



**REPORT OF ENAGÁS, S.A.'S BOARD OF DIRECTORS
JUSTIFYING THE PROPOSED AMENDMENT TO THE
ARTICLES OF ASSOCIATION SUBMITTED TO THE
ORDINARY GENERAL SHAREHOLDERS' MEETING
FOR APPROVAL AS ITEM 6 ON THE AGENDA**

In the event of any discrepancy between the Spanish version and this translation into English, the Spanish version shall prevail.



REPORT OF ENAGÁS, S.A.'S BOARD OF DIRECTORS JUSTIFYING THE PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION SUBMITTED TO THE ORDINARY GENERAL SHAREHOLDERS' MEETING FOR APPROVAL AS ITEM 6 ON THE AGENDA

1. INTRODUCTION AND PURPOSE OF THE REPORT

On April 25, 2022, Enagás, S.A. ("**Enagás**" or the "**Company**") informed the market through a Communication of Other Relevant Information about the separation of the Sustainability, Appointments and Remuneration Committee into two separate Committees, a Remuneration Committee and a Sustainability and Appointments Committee, in accordance with best corporate governance practices and, in particular, in accordance with Recommendation 48 of the Good Governance Code ("**CBG**"), as the Board of Directors has deemed it fitting to propose to the General Meeting that the Articles of Association be amended to expressly include the existence of these Committees.

In accordance with the above, the Enagás Board of Directors has agreed to submit the approval of the amendment of the following articles of the Articles of Association to the Ordinary General Shareholders' Meeting called for March 29, 2023 at first call, and March 30, 2023 at second call, under item 6 on the agenda: 22 ("Convening the general meeting"), 36 ("Remuneration of the Board of Directors"), 37 ("Posts") and 45 ("Sustainability, Appointments and Remuneration Committee"), as well as the introduction of a new article 45 bis ("Remuneration Committee") to the Articles of Association.

In accordance with the provisions of article 286 of the consolidated Text of the Corporate Enterprises Act, approved by Royal Decree 1/2010, of July 2, ("**LSC**"), the aforementioned proposed resolution to the General Shareholders' Meeting requires the preparation by the governing body of the following justifying report (the "**Report**"), as well as the drafting of the full text of the proposed amendment to the Articles of Association.

2. JUSTIFICATION OF THE PROPOSED AMENDMENT

2.1. AMENDMENT OF ARTICLES 22 ("CONVENING THE GENERAL MEETING"), 36 ("REMUNERATION OF THE BOARD OF DIRECTORS") AND 37 ("POSTS") TO ADAPT THE NAMES OF THE REMUNERATION COMMITTEE AND THE SUSTAINABILITY AND APPOINTMENTS COMMITTEE

It is proposed to amend articles 22, 36 and 37 of the Articles of Association to incorporate the new name of the Remuneration Committee and the Sustainability and Appointments Committee, in accordance with the separation of the Sustainability, Appointments and Remuneration Committee into two separate Committees, as agreed by the Board at its meeting on April 25, 2022, without modifying the substantive regime of the aforementioned Articles of Association, in alignment with the regime provided for in the current Rules and Regulations on the Board of Directors.

2.2. AMENDMENT OF ARTICLE 45 ("SUSTAINABILITY, APPOINTMENTS AND REMUNERATION COMMITTEE") TO REFLECT THE COMPOSITION,



POWERS AND FUNCTIONING OF THE SUSTAINABILITY AND APPOINTMENTS COMMITTEE

It is proposed to change the heading of the article to "*Sustainability and Appointments Committee*". Consequently, it is proposed to eliminate the remuneration powers attributed to the Remuneration Committee in the new article 45 bis of the Articles of Association, in coordination with the provisions of the current Rules and Regulations on the Board of Directors.

