

16 February 2023

**Audit and Compliance
Committee Regulations of
Iberdrola España, S.A.,
Unipersonal**

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CHAPTER I.- NATURE, PURPOSE AND APPROVAL OF THE REGULATIONS

Article 1.- Nature and purpose

1. In accordance with the *By-Laws* of Iberdrola España, S.A. (Unipersonal) (the “**Company**”), the Board of Directors has set up the Audit and Compliance Committee (the “**Committee**”) as a permanent internal body of informational and consultative nature, without executive powers, and with information, advisory and proposal-making powers within its scope of action, to be governed by the rules contained in the *By-Laws* and in these *Audit and Compliance Committee Regulations* (the “*Regulations*”).
2. These *Regulations* stem from the independence of the Committee and its purpose is to define the principles of action and internal operating regime of the Committee.

Furthermore, taking into consideration that the sole shareholder of the Company, Iberdrola, S.A. (“**Iberdrola**”), is the dominant listed company, in the sense established in law, of the group to which the Company belongs, (the “**Group**”), these *Regulations* are also intended to establish the framework for relations and information exchange between the Committee of the Company as a subholding company of the Group and the Audit and Risk Supervision Committee of the head of business companies in which the Company has a holding, such that they can adequately exercise their various functions without compromising their independence, as set out in law and in their Governance and sustainability System, respecting at all times each company’s compliance with its own applicable rules and regulations.

Article 2.- Approval, modification and legal order of priority

1. These *Regulations* or any amendment thereto must be approved by a resolution the Company’s Board of Directors, at the proposal of the chairman of the Board of Directors or the chairman of the Committee.
2. These *Regulations* develop and complement the *By-Laws* applicable to the Committee, which shall take precedence in the event of contradiction with the provisions of these *Regulations*.

CHAPTER II.- COMMITTEE DUTIES

Article 3.- Functions

1. The Committee, as well as the Company’s Internal Audit Department and Compliance Direction, in its relationship with it, shall perform their duties with full independence notwithstanding the establishment of a suitable framework for collaboration and exchange of information concerning the execution of their duties with the audit committees of the Group companies controlled, directly or indirectly, by the Company, as well as with the Audit and Risk Supervision Committee of Iberdrola, (and, in the case of the Internal Audit Direction and the Compliance and Risk Direction, with the Internal Audit Area and with the Compliance Direction of Iberdrola, respectively, and the Risks and Internal Insurance Directions, as well as the provisions of article below.
2. Under all circumstances, the Committee shall have the following functions:
 - a) With regard to the Internal Audit Department:
 - (i) To safeguard the independence and effectiveness of the Company’s Internal Audit Department, that will be hierarchically report to the Committee, ensuring that it is provided with sufficient resources and a suitable level of professional qualification for the optimal performance of its functions and, likewise, to assure compliance with the Group’s *Basic Internal Audit Regulations*, to ensure the necessary coordination and exchange of information for the correct compliance with the tasks in accordance with the applicable rules at all times.
 - (ii) To propose to the Board of Directors the appointment and removal of the person responsible for the Internal Audit Department, that will hierarchically report to the Committee. In order to elaborate such proposal, the president of the Committee shall maintain pertinent contacts with the person responsible for the Internal Audit Department in the parent company, Iberdrola S.A. and so will report to the Committee.
 - (iii) To approve the guidelines and the annual plan of the Company’s Internal Audit Department in accordance with the guidelines and general plans set forth by Iberdrola’s Internal Audit Area, ensuring it performs its duties proactively and in a way that its activities are mainly focused on risks relevant to the Company and its investees, directly or indirectly. The Internal Audit Department shall inform the Committee of any incidents that may arise during the development of its annual work plan, submitting at the end of each year of fiscal year an activity report, which shall also be forwarded to the director of the Internal Audit Department of the parent company, Iberdrola, S.A.
 - (iv) To propose the budget for the Company’s Internal Audit Department to the Board of Directors for approval.
 - (v) To assess the operation of the Internal Audit Direction and the performance of its Director. The assessment will be constructive and will include an assessment on the level of compliance with the Annual Plan and the established criteria, where appropriate, in order to set the variable components on the remuneration of the person responsible for the Internal Audit Department.

The conclusions of the evaluation carried out by the Committee will be submitted to the Board of Directors so that it may be taken into account when determining his remuneration. The Director of the Internal Audit Department will also be informed.

