

# REGULATIONS OF THE BOARD OF DIRECTORS OF EUSKALTEL, S.A.



## PRELIMINARY CHAPTER

### Article 1. Object of the Regulations

1. These Regulations (the "**Regulations**") have been approved by the Board of Directors of Euskaltel, S.A. (the "**Company**"), with a report to the shareholders at the General Shareholders' Meeting in compliance with the provisions of Section 528 of the consolidated text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July (the "**Companies Act**"). These Regulations contain the guiding principles of the Board of Directors, the basic rules of organisation and operation thereof, and the rules of conduct for its members, with the aim of achieving greater transparency, efficiency, impetus and control in its duties of administration, oversight, and representation of the company interest.
2. The Regulations expand upon and complement the rules applicable to the Board of Directors established by applicable legal provisions and the Bylaws of the Company. The recommendations on good governance generally recognised in the international markets have been taken into account in the preparation hereof.
3. The principles of conduct and rules for organisation and operation of the management bodies existing at other companies within the Company's group shall be governed by their respective internal regulations, if any, conforming as appropriate to the principles contained in these Regulations.

### Article 2. Scope of application

The Regulations apply to the Board of Directors, the executive bodies thereof (whether collective or single-person) and its internal committees, as well as to all members thereof. The rules of conduct laid down in these Regulations for the directors of the Company shall also apply to the senior officers of the company, insofar as they are compatible with the specific nature thereof and the activities they perform. For the purposes of these Regulations, "senior officers" means those officers who report directly to the Board of Directors or to any chief executive (Executive Chair, Chief Executive Officer (*Consejero Delegado*) or Managing Director (*Director General*), whether a director or not), the head of internal audit of the Company, and any other officer who the Board of Directors recognises as having such status.

### Article 3. Approval and amendment

1. The Board of Directors, by resolution adopted by at least an absolute majority of the directors present in person or by proxy, may amend these Regulations upon the initiative of the Chair of the Board of Directors, of one third (1/3) of the directors, or of the Audit and Control Committee, with the proposed amendment to be accompanied by a description of the reasons for and the scope of the amendment sought, as well as a report prepared by the Audit and Control Committee unless said proposal comes from the Committee itself.
2. The call to the meeting of the Board of Directors that must decide on the aforementioned proposal shall be accompanied by the full text of the proposed amendment and of the supporting report.

3. The Board of Directors shall inform the shareholders of amendments to the Regulations approved thereby at the next General Shareholders' Meeting.

## **CHAPTER I. ROLE OF THE BOARD**

### **Article 4. Powers of the Board of Directors**

1. The Board of Directors has the power to adopt resolutions regarding all matters not vested by law or the Company's Bylaws in the shareholders acting at a General Shareholders' Meeting.
2. The core of the Board of Directors' mission is to approve Company's strategy and the organisation required for the implementation thereof, and to oversee and ensure compliance by senior management with the goals marked and with the Company object and interest.

To this end, the Board of Directors as a body reserves the power to approve general policies and strategies of the Company, and particularly, (i) the strategic or business plan, as well as the annual management goals and budget; (ii) the investment and financing policy; (iii) the determination of the structure of the group of companies; (iv) the corporate governance policy; (v) the corporate social responsibility policy; (vi) the policy for controlling and managing risks, including tax risks, as well as the periodic monitoring of internal information and control systems; (vii) the dividend policy, the treasury share policy, and particularly the limits thereof.

3. The Board of Directors has the broadest powers and authority to manage and represent the Company. Without prejudice to the foregoing, the Board of Directors may entrust the senior officers and any executive management bodies with day-to-day management and supervision, as well as the dissemination, coordination and general implementation of the management policies and guidelines of the Company, and thereby focus on the determination, supervision and monitoring of the policies, strategies and general guidelines to be followed by the Company and its group.
4. Those powers reserved by law or the bylaws to be exercised directly by the Board of Directors may not be delegated.
5. Without prejudice to any legal power of delegation or representation to implement the specific resolutions that have been adopted, the Board of Directors shall directly exercise the following powers on its own initiative or upon a proposal of the relevant internal body:
  - A) With respect to the General Shareholders' Meeting:
    - a) To call the General Shareholders' Meeting, as well as to publish announcements relating thereto.
    - b) To propose the amendment of the Company's Bylaws to the shareholders at a General Shareholders' Meeting.
    - c) To propose amendments to the Regulations for the General Shareholders' Meeting to the shareholders acting at a General Shareholders' Meeting, which must accompany the corresponding supporting report.

- d) To submit to a decision of the shareholders at a General Shareholders' Meeting the proposed transformation of the Company into a holding company by the assignment to subsidiaries of core activities theretofore carried out by the Company, even if the Company retains full control thereof.
  - e) To submit to a decision of the shareholders at a General Shareholders' Meeting the acquisition or sale of core operating assets, all in accordance with the assumption set out in Section 160 of the Companies Act.
  - f) To propose to the shareholders at a General Shareholders' Meeting the approval of transactions having an effect equivalent to the liquidation of the Company.
  - g) To submit proposals to the shareholders at the General Shareholders' Meeting regarding the appointment, ratification and re-election of non-independent directors following a report from the Appointments and Remuneration Committee, or the dismissal of directors.
  - h) To implement the resolutions approved by the shareholders at a General Shareholders' Meeting and perform any duties that the shareholders have entrusted thereto.
- B) With respect to the organisation of the Board of Directors and the delegation of powers and the granting of powers of representation:
- a) To approve and amend these Regulations following a report from the Audit and Control Committee.
  - b) To determine the structure of general powers to be granted by the Board of Directors or by the executive management bodies.
- C) With respect to the information to be provided by the Company:
- a) To manage the provision of information regarding the Company to the shareholders, the competent authorities, the markets and the general public pursuant to standards of equal treatment, transparency and truthfulness.
  - b) To formulate the annual accounts, the management report, and the proposed allocation of the Company's results, as well as any consolidated annual accounts and management report, for presentation to the shareholders at the General Shareholders' Meeting.
  - c) To approve the financial information that the Company must periodically make public due to its status as listed company.
- D) With respect to the directors and senior officers:
- a) To designate and renew internal positions within the Board of Directors and the members of and internal positions on the committees of the Board of Directors.
  - b) To make interim appointment of directors (cooption).