2.3. INCORPORATION OF NEW ARTICLE 45 BIS ("REMUNERATION COMMITTEE") CONCERNING THE COMPOSITION, POWERS AND FUNCTIONING OF THE REMUNERATION COMMITTEE

It is proposed to incorporate the regulation of the Remuneration Committee with regard to the basic rules relating to its composition, functioning and powers of legal origin, in alignment with the system provided for in the current Rules and Regulations on the Board of Directors.

The Remuneration Committee shall be responsible for: (i) proposing to the Board the Remuneration Policy for Directors and general managers or those performing senior management duties, pursuant to article 529 quidecies.g) of the Corporate Enterprises Act; (ii) proposing to the Board the basic conditions of the contracts of Senior Managers, pursuant to article 529 quidecies.e) of the Corporate Enterprises Act; and (iii) reporting to the Board on the individual remuneration of each Director, pursuant to articles 529 septdecies.3 and 529 octodecies.3 of the Corporate Enterprises Act, without prejudice to the additional powers attributed to it by the Rules and Regulations on the Board of Directors derived from the Good Governance Code and the CNMV's Technical Guide 1/2019 on appointments and remuneration committees, among others.

3. FULL TEXT OF THE PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

The proposed amendment to the Articles of Association, in the event that it is approved by the General Shareholders' Meeting, will imply the amendment to the following articles of the Articles of Association that, hereinafter, will have the following literal wording:

"ARTICLE 22. – CONVENING THE GENERAL MEETING.

The General Shareholders' Meeting must be convened by public announcement in the following media at least: (a) by placing a notice in the Boletín Oficial del Registro Mercantil (Spanish Official Gazette of the Companies Registry) or in a daily newspaper with one of the broadest circulations in Spain; (b) the website of the CNMV, the Spanish securities market regulator; and (c) on the Company's website. An announcement published on the Company's website shall remain accessible via the same at least until the General Shareholders' Meeting is held. The Board of Directors may decide to publicise the convening of the meeting in any other media that it might see fit, to provide greater publicity for the meeting.

Notices convening General Meetings shall be issued at least one month prior to the date of the event. Notwithstanding the foregoing, when the Company offers shareholders the real possibility of voting by electronic means accessible to all shareholders, Extraordinary Shareholders' Meetings may be convened with minimum notice of fifteen days. The reduction of the required convening notice period shall



require an express resolution adopted at a General Shareholders' Meeting by at least two thirds of subscribed capital with voting rights. This resolution shall not be valid beyond the date on which the subsequent meeting is held.

The Notice of Meeting shall state the name of the Company, the original date and time scheduled for the meeting on first call, as well as its Agenda, listing all business to be transacted at the meeting, the position of the person or persons executing the call and, the date the shareholder must have their name registered to participate and vote at the General Shareholders' Meeting, the place where and format in which the complete text of the documents and proposed resolutions can be obtained, and the address of the Company website where the information will be made available. It shall also state the date on which, if applicable, the Meeting shall be held upon second call.

There must be a difference of at least 24 hours between the first and second Meeting times.

Furthermore, the notice shall contain clear and accurate information on the formalities that shareholders must complete in order to take part and register their vote at the General Shareholders' Meeting, in particular the following points:

- a) The right to request information, to include points in the Agenda and to submit resolution proposals, as well as the deadline to exercise their rights. Whenever it is stated that further information on said rights can be found on the website, the notice may be limited to stating the deadline for exercising rights.*
- b) The system for issuing votes by proxy, with particular mention of the forms that must be used to delegate votes and the media that must be used for the Company to accept notification of delegated representation by electronic means.*
- c) The procedures established for remote voting, whether by post or electronic means.*

The convening notice must state the right of shareholders to freely and immediately access at the registered office those documents that must be subjected to the approval of the same and the Auditor's Report.

