the Board of Directors.

Article 14. Term of office

1. The members of the Committee shall be appointed for a maximum term of four (4) years and may be re-elected on one or more occasions for terms of the same maximum length.
2. The position of Chair of the Committee shall be held for a maximum term of four (4) years, after which the director holding said position may not be re-elected as Chair until the passage of one (1) year from ceasing to act in that capacity, without prejudice to the continuance thereof as a member of the Committee.
3. The Secretary of the Committee shall hold office for a maximum term of four (4) years, and may be re-elected on one or more occasions for terms of the same maximum length.

Article 15. Cessation of Office

Committee members shall cease to hold office:

- (i) When they cease to be directors of the Company.
- (ii) When they cease to be external directors.
- (iii) By resolution of the Board of Directors.
- (iv) By the director's resignation from membership on the Committee.

The Secretary of the Committee, if the non-member Secretary or Deputy Secretary of the Board of Directors, shall cease to hold office if they cease to be Secretary or Deputy Secretary of the Board of Directors.

Article 16. Meetings

1. The Committee shall meet two (2) to four (4) times per year for the ordinary review and evaluation of the status of the matters within its purview and whenever called by its Chair if appropriate for the proper performance of its duties.
2. In all cases, the Chair shall also call a meeting of the Committee whenever the Board of Directors or the Chair thereof requests the issuance of a report or the adoption of proposals, or whenever requested by one third of the members of the Committee itself.

Article 17. Call to meeting

1. Meetings of the Committee shall be called by letter, fax, telegram or email by the Chair or the Secretary by instruction of the Chair.
2. The call to meeting shall be provided at least five (5) working days in advance, except in the case of emergency meetings. The call to meeting shall always include the agenda for the meeting and duly summarised and prepared information shall be attached thereto.
3. No prior call to a meeting of the Committee shall be required if all of its members are present and they unanimously agree to the holding of the meeting.

4. The provisions of the Company's Bylaws and the Regulations of the Board of Directors shall apply to the meetings of the Committee as regards the ability to call extraordinary sessions and to vote in writing without a meeting.

Article 18. Formation

1. The Committee shall meet at the registered office or at the place indicated in the call to meeting.
2. The Committee shall be validly formed with the attendance, in person or by proxy, of more than one-half of its members. Absences that occur once the Committee has been validly formed shall not affect the validity of the meeting.
3. Meetings of the Committee may also be held by video conference or conference call, and the meeting of the Committee shall be deemed held where shown as the principal place in the call to meeting. In the absence of said indication, the meeting shall be deemed held at the location of the director chairing the meeting.
4. Any member of the Committee may grant their proxy in writing to another member specifically for each meeting (providing notice thereof by any of the means described in section 1 of the preceding article), to the Chair or to the Secretary of the Committee.
5. The Chair shall lead the discussion, give the floor and end presentations when he/she finds that an issue is sufficiently debated. Voting shall be by a show of hands.
6. In the event of vacancy, illness or incapacity of the Chair, the meeting shall be Chaired by the member having the longest length of service, and if equal lengths of service, by the oldest. In the event of vacancy, illness or incapacity of the Secretary, the member having the shortest length of service, and if equal lengths of service, the youngest, shall act as Secretary.

Article 19. Resolutions

1. Resolutions shall be adopted by an absolute majority of the members present at the meeting. In case of a tie, the Chair shall have the tie-breaking vote.
2. The deliberations and resolutions of the Committee shall appear in minutes to be signed by the Chair and the Secretary or those acting in the place thereof. The minutes shall be approved by the Committee at the end of the meeting or at the beginning of the next meeting.

Article 20. Conflict of interest

If matters to be dealt with at a meeting of the Committee directly affect one of its members or persons connected thereto and, in general, if said member is subject to a conflict of interest, said member must leave the meeting until a decision is made, and shall be subtracted from the number of Committee members for purposes of calculating the quorum and majorities with respect to the matter at hand.

Article 21. Attendance

1. At the request of the Chair or of any two (2) members of the Committee, any member of the Board of Directors, officer or employee of the Company or of the group may attend the meetings thereof, as may any member of the management bodies of investee

companies whose appointment has been proposed by the Company, provided that there is no legal impediment thereto.