- c) To appoint and remove the executive directors, and to give prior approval to the contracts to be signed between the Company and the directors who will be vested with executive duties, including the items for which they may receive remuneration for the performance of said duties.
  - d) To approve the remuneration of each director, following a proposal from the Appointments and Remuneration Committee, pursuant to the remuneration policy approved by the shareholders at the General Shareholders' Meeting.
  - d) To approve the determination and modification of the Company's organisational chart, the appointment and removal of the Company's senior officers (as defined in article 2), and to establish any possible compensation or severance payments in the event of removal.
  - f) To approve the senior officer remuneration policy as well as the basic terms and conditions of their contracts, upon a proposal from the Chief Executive Officer, if any, following a report from the Appointments and Remuneration Committee.
  - g) To regulate, analyse and decide on potential conflicts of interest and related-party transactions of the Company with its shareholders, directors and senior officers as well as the persons connected therewith.
  - h) To authorise or waive the obligations arising from the duty of loyalty established in accordance with the provisions of applicable law.
- E) Other powers:
- a) To formulate the dividend policy and corresponding proposed resolutions to the shareholders acting at a General Shareholders' Meeting regarding the application of results and other forms of shareholder remuneration, and approve the payment of interim dividends, if any.
  - b) To acknowledge mergers, divisions, concentrations or overall assignments of assets and liabilities affecting any of the significant companies of the group.
  - c) To approve investments, divestitures or transactions of any kind that are strategic in nature or have a special tax risk due to the large amount or special characteristics thereof, unless they are to be approved by the shareholders acting at a General Shareholders' Meeting.
  - d) To create or acquire equity interests in special purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature that, due to their complexity, might diminish the transparency of the group.
  - e) To approve, following a report from the Audit and Control Committee, related-party transactions as defined by the law from time to time in effect.
  - f) To declare its position regarding all takeover bids for securities issued by the Company.

- g) To implement the Company's treasury share policy within the framework of the authorisation provided by the shareholders acting at a General Shareholders' Meeting.
  - h) To prepare the Company's Annual Corporate Governance Report and the annual sustainability report, as well as the annual report on the director remuneration policy.
  - i) To decide on proposals submitted thereto by the Chair of the Board of Directors, the chief executive officer, or any managing director or committees of the Board of Directors.
  - j) To decide any other matter within its power that the Board of Directors believes to be in the interest of the Company or that these Regulations reserve to the Board as a whole.
6. The Board of Directors shall evaluate the following on an annual basis, using the external and internal means it deems appropriate in each case:
- a) The operation and the quality of the work thereof.
  - b) The performance by the Chair of the Board of Directors and any chief executive of the Company (as defined in article 2 of these Regulations) of the duties thereof, based on the report submitted thereto by the Appointments and Remuneration Committee.
  - c) the operation of its committees, in view of the report submitted thereto by such committees. To this end, the Chair of the Board of Directors shall organise and coordinate the aforementioned evaluation process with the Chairs of the committees.
7. In connection with such matters included in this article as may be appropriate, the Board of Directors shall act in coordination with the management bodies of the other companies forming part of the Group, acting in the common interest of all of them.

#### **Article 5. Company interest**

1. The Board of Directors shall always perform its duties in pursuit of the Company interest, which is understood as the common interest of all shareholders of an independent public limited company, focused on the exploitation of the Company object, pursuant to the provisions of applicable law.

In performing its duties, the Board of Directors shall pursue the corporate interest and shall act with unity of purpose and independent judgement. It shall also take into consideration legitimate public or private interests that converge in the conduct of all business activities, particularly among the various stakeholders, those of the communities and territories in which the Company does business, and those of its employees. In this context, it must consider the sustainable maximisation of the economic value of the Company and its long-term success in the common interest of all of the shareholders, and therefore as a standard that must at all times govern the conduct of the Board of Directors, its executive bodies and its internal committees, as well as of the members thereof.

## CHAPTER II. COMPOSITION

### Article 6. Number of directors

1. Pursuant to the Company's Bylaws, the Board of Directors shall be comprised of a minimum of five (5) and a maximum of fifteen (15) directors, who shall be appointed or ratified by the shareholders acting at a General Shareholders' Meeting, subject to applicable legal and bylaw provisions.
2. The determination of the number of directors shall be within the purview of the shareholders acting at a General Shareholders' Meeting, for which purpose the shareholders must establish such number either by express resolution or indirectly through the filling or non-filling of vacancies or the appointment of new directors within the maximum limit established in the preceding section.

### Article 7. Classes of directors

1. In the exercise of its powers to propose appointments to the shareholders at a General Shareholders' Meeting and to fill vacancies by interim appointment, the Board of Directors must ensure that, to the extent possible, there is a majority of external or non-executive directors over executive directors within the body, ensuring that the number of independent directors represents at least one half (1/2) of all members of the Board of Directors. Furthermore, the number of executive directors should be the minimum necessary, considering the complexity of the corporate group and the percentage interest of the executive directors in the capital of the Company.
2. The definitions of the different types of directors shall be those established in applicable legal provisions.
3. The Board shall ensure that among external directors, the ratio between the number of proprietary directors and the number of independent directors reflects the existing ratio between the capital of the Company represented by proprietary directors and the rest of its capital.
4. The Board shall avoid any discrimination among the shareholders in their access to the Board of Directors through proprietary directors.
5. The status of each director must be explained by the Board to the shareholders at the General Shareholders' Meeting at which the shareholders are to make or ratify the appointment thereof, and such status shall be confirmed or reviewed, as applicable, annually in the Annual Corporate Governance Report, following verification by the Appointments and Remuneration Committee. If an external director cannot be deemed proprietary or independent, the Company shall explain this circumstance and the connections thereof, either to the company or its officers or to its shareholders.

## CHAPTER III. APPOINTMENT AND REMOVAL OF DIRECTORS

### Article 8. Appointment

1. Directors shall be appointed by the shareholders acting at a General Shareholders' Meeting pursuant to the provisions of law and the Company's Bylaws from among

respectable and capable persons with recognised expertise, competence, experience, qualifications, training, availability and commitment to their duties.

In the case of a corporate director, the individual representing it in the exercise of the duties of the position of director shall be subject to the same requirements set out in the preceding section.

2. Pursuant to applicable legal provisions and the provisions of the Bylaws of the Company and these Regulations, proposals for the appointment and re-election of directors that the Board of Directors submits for the consideration of the shareholders acting at a General Shareholders' Meeting must be preceded by: (a) a corresponding proposal of the Appointments and Remuneration Committee, in the case of independent directors; or (b) a report of the Appointments and Remuneration Committee, in the case of the other directors; expressly evaluating the candidate's respectability, capability, expertise, competence, experience, training, availability and commitment to their duties.
3. The required support shall be provided in order for new directors to become rapidly and adequately acquainted with the Company and the group. In addition, the Company may establish refresher programmes for the directors when circumstances warrant.