From the moment the convening is announced and up until the General Meeting is held, the following information must be posted without interruption on the Company's website:

- a) The convening notice.*
- b) The total number of shares and voting rights on the date of the convening, broken down by share categories, if any.*
- c) The documents that will be presented at the General Meeting, in particular the management, audit and independent expert reports.*
- d) The full texts of the proposed resolutions detailing each and every item on the Agenda, or where items merely for informative purposes are concerned, a report from the competent bodies detailing each such item. As they are received, resolutions proposed by shareholders will also be included.*
- e) In the case of appointment, ratification or re-election of members of the Board of Directors, the identity, curriculum vitae and category to which each belongs, along*



with the proposal, the Board's report in justification of the proposal containing an appraisal of the competence, experience and merits of the proposed candidate and the report of the Sustainability and Appointments Committee in the case of the appointment or re-election of a Non-Independent Director. In the case of a legal person, the information must include that pertaining to the natural person to be appointed to exercise the functions of the post on a permanent basis.

- f) *The forms that must be used for vote by proxy and remote voting, except when sent directly by the Company to each shareholder. If for technical reasons these cannot be posted on the website, the Company must indicate on the website information on how to obtain hard copies of these forms and must send them to any shareholder that requests them.*

Shareholders that represent at least three percent of share capital may request that a supplement to the convening notice for the General Shareholders' Meeting be published, on which one or more items are added to the Agenda, provided that the new points are accompanied with their justification or, if applicable, a justified resolution proposal. In no case may said right be exercised for the convening of Extraordinary Shareholder's Meetings. In order to exercise this right, shareholders must submit their request by means of a certified notification which must be received at the registered office of the Company within the five days following the publication of the notice of the meeting. Any such supplement to the notice of meeting shall be published at least fifteen days in advance of the scheduled date of the General Meeting. Failure to publish the supplement to the notice of meeting by the legally established deadline shall render the Meeting void.

Shareholders representing at least three percent of the share capital may, within the time limit indicated in the foregoing paragraph, present well-founded proposals for resolutions on matters already included or that should be included on the Meeting's Agenda. The Company will ensure that these proposed resolutions and any attached documentation reach the rest of the shareholders, in accordance with the provisions of section d) of the seventh paragraph of this Article."

"ARTICLE 36. – REMUNERATION OF THE BOARD OF DIRECTORS.

The position of Director shall be remunerated.

The General Shareholders' Meeting shall determine the total maximum remuneration to be paid to Members of the Board of Directors in their capacity as such. Said remuneration shall comprise a cash sum payable on an annual basis or in respect of such period as the General Meeting may determine, a fee for each Board of Directors meeting a Director actually attends, a fee for sitting on the Committees of the Board of Directors, and another for acting as Chairperson of same, and in the case of the Independent Leading Director, a supplementary amount in remuneration of said function. The allocation of remuneration among the various remuneration components and to each Director shall be determined by resolution of the Board of Directors, after receiving a report from the Remuneration Committee, and taking into consideration the duties and responsibilities attributed to each Director.

Directors may receive additional remuneration in the form of company shares, share options or other securities that enable the holder to obtain shares, or through other remuneration systems based on the price of the shares quoted on a public exchange. The implementation of said systems shall be presented to the General Shareholders' Meeting for approval, and the Meeting shall determine the maximum number of shares that may be allocated to this remuneration system in each financial year, or



the system for calculating the price for the exercise of option rights, the reference value of the shares applied, if applicable, and the term of duration of the scheme.

Directors who have executive functions in the Company, whatever the nature of their legal relationship with the Company, will also be entitled to receive remuneration for the performance of these functions, which must be set forth in a contract between the Director and the Company, which shall consist of: (i) a fixed remuneration, in cash and in specie, commensurate with the services rendered and responsibilities assumed; if applicable (ii) a variable remuneration short-term and long-term and the general system of incentives established for the Company's Senior Management, which might comprise the delivery of shares, or the entitlement to options on same, or remuneration based on the value of the shares, subject to the requirements set forth in the prevailing legislation at any given time; (iii) a benefits component to include appropriate pension and insurance schemes and social security benefits; as well as, if applicable (iv) a consideration for a post-contractual covenant not to compete. They will be entitled to compensation if they were asked to step down but it was not due to the discharging of duties.