2. The Committee may at any time request the presence at its meetings of the external auditor.

CHAPTER III. RELATIONS OF THE APPOINTMENTS COMMITTEE

Article 22. Relations with the General Meeting of Shareholders

1. The Committee must report at General Meeting of Shareholders on those issues raised thereat by shareholders regarding matters within its purview.
2. Further to the provisions of the preceding paragraph, the Committee shall prepare an annual report on the activities of the Committee, which shall be made available to the shareholders, following the approval thereof by the Board of Directors on occasion of the call to the Annual General Meeting of Shareholders.

Article 23. Relations with the Board of Directors

1. The Chair of the Committee shall report the activities thereof to the Board of Directors at the first meeting of the Board of Directors to take place after each of the meetings of the Committee.
2. The Committee must consult the Chair of the Board of Directors and the chief executive of the Company, especially in the case of matters relating to the executive directors and senior officers.
3. Any director may ask the Committee to take into consideration potential candidates to cover director vacancies, should it find them to be suitable.

Article 24. Relations with the management of the Company and of its group

1. The Committee, through its Chair, may obtain information from and request the assistance of any officer or employee of the Company and of its group. Therefore, officers or employees of the Company shall be required to attend meetings of the Committee and to cooperate therewith and provide access to the information available to them when requested to do so.
2. In any case, the Chair of the Committee shall inform the Chair of the Board of Directors and the chief executive of the Company, if any, regarding any requests for attendance made by the Committee.

CHAPTER IV. POWERS OF THE COMMITTEE, ADVICE AND DUTIES OF THE MEMBERS THEREOF

Article 25. Powers

The Committee, through the Secretary of the Board of Directors, may freely access any information or documentation available to the Company relating to the matters within the Committee's purview and that it deems necessary to perform its duties.

Article 26. Advice

1. In order to be assisted in the performance of the duties entrusted thereto, the Committee may request the hiring of legal, accounting or financial advisers or other experts at the Company's expense.
2. The assignment must relate to specific issues of certain significance and complexity arising during the performance of the director's duties.
3. The request for assistance must be made to the Chair of the Company's Board of Directors, who may object thereto if the Chair finds:
 - (i) that it is not necessary for the proper performance of the duties entrusted to the Committee;
 - (ii) that the cost thereof is not reasonable in view of the significance of the problem and the assets and income of the Company;
 - (iii) that the technical assistance sought may be adequately provided by the Company's own experts and technical personnel; or
 - (iv) that it may pose a risk to the confidentiality of the information that must be handled.

Article 27. Duties of the members of the Committee

1. Members of the Committee must act with independence of judgement and action with respect to the rest of the organisation and perform their work with the utmost diligence and professional competence.
2. Committee members shall be subject as such to all of the duties of a director set forth in the Regulations of the Board of Directors, to the extent they are applicable to the duties discharged by the Committee.

CHAPTER V. COMPLIANCE, DISSEMINATION AND INTERPRETATION

Article 28. Compliance and dissemination

1. The members of the Committee, as well as the other members of the Board of Directors to the extent they are affected, have an obligation to know and comply with these Regulations.
2. The Secretary of the Board of Directors shall provide a copy of these Regulations to all of the directors.
3. In addition, the Committee shall have the obligation to ensure compliance with these Regulations and to adopt appropriate measures for the required dissemination thereof among the rest of the organisation.

Article 29. Interpretation

1. The Regulations shall be interpreted in accordance with the legal standards from time to time in effect, the provisions contained in the Company's Bylaws and the Regulations of the Board of Directors that are applicable thereto, and the principles and recommendations of good governance prepared at the request of the regulatory bodies.

2. Any question or dispute regarding the interpretation of these Regulations shall be resolved by majority vote within the Committee itself, and in the absence of such resolution, by the Chair thereof, who shall be assisted by such persons, if any, as may be appointed by the Board of Directors for such purpose. The Board of Directors shall be informed of the interpretation and resolution of any questions or disputes that have arisen.
3. In the absence of a specific legal provision, the provisions of the Regulations of the Board of Directors regarding the operation of the Board, and particularly as regards the call to meetings, granting of a proxy to another director, valid formation, meetings without prior notice, proceedings at meetings and system for adopting resolutions, casting of votes in writing and without a meeting and approval of the minutes of meetings, shall apply to the Committee to the extent that they are not inconsistent with the nature thereof.
4. The Law, the Company's Bylaws and the Regulations of the Board of Directors shall prevail in the event of contradiction with the provisions of these Regulations.

Article 30. Calculation of time limits

For purposes of these Regulations, all days of the calendar year other than Saturdays, Sundays and any holidays in the city of Bilbao shall be calculated as working days.