#### **Article 9. Disqualifications**

In addition to the provisions of the Company's Bylaws, the following may not be appointed as directors or as individuals representing a corporate director:

- (i) Domestic or foreign companies in the telecommunications or other sectors that compete with the Company ("**Competitor Companies**"), and the shareholders, directors and senior officers thereof, and persons who may be proposed by Competitor Companies in their capacity as shareholders of the Company.
- (ii) Persons who, during the two (2) years prior to their potential appointment, have occupied high-level positions in the government that are incompatible with the simultaneous performance of the duties of a director of a private company under national or autonomous community law.
- (iii) Individuals or legal entities that are affected by any other circumstance of disqualification or prohibition governed by provisions of a general nature, including those that have interests in any way opposed to those of the Company or its group.
- (iv) Individuals or legal entities serving as directors, apart from Euskaltel, in more than five companies, of which no more than three may have shares trading on domestic or foreign stock exchanges.

This calculation shall not take into account (i) property holding companies (*sociedades patrimoniales*) of the director or the connected persons thereof; (ii) holding or portfolio companies that merely hold shares, membership interests or assets but that do not have recurring activities; or (ii) as pertains to proprietary directors, the boards to which they belong by appointment of the significant shareholder that proposed them as a proprietary director of the Company or by any company of its group, provided that the proprietary director has the material and/or personal means needed to sufficiently dedicate themselves to their post as director of the Company.

### **Article 10. Term of office**

1. Directors shall serve in their position for a term of four (4) years, so long as the shareholders acting at a General Shareholders' Meeting do not resolve to remove them and they do not resign from their position.
2. Directors may be re-elected to one or more terms of four (4) years.

### **Article 11. Re-election**

1. The proposals for re-election of directors that the Board of Directors resolves to submit to a decision of the shareholders at the General Shareholders' Meeting shall be subject to a process of preparation, which must include a proposal (in the case of independent directors) or a report (in the case of the other directors) issued by the Appointments and Remuneration Committee containing an analysis of the quality of the work performed and the dedication to the position shown by the proposed directors during the preceding term of office as well as an express evaluation of respectability, capability, expertise, competence, availability and commitment to their duties.
2. To this end, directors sitting on the Appointments and Remuneration Committee shall be evaluated by the committee itself, which shall use the internal and external means it deems appropriate for such purpose, and each of them shall leave the meeting during the deliberations and voting on resolutions that may affect them.
3. The Chair, the Vice Chairs, and the Secretary and Deputy Secretary of the Board of Directors who are re-elected as members of the Board of Directors by resolution of the shareholders acting at a General Shareholders' Meeting, shall continue to perform the duties they previously carried out within the Board of Directors, without the need for a new appointment, but without prejudice to the Board of Directors' power of revocation regarding said positions.

### **Article 12. Resignation, removal and termination**

1. Directors shall cease to hold office upon the expiration of the term of office for which they have been appointed or when it is so resolved by the shareholders at a General Shareholders' Meeting in the use of the powers vested therein.
- 2.- Directors must tender their resignation to the Board of Directors and formalise the resignation in the following cases:
  - (i) If due to supervening circumstances they are involved in any of the instances of disqualification or prohibition referred to in provisions of a general nature, the Bylaws of the Company or these Regulations.
  - (ii) If serious damage is caused to the value or reputation of the Company or there is a risk to the Company of criminal liability as a result of any acts or conduct attributable to the director.
  - (iii) If they cease to deserve the respectability or to have the capability, expertise, competence, availability or commitment to their duties required to be a director of the Company.

- (iv) If their continuance in office on the Board of Directors may for any reason jeopardises the faithful and diligent performance of their duties in furtherance of the Company interest, whether directly, indirectly or through connected persons (pursuant to the definition of this term set forth in these Regulations).
  - (v) If the reasons why the director was appointed cease to exist, and particularly in the case of proprietary directors if the shareholder or shareholders who proposed, requested or decided the appointment thereof totally or partially sell or transfer their equity interest, with the result that such equity interest ceases to be significant or sufficient to justify the appointment.
3. In any of the instances set forth in section 2 above, the Board of Directors shall request the director to resign from their position and, where appropriate, shall propose the director's removal from office to the shareholders at the General Shareholders' Meeting.
  4. Directors must also tender their resignation to the Board of Directors when they reach the age of 70, and they must formalize the corresponding resignation from their position as director at the first meeting of the Board of Directors that takes place after the holding of the General Shareholders' Meeting that approves the annual accounts for the financial year in which they reach said age.
  5. If a director ceases to hold office prior to the end of their term due to resignation or any other reason, the director must explain the reasons in a letter sent to all members of the Board and the grounds for such termination must be disclosed in the Annual Corporate Governance Report.
  6. The Board of Directors may propose the termination of an independent director before the passage of the bylaw-mandated period only upon good cause found by the Board of Directors. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in the position held thereby or comes under any of the prohibited circumstances described in the definition of independent director established by applicable legal provisions or, in the absence thereof, the good corporate governance recommendations applicable to the Company at any particular time.

### **Article 13. Duty to Abstain**

The directors affected by proposals for appointment, re-election, removal from office or censure that must be submitted to the shareholders at a General Shareholders' Meeting shall leave the meeting during the deliberations and voting on the respective resolutions.

## **CHAPTER IV. STRUCTURE OF THE BOARD OF DIRECTORS**

### **Article 14. Chair of the Board of Directors:**

The Chair of the Board of Directors shall be elected from among the directors following a report from the Appointments and Remuneration Committee, and shall have the status of President of the Company and of chair of all of the bodies of which the Chair is a member, with the Chair being responsible for implementing the resolutions thereof.

### **Article 15. Powers of the Chair of the Board of Directors**

In addition to the powers provided for in the law from time to time applicable thereto and in the corporate governance rules of the Company, the Chair of the Board of Directors shall:

- (i) Call and preside over meetings of the Board of Directors and any meetings of the Executive Committee, setting the agenda for the meetings and directing the discussion and deliberations.
- (ii) Preside over the General Shareholders' Meeting and direct the discussions and deliberations that take place thereat.
- (iii) Bring to the Board of Directors those proposals that the Chair deems appropriate for the successful operation of the Company, particularly those corresponding to the operation of the Board of Directors itself and other corporate decision-making bodies.
- (iv) Promote the work of the consultative committees of the Board of Directors and ensure that they carry out their duties and responsibilities efficiently and with due coordination, with the appropriate organisation for such purposes.
- (v) Ensure that the directors receive in advance information sufficient to deliberate on the items on the agenda.
- (vi) Prepare and submit to the Board of Directors a schedule of dates and matters to be considered, stimulating debate and the active participation of the directors during meetings, safeguarding their freedom to take positions.
- (vii) Organise and coordinate the periodic evaluation of the Board as well as any chief executive of the Company (as defined in article 2 of these Regulations), and as the person responsible for the management of the Board and for the effectiveness of its operation, ensure that sufficient time is dedicated to the discussion of strategic issues.
- (viii) Approve and review refresher programmes for each director when the circumstances warrant.