Directors shall be entitled to the payment or reimbursement of expenses incurred as a result of attendance at meetings and other tasks directly related to the performance of their duties, such as travel, accommodation, meals and any other which may arise.

The Company may take out civil liability insurance for Directors and Senior Managers.

The policy for Directors' remuneration shall be in keeping with the remuneration system provided for herein, and shall be approved by the General Shareholders' Meeting as a separate item on the Agenda to be applied for a maximum period of three financial years. However, the proposal for a new Directors' remuneration policy must be submitted to the General Shareholders' Meeting prior to the end of the last financial year of application of the previous policy, and the General Shareholders' Meeting may determine that the new policy shall apply from the date of approval and for the following three financial years. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.

Directors' remuneration shall be disclosed in the legally established terms, in the Notes to the Annual Accounts, in the Annual Corporate Governance Report and in the Annual Report on Directors' Remuneration. The latter report shall be submitted to an advisory vote as a specific item on the Agenda of the Ordinary General Meeting.

In the event that the Annual Report on Directors' Remuneration is rejected in the advisory vote at the Ordinary General Shareholders' Meeting, the Company may only continue to apply the remuneration policy in force at the date of the General Meeting until the next General Meeting is held."

"ARTICLE 37.- POSTS.

The Board of Directors shall appoint its Chairperson pursuant to the report of the Sustainability and Appointments Committee. The appointment as Chairperson of an Executive Director shall require the favourable vote of two-thirds of the members of the Board.



The Board of Directors may appoint an Independent Director, on the proposal of the Sustainability and Appointments Committee, to perform the following duties, under the title of Independent Leading Director:

- a) To request the Chairperson of the Board of Directors to convene that body when said Independent Leading Director deems it appropriate.*
- b) To request the inclusion of items on the agenda of the meetings of the Board of Directors.*
- c) To coordinate and convene the Non-Executive Directors.*
- d) To oversee the Board's evaluation of its Chairperson and, where appropriate, the Chief Executive Officer.*
- e) To perform as a Vice-Chairperson the functions of the Chairperson as regards the Board of Directors, if the Chairperson is absent, ill or unable to act as Chairperson for whatever reason. In the absence of an Independent Leading Director, for the purposes of this section the most senior Director in age shall act as Chairperson.*

The appointment of an Independent Leading Director shall be obligatory, if the Chairperson of the Board is an Executive Director. In such cases the Independent Leading Director shall be appointed by the Board with the Executive Directors abstaining from the vote.

The Chairperson and the Secretary to the Board of Directors and the Vice Secretary, if applicable, if re-elected to the Board by a resolution of the General Meeting, shall continue to perform the offices hitherto held on the Board without need of being freshly elected, subject to the power of revocation of such offices that rests with the Board of Directors."

"ARTICLE 45.- SUSTAINABILITY AND APPOINTMENTS COMMITTEE.

The Board of Directors shall appoint from among its members a Sustainability and Appointments Committee that shall comprise a minimum of three and a maximum of seven Directors. A majority of Committee members must be Independent Directors and no Executive Directors may be included among its members. The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote.

The Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:

- a) To evaluate the skills, knowledge and experience needed on the Board of Directors. To this end, it shall determine the functions and skills required of the candidates to fill each vacancy, and evaluate the precise amount of time and degree of dedication necessary for them to effectively perform their duties.*
- b) To establish a goal concerning the representation of the less-represented gender on the Board of Directors and to prepare guidelines on how this goal can be attained.*
- c) To forward to the Board of Directors proposed appointments of Independent Directors for their designation by co-option or subject to the decision of the*



General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.

- d) To report proposed appointments of the remaining Directors for their designation by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.*
- e) To report on proposals for the appointment and removal of senior managers.*
- f) To examine and organise the succession of the Company's Chairperson and CEO and, if appropriate, to make proposals to the Board to ensure the succession is smooth and well-planned.*
- g) To report to the Board on general policy concerning Sustainability and Good Corporate Governance, ensuring the adoption and effective application of best practices, both those which are compulsory and those that are in line with generally accepted recommendations. To do this, the Committee may submit to the Board the initiatives and proposals it deems appropriate and shall report on the proposals submitted to the Board and on the information the Company releases to shareholders annually regarding these issues.*

The Committee shall meet at least four times a year, with meetings being called by the Chairperson. The Committee may seek advice both internally and externally and request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties."

[NEW] "ARTICLE 45 BIS.- REMUNERATION COMMITTEE.

The Board of Directors shall appoint from among its members a Remuneration Committee that shall comprise a minimum of three and a maximum of seven Directors. A majority of Committee members must be Independent Directors and no Executive Directors may be included among its members. The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote.

The Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:

- a) To propose to the Board of Directors a remuneration policy for Directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to executive committees or Executive Directors, along with individual remuneration and other contractual terms of Executive Directors, also to ensure that said policy is observed.*
- b) To propose to the Board the standard conditions for Senior Managers' contracts.*
- c) To report to the Board of Directors, in advance, on the individual determination of the remuneration of each Director in their capacity as such within the statutory framework and the remuneration policy, as well as for the performance of the executive functions attributed to them in the remuneration policy and in accordance with the provisions of their contract.*

The Committee shall meet at least four times a year, with meetings being called by the Chairperson. The Committee may seek advice both internally and externally and



request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties.”

4. SEPARATE VOTE BY SUBJECT

In relation to the proposed amendment to the Articles of Association submitted for approval by the Ordinary General Shareholders' Meeting, each separate article or group of articles shall be voted on separately, in accordance with the provisions of article 197 bis of the LSC.

5. APPENDIX

In order to facilitate comparison between the new wording of the articles proposed to be amended or, where appropriate, introduced and their current wording, the new wording of the articles is included as an **Appendix** to this report for informational purposes.

And for all appropriate legal reasons, the Company's Board of Directors prepares this report at its meeting held on **February 20, 2023**.

The Secretary to the Board of Directors
Rafael Piqueras Bautista
Enagás, S.A.



APPENDIX

"ARTICLE 22. – CONVENING THE GENERAL MEETING.

The General Shareholders' Meeting must be convened by public announcement in the following media at least: (a) by placing a notice in the Boletín Oficial del Registro Mercantil (Spanish Official Gazette of the Companies Registry) or in a daily newspaper with one of the broadest circulations in Spain; (b) the website of the CNMV, the Spanish securities market regulator; and (c) on the Company's website. An announcement published on the Company's website shall remain accessible via the same at least until the General Shareholders' Meeting is held. The Board of Directors may decide to publicise the convening of the meeting in any other media that it might see fit, to provide greater publicity for the meeting.

Notices convening General Meetings shall be issued at least one month prior to the date of the event. Notwithstanding the foregoing, when the Company offers shareholders the real possibility of voting by electronic means accessible to all shareholders, Extraordinary Shareholders' Meetings may be convened with minimum notice of fifteen days. The reduction of the required convening notice period shall require an express resolution adopted at a General Shareholders' Meeting by at least two thirds of subscribed capital with voting rights. This resolution shall not be valid beyond the date on which the subsequent meeting is held.

The Notice of Meeting shall state the name of the Company, the original date and time scheduled for the meeting on first call, as well as its Agenda, listing all business to be transacted at the meeting, the position of the person or persons executing the call and, the date the shareholder must have their name registered to participate and vote at the General Shareholders' Meeting, the place where and format in which the complete text of the documents and proposed resolutions can be obtained, and the address of the Company website where the information will be made available. It shall also state the date on which, if applicable, the Meeting shall be held upon second call.