#### **Article 16. Vice Chair of the Board of Directors**

The Board of Directors, following a report from the Appointments and Remuneration Committee, may elect a Vice Chair from among its members. The Vice Chair shall temporarily replace the Chair of the Board of Directors in the event of vacancy, absence, illness or incapacity.

#### **Article 17. Secretary and Deputy Secretary**

1. The Board of Directors, following a proposal from the Appointments and Remuneration Committee, shall appoint a non-director Secretary and, if appropriate, a non-director Deputy Secretary, who shall replace the secretary in the event of vacancy, absence, illness or incapacity. The same procedure shall be followed to decide the removal of the Secretary and any Deputy Secretary.

2. In the absence of the Secretary and Deputy Secretary, the director designated by the Board of Directors itself from among those attending the meeting in question shall act as such.
3. In addition to the duties assigned by applicable law, the Secretary of the Board of Directors shall assist the Chair in the work thereof and must provide for the proper operation of the Board, being particularly responsible for the following:
  - (i) Maintain and keep custody of the corporate documents, duly record the proceedings of meetings in the minute books, and certify the resolutions adopted and decisions of the management bodies. The Secretary must also record in the minutes of the meetings of the Board of Directors the concerns not resolved by the Board of Directors that have been raised by the directors regarding the progress of Company, as well as the concerns raised by the Secretary or the directors regarding a proposal, upon request of the party that has raised them.
  - (ii) Ensure the formal and substantive legality of the actions of the collective management bodies and the consistency thereof with applicable legal provisions.
  - (iii) Advise the Board of Directors on new initiatives in the area of corporate governance, at both the domestic and international level.
  - (iv) Generally, channel the relations of the Company with the directors in connection with all matters relating to the operation of the Board of Directors, in accordance with the instructions of the Chair thereof.
  - (v) Provide directors with the necessary advice and information, ensuring, under the direction of the Chair of the Board of Directors, that the information provided by the Company for the adoption of resolutions by the Board of Directors is made available to the directors sufficiently in advance and in an appropriate format.
  - (vi) Channel requests from the directors regarding the information on and documentation of those matters of which the Board of Directors should be aware.
  - (vii) Maintain any information that must be included in the Company's corporate website.
  - (viii) Act as Secretary at the General Shareholders' Meeting.
  - (ix) Under the supervision of the Chair of the Board of Directors, provide the support required by the committees of the Board of Directors so that they can act with due coordination and have a structure of appropriate means to perform their activities.
4. The Secretary shall particularly ensure that the actions of the Board of Directors (i) conform to the letter and the spirit of laws and the regulations thereunder, including those approved by regulators; (ii) are in conformity with the Bylaws of the Company and with the Regulations for the General Shareholders' Meeting, the Regulations of the Board of Directors and the Internal Regulations for Conduct in the Securities Markets; and (iii) take into consideration the recommendations on good governance of Company.
5. In order to perform the duties entrusted thereto, the Secretary must have access to the minutes of the meetings of the committees of the Board of Directors for which the Secretary is not acting as such.

## Article 18. Executive and consultative bodies

1. Without prejudice to the powers of representation that it may grant to any person, the Board of Directors may create an Executive Committee made up of a minimum of three (3) and a maximum of six (6) members and may also appoint a chief executive (as defined in article 2 of these Regulations) upon a proposal of the Chair of the Board of Directors, and may totally or partially delegate thereto, either temporarily or permanently, all of the powers that are not non-delegable under the law. The validity of the delegation and designation of the members of the Board of Directors to hold these posts shall require the favourable vote of four fifths (4/5) of the members of the Board of Directors following a report from the Appointments and Remuneration Committee, and shall not take effect until the registration thereof with the Commercial Registry.
2. The Company shall endeavour to ensure that, to the extent possible, the structure of participation of the various classes of directors in the composition of the Executive Committee is similar to that of the Board of Directors. The position of Secretary of the Executive Committee shall be held by the Secretary of the Board of Directors or, if appropriate, by the Deputy Secretary of the Board of Directors.
3. The Chair of the Executive Committee shall inform the Board of Directors of the matters discussed and of the resolutions adopted at its meetings, which must be reflected in minutes, sending a copy thereof to all members of the Board of Directors.
4. If the Chair of the Board of Directors performs executive duties, the Board of Directors, with the abstention of the executive directors, must appoint from among the independent directors a lead independent director (*consejero coordinador*), who shall be especially authorised to:
  - (i) Chair the meetings of the Board of Directors in the absence of the chair and of any vice chairs.
  - (ii) Ask the Chair of the Board of Directors to call a meeting of this body when deemed appropriate and participate with the Chair in planning the annual schedule of meetings.
  - (iii) Participate in the preparation of the agenda for each meeting of the Board of Directors and request the inclusion of matters on the agenda for meetings of the Board of Directors.
  - (iv) Coordinate, gather and reflect the opinions of the non-executive directors.
  - (v) Direct the periodic evaluation of the Chair of the Board of Directors and lead any process for the succession thereof.
  - (vi) Keep abreast of the concerns of investors and shareholders.
5. An Audit and Control Committee, an Appointments and Remuneration Committee and a Strategy Committee shall also be created with the information, supervisory, advisory and proposal-making powers on matters within their purview as specified in articles 64, 65 and 65 bis of the Bylaws of the Company and which are further developed in their respective internal operating regulations.

6. The Board may also create other committees with consultative or advisory duties, without prejudice to the vesting therein of particular decision-making powers. The Chair, the Secretary and the other members of such committees and commissions shall be appointed by the Board of Directors by a simple majority.