There must be a difference of at least 24 hours between the first and second Meeting times.

Furthermore, the notice shall contain clear and accurate information on the formalities that shareholders must complete in order to take part and register their vote at the General Shareholders' Meeting, in particular the following points:

- a) The right to request information, to include points in the Agenda and to submit resolution proposals, as well as the deadline to exercise their rights. Whenever it is stated that further information on said rights can be found on the website, the notice may be limited to stating the deadline for exercising rights.
- b) The system for issuing votes by proxy, with particular mention of the forms that must be used to delegate votes and the media that must be used for the Company to accept notification of delegated representation by electronic means.
- c) The procedures established for remote voting, whether by post or electronic means.

The convening notice must state the right of shareholders to freely and immediately access at the registered office those documents that must be subjected to the approval of the same and the Auditor's Report.



From the moment the convening is announced and up until the General Meeting is held, the following information must be posted without interruption on the Company's website:

- a) The convening notice.
- b) The total number of shares and voting rights on the date of the convening, broken down by share categories, if any.
- c) The documents that will be presented at the General Meeting, in particular the management, audit and independent expert reports.
- d) The full texts of the proposed resolutions detailing each and every item on the Agenda, or where items merely for informative purposes are concerned, a report from the competent bodies detailing each such item. As they are received, resolutions proposed by shareholders will also be included.
- e) In the case of appointment, ratification or re-election of members of the Board of Directors, the identity, curriculum vitae and category to which each belongs, along with the proposal, the Board's report in justification of the proposal containing an appraisal of the competence, experience and merits of the proposed candidate and the report of the Sustainability ~~and~~ Appointments ~~and Remuneration~~ Committee in the case of the appointment or re-election of a Non-Independent Director. In the case of a legal person, the information must include that pertaining to the natural person to be appointed to exercise the functions of the post on a permanent basis.
- f) The forms that must be used for vote by proxy and remote voting, except when sent directly by the Company to each shareholder. If for technical reasons these cannot be posted on the website, the Company must indicate on the website information on how to obtain hard copies of these forms and must send them to any shareholder that requests them.

Shareholders that represent at least three percent of share capital may request that a supplement to the convening notice for the General Shareholders' Meeting be published, on which one or more items are added to the Agenda, provided that the new points are accompanied with their justification or, if applicable, a justified resolution proposal. In no case may said right be exercised for the convening of Extraordinary Shareholder's Meetings. In order to exercise this right, shareholders must submit their request by means of a certified notification which must be received at the registered office of the Company within the five days following the publication of the notice of the meeting. Any such supplement to the notice of meeting shall be published at least fifteen days in advance of the scheduled date of the General Meeting. Failure to publish the supplement to the notice of meeting by the legally established deadline shall render the Meeting void.

Shareholders representing at least three percent of the share capital may, within the time limit indicated in the foregoing paragraph, present well-founded proposals for resolutions on matters already included or that should be included on the Meeting's Agenda. The Company will ensure that these proposed resolutions and any attached documentation reach the rest of the shareholders, in accordance with the provisions of section d) of the seventh paragraph of this Article."

"ARTICLE 36. – REMUNERATION OF THE BOARD OF DIRECTORS.

The position of Director shall be remunerated.



The General Shareholders' Meeting shall determine the total maximum remuneration to be paid to Members of the Board of Directors in their capacity as such. Said remuneration shall comprise a cash sum payable on an annual basis or in respect of such period as the General Meeting may determine, a fee for each Board of Directors meeting a Director actually attends, a fee for sitting on the Committees of the Board of Directors, and another for acting as Chairperson of same, and in the case of the Independent Leading Director, a supplementary amount in remuneration of said function. The allocation of remuneration among the various remuneration components and to each Director shall be determined by resolution of the Board of Directors, after receiving a report from the ~~Sustainability, Appointments and~~ Remuneration Committee, and taking into consideration the duties and responsibilities attributed to each Director.

Directors may receive additional remuneration in the form of company shares, share options or other securities that enable the holder to obtain shares, or through other remuneration systems based on the price of the shares quoted on a public exchange. The implementation of said systems shall be presented to the General Shareholders' Meeting for approval, and the Meeting shall determine the maximum number of shares that may be allocated to this remuneration system in each financial year, or the system for calculating the price for the exercise of option rights, the reference value of the shares applied, if applicable, and the term of duration of the scheme.

Directors who have executive functions in the Company, whatever the nature of their legal relationship with the Company, will also be entitled to receive remuneration for the performance of these functions, which must be set forth in a contract between the Director and the Company, which shall consist of: (i) a fixed remuneration, in cash and in specie, commensurate with the services rendered and responsibilities assumed; if applicable (ii) a variable remuneration short-term and long-term and the general system of incentives established for the Company's Senior Management, which might comprise the delivery of shares, or the entitlement to options on same, or remuneration based on the value of the shares, subject to the requirements set forth in the prevailing legislation at any given time; (iii) a benefits component to include appropriate pension and insurance schemes and social security benefits; as well as, if applicable (iv) a consideration for a post-contractual covenant not to compete. They will be entitled to compensation if they were asked to step down but it was not due to the discharging of duties.

Directors shall be entitled to the payment or reimbursement of expenses incurred as a result of attendance at meetings and other tasks directly related to the performance of their duties, such as travel, accommodation, meals and any other which may arise.

The Company may take out civil liability insurance for Directors and Senior Managers.

The policy for Directors' remuneration shall be in keeping with the remuneration system provided for herein, and shall be approved by the General Shareholders' Meeting as a separate item on the Agenda to be applied for a maximum period of three financial years. However, the proposal for a new Directors' remuneration policy must be submitted to the General Shareholders' Meeting prior to the end of the last financial year of application of the previous policy, and the General Shareholders' Meeting may determine that the new policy shall apply from the date of approval and for the following three financial years. Any modification or replacement thereof during said period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.



Directors' remuneration shall be disclosed in the legally established terms, in the Notes to the Annual Accounts, in the Annual Corporate Governance Report and in the Annual Report on Directors' Remuneration. The latter report shall be submitted to an advisory vote as a specific item on the Agenda of the Ordinary General Meeting.

In the event that the Annual Report on Directors' Remuneration is rejected in the advisory vote at the Ordinary General Shareholders' Meeting, the Company may only continue to apply the remuneration policy in force at the date of the General Meeting until the next General Meeting is held."

"ARTICLE 37.- POSTS.

The Board of Directors shall appoint its Chairperson pursuant to the report of the Sustainability ~~and~~ Appointments ~~and Remuneration~~ Committee. The appointment as Chairperson of an Executive Director shall require the favourable vote of two-thirds of the members of the Board.

The Board of Directors may appoint an Independent Director, on the proposal of the Sustainability ~~and~~ Appointments ~~and Remuneration~~ Committee, to perform the following duties, under the title of Independent Leading Director:

- a) To request the Chairperson of the Board of Directors to convene that body when said Independent Leading Director deems it appropriate.
- b) To request the inclusion of items on the agenda of the meetings of the Board of Directors.
- c) To coordinate and convene the Non-Executive Directors.
- d) To oversee the Board's evaluation of its Chairperson and, where appropriate, the Chief Executive Officer.
- e) To perform as a Vice-Chairperson the functions of the Chairperson as regards the Board of Directors, if the Chairperson is absent, ill or unable to act as Chairperson for whatever reason. In the absence of an Independent Leading Director, for the purposes of this section the most senior Director in age shall act as Chairperson.

The appointment of an Independent Leading Director shall be obligatory, if the Chairperson of the Board is an Executive Director. In such cases the Independent Leading Director shall be appointed by the Board with the Executive Directors abstaining from the vote.