## **CHAPTER V. OPERATION**

### **Article 19. Form and timing of the meetings**

1. The Board of Directors shall meet as often as suitable to properly perform its duties and at least six (6) times per year, and at least one meeting must be held each calendar quarter. Each director may propose other items on the agenda that were not initially provided for if such request is made no less than three (3) business days prior to the date set for the meeting.
2. Furthermore, the Board of Directors shall meet on the initiative of the Chair as often as the Chair deems appropriate for the proper operation of the Company and also when requested upon the terms set out in section 5 below.
3. Directors comprising at least one third of the members of the board may call a meeting, stating the agenda, to be held at the registered office, if a request has previously been submitted to the Chair and the Chair has unjustifiably failed to call the meeting within a period of one month.
4. The meeting shall be called by notice via fax, email or letter to each of the directors at least ten (10) business days prior to the date set for the meeting.
5. If the Chair believes there are urgent reasons for such purpose, it shall be sufficient if the call is made three (3) business days in advance, subject to the provisions of the preceding paragraph regarding the form of making the call.
6. The Board of Directors must be called by the Chair upon written request, containing the agenda, from at least two (2) directors. If a meeting of the Board of Directors is not called by the Chair upon request of the above directors, the Vice Chair or, if there are several, any of the Vice Chairs, is expressly authorized to call the respective meeting of the Board of Directors. Said meeting must be called to be held within ten (10) business days of receipt of the request for the call. A call to meeting shall not be necessary if all the directors meet and unanimously agree to hold the meeting.

### **Article 20. Holding of meetings of the Board of Directors. Adoption of resolutions in writing without a meeting.**

1. Generally, meetings of the Board of Directors shall take place at the registered office, with the physical attendance of the directors or their proxy representatives.
2. Without prejudice to the foregoing, meetings of the Board of Directors may be held in several places connected by systems that permit recognition and identification of the attendees, permanent communication among the attendees regardless of their location, and participation and the casting of votes, all in real time. Attendees at any of these places shall be deemed as attendees at the same individual meeting for all purposes relating to the meeting of the Board of Directors. The meeting shall be deemed to be

held where the greatest number of directors is located, and if in equal numbers, where the Chair of the Board of Directors or whomever chairs the meeting in the absence thereof is located.

3. Voting by the Board of Directors may occur in writing without a meeting provided that no director objects thereto. In this instance, the directors must submit to the Secretary of the Board of Directors, or whoever assumes the duties thereof, their votes and the considerations they wish to appear in the minutes, using any means that allows for receipt thereof. Resolutions adopted using this procedure shall be recorded in minutes prepared pursuant to the provisions of applicable law.

#### **Article 21. Ordinary quorum and voting majority**

A valid quorum for a meeting of the Board of Directors shall require the attendance in person or by proxy of one half (1/2) plus one (1) of its members.

Resolutions regarding a matter that is not a Significant Decision of the Board of Directors (as defined below) shall be adopted with the favourable vote of an absolute majority of the directors present in person or by proxy, with the Chair having the tie-breaking vote.

#### **Article 22. Quorum and majority voting for Significant Decisions of the Board of Directors**

A valid quorum for a meeting of the Board of Directors held to adopt Significant Decisions of the Board of Directors shall require the attendance in person or by proxy of four fifths (4/5) of its members.

Resolutions regarding a matter that is a Significant Decision of the Board of Directors (as defined below) shall be adopted with the favourable vote of at least four fifths (4/5) of the members present in person or by proxy.

#### **Article 23. Significant Decisions of the Board of Directors**

For purposes of the preceding Article, the following shall be considered “Significant Decisions of the Board of Directors”, which cannot be delegated to a chief executive officer and/or to an executive committee and which must be decided by the Board of Directors:

1. Closure of any work centre of the Company at any time within the Autonomous Community of the Basque Country, unless there is documentation duly supporting said closure for reasons of efficiency in carrying out the business activity of the Company.
2. Proposing any decision to the shareholders acting at a General Shareholders’ Meeting that is intended to have the effect of not maintaining effective administration and management of the Company within the Autonomous Community of the Basque Country or within any other Autonomous Community in which the effective administration and management of a subsidiary or minority-owned company is located. The clarifications set out in section 2 of article 37.3 shall apply for these purposes.
3. Proposing to the shareholders acting at a General Shareholders’ Meeting a change in the “Euskaltel” brand for carrying out the activities of the Company in the Autonomous Community of the Basque Country.

4. Decision regarding the direction of the Company's vote in its capacity as member or shareholder (and the vote of its representatives on management bodies) at any subsidiaries or minority-owned companies regarding any resolution deemed to be Significant Decisions of the Board of Directors for purposes of this section.
5. Resolutions to implement the delegations made by the shareholders acting at a General Shareholders' Meeting regarding the above matters.

#### **Article 24. Proxy representation and voting**

Any director may grant their proxy and vote to any other director, giving notice thereof by letter addressed to the Chair. The proxy must be in writing and must be particular for each meeting.

#### **Article 25. Conduct of the meetings**

1. Directors shall make every effort to attend the meetings of the Board of Directors and, if unable to do so in person, shall endeavour to give a proxy to another director, to whom appropriate instructions must be given. They may not give a proxy in connection on matters in relation to which they have any conflict of interest. The proxy granted shall be a special proxy for the meeting of the Board of Directors to which it relates, and may be communicated by any of the means provided for in article 19 above for the call of meetings.
2. The Chair of the Board of Directors, as the person responsible for the effective operation thereof, shall stimulate and organise the debate and active participation of the directors during its meetings, safeguarding their decision-making and expression of opinion.
3. When so required by the circumstances, the Chair of the Board of Directors may also take the measures necessary to ensure the confidentiality of deliberations and of the resolutions adopted during the meetings of the Board of Directors.
4. The Chair may invite to meetings of the Board of Directors all those who can contribute to improving the information provided to the directors.
5. In case of a tie, the Chair of the Board of Directors shall have the tie-breaking vote.

#### **Article 26. Annual evaluation**

1. The Board of Directors, the Board shall annually evaluate (i) its operation and the quality of its work, (ii) the performance of duties by the Chair of the Board of Directors and by any Chief Executive Officer, on the basis of the report submitted thereto by the Appointments and Remuneration Committee, (iii) the operation of its Committees, on the basis of the report submitted thereto by such committees, and (iv) the performance and contribution of each director, paying special attention to those responsible for the various committees of the Board. To this end, the Chair of the Board of Directors shall organise and coordinate the aforementioned evaluation process with the Chair of the Committees.

The results of the annual evaluation shall be recorded in minutes of the meeting or included as an annex thereto.

2. If the Chair of the Board of Directors performs executive duties, the evaluation thereof shall be led by the lead independent director pursuant to the provisions of article 18.4 above.
3. Based on the results of the annual evaluation, the Board of Directors shall propose an action plan to correct the deficiencies identified.

## **CHAPTER V. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS**

### **Article 27. Director remuneration**

1. Directors shall have the right to receive the remuneration established in the Bylaws of the Company.
2. Within the limits provided for in the Bylaws of the Company, the Board of Directors shall endeavour to ensure that the remuneration of the directors is reasonably commensurate with the significance of the Company, the financial situation thereof and the market standards used at companies of a similar size or activity, and takes into account their dedication to the Company. The remuneration system established should be focused on promoting the long-term profitability and sustainability of the Company and include the measures necessary to avoid the excessive assumption of risk and unfavourable results.
3. The Board of Directors shall also ensure that the amount of the remuneration of external directors is such that it provides incentives to their dedication but does not compromise their independence.
5. The Board of Directors shall annually prepare a director remuneration report upon the terms established by applicable legal provisions.

This report shall be made available to the shareholders upon the call to the Ordinary General Shareholders' Meeting, and shall be submitted to a consultative vote as a separate item on the agenda.

## **CHAPTER VI. DIRECTOR INFORMATION**

### **Article 28. Information and inspection powers**

1. In performing their duties, directors are invested with the broadest powers to obtain information about any aspect of the Company, to examine its books, records, documents and other background information on corporate transactions, to inspect all its facilities, and to communicate with the senior officers of the Company.
2. The exercise of the above powers shall first be channelled through the Secretary of the Board of Directors, who shall so inform the Chair of the Board of Directors and the appropriate contact person within the Company.
3. The Secretary shall advise the director of the confidential nature of the information requested and received and of the director's duty of confidentiality as provided in these Regulations.

### **Article 29. Assistance of experts**

1. In order to be assisted in the performance of the duties entrusted thereto, any director may request the hiring of legal, accounting, technical, financial, commercial or other experts at the Company's expense.

The assignment must relate to specific issues of certain significance and complexity arising during the performance of the director's duties.

2. The hiring request hired shall be channelled through the Secretary of the Board of Directors, who may subject it to the prior authorisation of the Board of Directors, and which may be denied on justifiable grounds, including the following circumstances:
  - (i) That it is not necessary for the proper performance of the duties entrusted to the directors.
  - (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.
  - (iv) That it may pose a risk to the confidentiality of the information that must be provided to the expert.

## **CHAPTER VII. DUTIES OF A DIRECTOR**

### **Article 30. General obligations**

1. A director shall act with the diligence of an orderly businessman and a faithful representative in performing the director's duties, taking into account the nature of the position and the duties assigned thereto. A director's actions shall be guided only by good faith, the Company interest, and ensuring the best defence and protection of the shareholders as a whole, which is the body from which the director's mandate is received and to which the director is accountable.
2. In particular, and without prejudice to any other obligations provided by law, a director shall be required to:
  - (i) Properly prepare the meetings of the Board of Directors and the committees to which the director belongs, and diligently become apprised of the progress of the Company and the matters to be addressed at such meetings.
  - (ii) Attend the meetings of the decision-making bodies and committees of which they are a member and actively participate in the deliberations so that the director's opinion effectively contributes to decision-making. If there are good reasons for not being able to attend meetings that have been called, they must give instructions to the director that will represent them.
  - (iii) Provide (particularly by the independent directors) the strategic vision and the concepts, standards and innovative measures for the optimal development and progress of the Company's business.

- (iv) Perform the director's duties under the principal of personal responsibility with freedom of judgement and independence from third party instructions and connections.
- (v) Perform any specific task entrusted to the director by the Board of Directors, the Chair thereof, or any Chief Executive Officer, and that is reasonably included within the director's remit.
- (vi) Investigate and inform the Board of Directors of any irregularities in the management of the Company of which the director becomes aware, and monitor any situation of risk.
- (vii) Propose the calling of an extraordinary meeting of the Board of Directors or the inclusion of new items on the agenda of the next meeting to be held, in order to deliberate on such issues as the director deems appropriate.
- (viii) Object to resolutions that are contrary to law, the Bylaws or the company interests, and request that such objection recorded in the minutes when so deemed appropriate for the protection of the Company interest. In particular, independent directors and other directors not affected by potential conflicts of interest should clearly express their objection in the case of decisions that could be prejudicial to the interests of shareholders not represented on the Board of Directors.

If the Board of Directors makes significant or repeated decisions about which a director has expressed serious concerns, the director shall draw the appropriate conclusions and, if they choose to resign, shall explain the reasons in their resignation letter.

The provisions of this letter shall apply to the Secretary of the Board, even if the Secretary is not a director.

2. In any event, directors must devote to their duties the time and effort necessary to perform them effectively, and directors must therefore inform the Appointments and Remuneration Committee of their other professional duties if they might interfere with the dedication required.

### **Article 31. Duty of confidentiality**

1. A director shall keep confidential the deliberations and resolutions of the Board of Directors and of the committees of which they form a part, and shall generally refrain from disclosing information, data, reports or background information to which the director has had access while in office, or use any of the foregoing for the director's own benefit, for the benefit of any shareholder that may have proposed or made the director's appointment, or of any other third party, without prejudice to the duties of transparency and disclosure imposed by applicable law.
2. The obligation established in the preceding section shall not prevent the communication of confidential information to third parties in the performance of the duties entrusted to the director as such or the exercise of powers expressly delegated thereto by the Board of Directors or by the relevant committee, provided that the duty of confidentiality of the recipient of the information is adequately guaranteed, under the responsibility of the director, on the terms established by law.

3. A director's duty of confidentiality shall survive even after the director has ceased to hold office.

### **Article 32. Duty not to compete**

1. Directors must refrain from engaging in activities for their own account or that of others that involve actual competition with the Company or otherwise put them in a situation of permanent conflict with the interests of the Company.
2. The duty not to compete with the Company may only be waived if no harm to the Company can be expected or if the harm expected will be offset by the benefits that are expected from the waiver. The waiver shall be provided by express and separate resolution of the shareholders acting at a General Shareholders' Meeting.
3. In any event, at the request of any shareholder, the shareholders shall decide on the termination of a director who engages in competitive activities if the risk of harm to the Company becomes significant.