The Chairperson and the Secretary to the Board of Directors and the Vice Secretary, if applicable, if re-elected to the Board by a resolution of the General Meeting, shall continue to perform the offices hitherto held on the Board without need of being freshly elected, subject to the power of revocation of such offices that rests with the Board of Directors."

"ARTICLE 45.- SUSTAINABILITY ~~AND~~ APPOINTMENTS ~~AND REMUNERATION~~ COMMITTEE.

The Board of Directors shall appoint from among its members a Sustainability ~~and~~ Appointments ~~and Remuneration~~ Committee that shall comprise a minimum of three and a maximum of seven Directors. A majority of Committee members must be Independent Directors and no Executive Directors may be included among its



members. The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote.

The Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:

- a) To evaluate the skills, knowledge and experience needed on the Board of Directors. To this end, it shall determine the functions and skills required of the candidates to fill each vacancy, and evaluate the precise amount of time and degree of dedication necessary for them to effectively perform their duties.
- b) To establish a goal concerning the representation of the less-represented gender on the Board of Directors and to prepare guidelines on how this goal can be attained.
- c) To forward to the Board of Directors proposed appointments of Independent Directors for their designation by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.
- d) To report proposed appointments of the remaining Directors for their designation by co-option or subject to the decision of the General Shareholders' Meeting, as well as on proposals for their re-election or removal by the General Shareholders' Meeting.
- e) To report on proposals for the appointment and removal of senior managers ~~and the basic terms of their contracts.~~
- f) To examine and organise the succession of the Company's Chairperson and CEO and, if appropriate, to make proposals to the Board to ensure the succession is smooth and well-planned.
- ~~g) To propose to the Board of Directors a policy of remuneration of Directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to executive committees or chief executive officers, along with individual remuneration and other terms of Executive Directors' contracts, ensuring that said policy is abided by.~~
- h)g) To report to the Board on general policy concerning Sustainability and Good Corporate Governance, ensuring the adoption and effective application of best practices, both those which are compulsory and those that are in line with generally accepted recommendations. To do this, the Committee may submit to the Board the initiatives and proposals it deems appropriate and shall report on the proposals submitted to the Board and on the information the Company releases to shareholders annually regarding these issues.

The Committee shall meet at least four times a year, with meetings being called by the Chairperson. The Committee may seek advice both internally and externally and request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties.

~~The Board of Directors can resolve to separate the Sustainability, Appointments and Remuneration Committee into a Remuneration Committee and a Sustainability and Appointments Committee, sharing out their functions and powers envisaged in this Article 45 depending on the subjects and governed by the rules of composition,~~



organisation and functioning established in the Board Regulations in accordance with these Articles of Association and the applicable regulations.”

[NEW] “ARTICLE 45 BIS.- REMUNERATION COMMITTEE.

The Board of Directors shall appoint from among its members a Remuneration Committee that shall comprise a minimum of three and a maximum of seven Directors. A majority of Committee members must be Independent Directors and no Executive Directors may be included among its members. The Committee Chairperson shall be selected from among the Independent Directors by the Board of Directors, and shall not have the casting vote.

The Committee shall possess functions and competences in the following areas, in addition to those that may be attributed to it in the Articles of Association or the Rules and Regulations of the Board of Directors:

- a) To propose to the Board of Directors a remuneration policy for Directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to executive committees or Executive Directors, along with individual remuneration and other contractual terms of Executive Directors, also to ensure that said policy is observed.
- b) To propose to the Board the standard conditions for Senior Managers’ contracts.
- c) To report to the Board of Directors, in advance, on the individual determination of the remuneration of each Director in their capacity as such within the statutory framework and the remuneration policy, as well as for the performance of the executive functions attributed to them in the remuneration policy and in accordance with the provisions of their contract.

The Committee shall meet at least four times a year, with meetings being called by the Chairperson. The Committee may seek advice both internally and externally and request the attendance of senior management personnel of the Company and its Group, as deemed necessary in the execution of its duties.”