### **Article 33. Conflicts of interest**

1. A conflict of interest shall be deemed to exist in those situations in which there is a conflict, whether direct or indirect, between the interest of the Company or of any of the companies of its Group and the personal interest of a director. A personal interest of the director will exist if a matter affects the director or a person connected therewith or, in the case of a proprietary director, if it affects the shareholder or shareholders that proposed or caused the appointment thereof or persons directly or indirectly connected therewith.
2. For purposes of these Regulations, the following terms shall have the meaning set forth below:
  - (i) Persons connected with an individual director:
    - a) A spouse or persons related by a similar relationship of affection.
    - b) The ascendants, descendants and siblings of the director or of the director's spouse (or a person with a similar relationship of affection).
    - c) The spouses of ascendants, descendants and siblings of the director.
    - d) Companies or entities in which the director or any persons connected therewith, directly or through a nominee, falls within any of the situations referred to in Article 42 of the Commercial Code.
    - e) The companies or entities in which the director or any persons connected therewith, directly or through a nominee, holds an administrative or management position or a position for which they receive remuneration for any reason.
    - f) In addition, in the case of proprietary directors, the shareholders upon whose proposal they have been appointed.
  - (ii) Persons connected with a corporate director:

- a) The members or shareholders who, in respect of a corporate director, fall within any of the situations referred to in Article 42 of the Commercial Code.
  - b) The companies that form part of the same group, as such term is defined in Article 42 of the Commercial Code, and the members or shareholders thereof.
  - c) The individual representative, legal or de facto directors, and liquidators of and representatives holding general powers of representation granted by the corporate director.
  - d) Those persons who, in respect of the representative of the corporate director, are considered to be connected persons pursuant to the provisions of the section 2.(i) of this article for individual directors.
3. Without prejudice to other provisions of these Regulations, conflicts of interest shall be governed by the following rules:
- (i) Communication: a director must inform the Board of Directors, through the Chair or the Secretary of the Board of Directors, of any conflict of interest in which the director is involved.
  - (ii) Abstention: a director must leave the meeting during the deliberation and voting on those matters in which the director is affected by a conflict of interest, and shall not be counted in the number of members attending for purposes of calculating the quorum and majorities.
  - (iii) Transparency: the Company shall disclose any conflicts of interest in which the directors have been involved during the financial year in question and of which the Company is aware by reason of notice given thereto by the director affected by such conflict or by any other means.
4. Notwithstanding the foregoing, in those instances in which the conflict of interest is, or can reasonably be expected to be, of a nature that constitutes a structural and permanent conflict between the director and the Company or the companies forming part of the Group, it shall be deemed that the director lacks, or has ceased to possess, the suitability required to hold office for purposes of these Regulations.

#### **Article 34. Use of corporate assets**

1. A director may not use the assets of the Company, including confidential information of the Company, or use their position therein to obtain a financial benefit, unless appropriate consideration has been paid and it is a standardised service.
2. By way of exception, the director may be relieved of the obligation to pay consideration, but in such case the financial benefit shall be considered indirect remuneration and must be authorised by the Board of Directors.

#### **Article 35. Non-public information**

A director must observe the rules of conduct established in the legal provisions governing the securities market, and particularly those contained in the Company's Internal Regulations for

Conduct in the Securities Markets, regarding the treatment of non-public information and significant information.

### **Article 36. Business opportunities**

1. A director may not take advantage of a business opportunity of the Company, either for the director's own benefit or for the benefit of connected persons, unless the investment or transaction has previously been offered to the Company, the Company has chosen not to take advantage of it without any influence from the director, and the director has been authorised by the Board of Directors to benefit from the transaction, following a report from the Appointments and Remuneration Committee.
2. For purposes of the preceding section, a business opportunity is considered to be any possibility of making an investment or a business transaction that has arisen or has been discovered in connection with the director's performance of duties as such, or through the use of Company resources or information, or under circumstances such that it is reasonable to believe that the third party's offer was in fact addressed to the Company.
3. Likewise, a director must refrain from using the Company's name or invoking the position thereof as director of the Company in order to carry out transactions for the director's own account or for the account of connected persons.

### **Article 37. Indirect transactions**

A director's duties of loyalty to the Company are breached if the director knowingly allows or fails to disclose the existence of transactions by connected persons that have not been subject to the conditions and checks provided for in the preceding articles.

### **Article 38. Company transactions with directors and shareholders**

1. A transaction by the Company or the companies forming part of its Group with directors, with shareholders holding a stake equal to or greater than that considered to be significant as provided for in the legal provisions governing the securities markets applicable at any particular time or that have proposed the appointment of any of the directors of the Company, or with the respective connected persons, shall be subject to the approval of the Board of Directors, following a favourable report from the Audit and Control Committee.
2. The Board of Directors and the Audit and Control Committee shall ensure that transactions between the Company or the companies forming part of its Group and the directors, the shareholders mentioned in the preceding section, or the respective connected persons are carried out under arm's length conditions and with due respect for the principle of equal treatment of shareholders that are in identical conditions.
3. In the case of customary and recurring transactions in the ordinary course of business, it shall be sufficient for the Board of Directors to give prior generic approval of the kind of transaction and of the conditions for performance thereof, following a favourable report from the Audit and Control Committee.
4. However, no authorisation of the Board of Directors shall be necessary in connection with transactions that simultaneously meet the following three conditions: (i) they are carried out under contracts whose terms are standardised and apply on an across-the-

board basis to a large number of customers; (ii) they are conducted at prices or rates established generally by the supplier of the goods or services concerned; and (iii) the amount thereof does not exceed one per cent (1%) of the annual revenue of the Company, as reflected in the audited annual accounts for the most recent financial year closed prior to the date of the transaction in question.

5. The authorisation must be submitted for approval of the shareholders at the General Shareholders' Meeting if it is for a transaction with a director having a value of more than ten per cent (10%) of Company assets.
6. The Company shall report the transaction referred to in this article in the cases and to the extent provided by law. Likewise, the Company shall include in the notes accompanying the annual accounts information regarding transactions by the Company or by the companies of the Group with the directors and those persons acting on their behalf if such transactions are conducted other than in the ordinary course of the Company's business or other than under normal arm's length conditions.

#### **Article 39. Duties to provide information**

1. A director must disclose to the Company the shares they hold directly or indirectly through a connected person, all in accordance with the provisions of the Company's Internal Regulations for Conduct in the Securities Markets.
2. A director must disclose to the Company any stake or interest (through agreements or instruments of any kind, such as certificates of deposit, derivative instruments, etc.) held in the share capital of any company with a business that is the same as or similar or complementary to the business within the object of the Company, as well as any offices held or duties performed therein and the conduct, for the director's own account or for the account of another, of any kind of business that is complementary to the business activity making up the object of the Company.
2. A director must also disclose to the Company:
  - a) all positions the director holds and activities the director performs at other companies or entities, as well as the director's other professional obligations. In particular, the director must inform the Appointments and Remuneration Committee before accepting any position as director or officer at another company or entity (except for the positions the director is asked to hold at companies belonging to the Group or at other companies in which the director represents the interests of the Group).
  - b) any significant change in their professional status that affects the nature or status by virtue of which they were appointed as director.
  - c) court, administrative or other proceedings brought against the director and which, due to the importance or nature thereof, could seriously affect the reputation of the Company. In particular, every director must inform the Company, through its Chair, if the director is charged with or prosecuted for any of the offences specified in Section 213 of the Companies Act. In such a case, the Board of Directors shall investigate the case as soon as possible and decide in light of the particular circumstances whether or not the director should continue in office.

- d) in general, any fact or situation that may be relevant to their conduct as a director of the Company.
3. A director must provide the Company with an e-mail so that meetings of the Board of Directors can be called using this method if so decided and to provide them with the corresponding information.

#### **Article 40. Extent of duties**

The duties referred to in this title of the Regulations with regard to the directors' relations with the Company shall also be considered to apply by analogy to their possible relations with companies of the Group.

Similarly, the duties referred to in this title of the Regulations shall be binding on the individual representatives of corporate directors.

### **CHAPTER VIII. DISCLOSURE POLICY AND BOARD RELATIONS**

#### **Article 41. Website**

1. The Company shall maintain a corporate website for shareholders to exercise their right to information and to disseminate the significant information required by the securities market laws, which shall include the documents and information required by applicable legal provisions, including information and documentation concerning the call to the General Shareholders' Meetings as well as any other documentation and information that the Board of Directors deems appropriate to make available to shareholders through this medium.
2. The Board of Directors shall be responsible for maintaining the information that must be included in the Company's corporate website in compliance with the obligations imposed by applicable legal provisions, and shall be responsible for the update thereof upon the terms set out by applicable law.

#### **Article 42. Relations with shareholders**

1. The Company shall define and promote a policy of communication and contacts with shareholders, institutional investors and proxy advisors that fully complies with the rules against market abuse and accords similar treatment to all shareholders in the same position.

The Company shall publish this policy on its website, including information about the manner in which it has implemented the policy and identifying the responsible contacts.

2. The Board of Directors shall provide appropriate channels to hear proposals that the shareholders may make in relation to the management of the Company.
3. The Board, assisted by some of its directors and with the collaboration of such members of senior management as it deems appropriate, may organise briefings on the progress of the Company and its group for shareholders residing in the more important financial centres of Spain and other countries.
4. The Board of Directors shall also establish appropriate mechanisms for the regular exchange of information with institutional investors that are shareholders of the

Company. Under no circumstances may the relations between the Board of Directors and the institutional shareholders result in the delivery thereto of any information that might give them a privileged or advantageous position over the other shareholders.

5. The directors shall be regularly informed of changes in shareholdings and of the opinion of significant shareholders, investors and rating agencies about the Company and its group.
6. Public proxy solicitations by the Board of Directors or by any of its members must state how the proxy representative will vote if the shareholder does not provide instructions.
7. The Board of Directors shall encourage the informed participation of the shareholders at general meetings and shall adopt whatever measures are necessary to facilitate the effective performance by the shareholders at the General Shareholders' Meeting of the duties thereof in accordance with law and the Bylaws of the Company.

In particular, the Board of Directors shall adopt the following measures:

- (i) It shall endeavour to make available to the shareholders prior to the General Shareholders' Meeting all information required under applicable legal provisions and all information, even if not so required, that may be of interest and be reasonably supplied.
- (ii) It shall respond with the utmost diligence to requests for information made by the shareholders prior to the General Shareholders' Meeting.
- (iii) It shall respond with the same diligence to questions asked by the shareholders at the General Shareholders' Meeting.

#### **Article 43. Relations with the auditors**

1. The Audit and Control Committee shall propose to the Board of Directors, for submission to the shareholders at the General Shareholders' Meeting, the appointment (indicating the contractual terms and conditions and the scope of the professional mandate), renewal and revocation of the auditor of the annual accounts of the Company and oversee compliance with the auditing contract.
2. The Audit and Control Committee shall refrain from proposing to the Board of Directors, and the Board of Directors shall refrain from submitting to the shareholders at a General Shareholders' Meeting, the appointment as auditor of the Company of any audit firm that is affected by grounds for disqualification under the legal provisions on auditing and those firms for which the fees expected to be paid by the Company for all items is greater than five per cent (5%) of their total revenues for the previous financial year.
3. The Board of Directors shall seek to definitively formulate the annual accounts such that there is no room for reservations or qualifications by the auditor. In those exceptional circumstances in which they are made, both the Chair of the Audit and Control Committee and the external auditors shall clearly explain to the shareholders the content of such reservations or qualifications. However, if the Board of Directors believes that its opinion should prevail, it shall provide a public explanation of the content and scope of the discrepancy.

#### **Article 44. Relationships with the senior officers of the Company**

Relations between the Board of Directors and the Company's senior officers, as provided in these Regulations, must be channelled through the Chair of the Board of Directors or the chief executive (as defined in article 2 of these Regulations), if any, and in the absence of the foregoing, the Secretary of the Board of Directors.

### **CHAPTER IX. COMPLIANCE, DISSEMINATION AND INTERPRETATION**

#### **Article 45. Compliance and dissemination**

1. The members of the Board of Directors, and the senior officers of the Company to the extent they are affected, have an obligation to know, comply with and enforce these Regulations.
2. The Secretary of the Board of Directors shall provide a copy of these Regulations to all of them when they accept their respective appointments or when their hiring becomes effective, as the case may be, and they must deliver to the Secretary a signed statement in which they declare that they know and accept the content of these Regulations, undertaking to comply with any obligations to which they are subject hereunder.
3. Without prejudice to performance of the duties established from time to time by applicable legal provisions, the Company's Board of Directors shall adopt appropriate measures for the Regulations to be disseminated amongst the shareholders and the investing public generally.

#### **Article 46. Interpretation**

1. The Regulations shall be construed in accordance with applicable legal and bylaw provisions and with the principles of and recommendations on corporate governance for listed companies from time to time approved or issued by the authorities of Spain and its neighbouring countries, or by special committees or working groups established by mandate of such authorities.
2. Any question or dispute regarding the interpretation of these Regulations shall be resolved by majority vote of the Board of Directors, and in the absence of a majority, by the Chair thereof.

#### **Article 47. 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 business days.