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- (vi) To receive on-going information and supervise the activity of the Company's Internal Audit Department, which shall prepare the necessary information in relation to all matters falling under its scope of functions for the Committee's meetings, assisting the director in the meetings provided should the Chairman deem he or she is in attendance in accordance with article 15.1 herein. To verify, based on the Internal Audit Department's reports, that Company directors take into account the conclusions and recommendations of its reports. The Internal Audit Direction will act as the ordinary channel for communication between the Committee and the rest of the Company organisation, without prejudice to the provisions in these *Regulations* concerning risk management and compliance with the legal, and good governance and amendment of illegal or fraudulent behaviour requirements.
- b) With regard to the internal control and risk management systems:
- (i) To know and review the efficacy of the control systems associated with the risks of both the Company and of its investees, directly or indirectly, ensuring that they are suitable for the general processes and global systems established by the Group.
- (ii) To ensure, in accordance with the Group's *General risk control and management policy*, that the main risks facing the Company and its subsidiaries, directly or indirectly, are properly identified, managed and reported, identifying, on the basis of the foregoing, at least:
- the different types of risk financial and non-financial (operational, technological, cybersecurity, data protection, legal, social, environmental, political, reputational, or related to corruption) facing the Company and its investees, directly or indirectly, including amongst those of a financial nature, contingent liabilities and other off-balance sheet risks;
 - the establishment and review of the map and levels of risk that the Company considers to be acceptable;
 - the measures envisaged to mitigate the impact of the identified risks, should they materialise;
 - and the internal information and control systems to be used to control and manage the said risks, including contingent liabilities and off-balance sheet risks.
- (iii) Analyze, together with the auditors, significant weaknesses in the internal control system detected during the audit, without affecting their independence. For this purpose, it can submit recommendations or proposals to the Board of Directors and the time frame to follow them up.
- (iv) To supervise actions maintaining the corresponding relationships with the unit in charge of managing the Company's risks. To this end, this Direction will be the ordinary channel for communication with the Committee and with the rest of the Company's organizations on matters related to risk management, and is likewise responsible for preparing the required information for Committee meetings which address this issue, at which the person responsible for this Direction must be present if deemed appropriate, without prejudice to the provisions set forth by Article 15 below.
- (v) Always within its responsibilities, to foster a culture in which risk must be a factor to take into account in all decisions and at all levels in the Company.
- (vi) To issue, at least once every six months, a report for the Board of Directors on the internal control and risk management systems of the Company and its subsidiaries, directly or indirectly, which the Chairman of the Committee will subsequently make available to the Chairman of the Audit and Risk Supervision Committee of Iberdrola in order to enable the latter committee to fulfil the functions it has been entrusted with regards to the internal control and risk management systems for addressing the Group's risks.
- (vii) Inform the Board of Director of the main litigation proceedings of the Company and its investees, directly or indirectly, in order to identify the risks and contingent liabilities arising from complaints and existing proceedings.
- (viii) Supervise the activity regarding data protection and cybersecurity
- c) With regard to the Risks Direction:
- (i) To directly supervise the activities of the Risks Direction, that shall hierarchically report to the Committee, observe its efficiency and that it has enough resources and that its members have adequate professional qualifications to best perform their duties.
- (ii) To approve the Risks Direction's orientation and annual plan, to propose budgets to be approved by the Board of Directors, as well as to receive frequent information regarding the activities it develops.
- (iii) To evaluate the operation of the Risks Direction and the performance of its director. Each year, the Committee shall validate the objectives set by the risks director prior to their submission to the Board of Directors.

The assessment shall be constructive and include an evaluation of the level of compliance of the objectives and the criteria established with the purpose of setting the variable components of the director of Internal Audit's remuneration. The Commission should also participate in this decision.



The conclusions of the assessment carried out by the Committee will be forwarded to the Board of Directors to be taken into account at the time of fixing this person's remuneration. The person responsible for the Internal Audit Department will also be informed.

d) In relation to Accounts Auditing:

- (i) To propose to the Board of Directors the conditions under which the Company's auditors appointed by the sole shareholder is to be employed in accordance with Iberdrola's *Auditor hiring and relations policy*, acting for these purposes in the interests of the Company.
- (ii) To revise then content of the accounts audit report and, where applicable, the limited review reports on interim financial statements, before its emission, in order to avoid caveats and evaluate the results of each accounts audit, supervising the Company's administration's responses to its recommendations, giving proper follow-up to these.
- (iii) To annually issue, prior to the accounts audit report, a report expressing an opinion on whether or not the auditors' independence has been compromised. This report shall adopt a motivated valuation and shall speak on all cases regarding each and any additional services referred to in the previous section (ii) prior, individually considered and as a whole, distinct from legal audit and in relation to the independence regime or with the applicable laws on account auditing.
- (iv) To gather information on all additional services other than the accounts audit, that the accounts auditors will perform to the Company or any of its investees, directly or indirectly. The Committee will elaborate a report to the Company's Administration Board and will make said report available to the person chairing the Audit and Risk Supervision Committee of Iberdrola S.A., for appropriate action.
- (v) To determine the appropriate relationship with accounts auditors to gather from them information on any matters which could jeopardize their independence, to be assessed by the Committee and any others related to the process of accounts audit and ensuring there are no circumstances of prohibition or incompatibility.
In any case the Committee will annually gather from the accounts auditors a written confirmation of their independence vis-à-vis the Company and its investees, directly or indirectly, as well as detailed and individualized information on the additional services, of any kind, given to the accounts auditors themselves or any personal or entities related to them, in accordance with the provisions on the applicable laws on account audit.
- (vi) To gather information from the auditors on a regular basis regarding any matters provided for in applicable auditing legislation and in technical auditing standards in effect at any time, establishing suitable information channels for these purposes between the Company's Internal Audit Department and the Internal Audit Area of Iberdrola when so provided by law or in the company's Governance and sustainability system.
- (vii) To serve as a communication channel between the Board of Directors and the Accounts Auditors, from which the Committee shall receive regular information on the audit plan and the results of its execution.

e) With regard to the process for drawing up the financial statements:

- (i) To supervise the preparation and presentation, the clarity and integrity of the Company's economic and financial information and that of its investees, directly or indirectly, receiving for such purpose suitable information from the audit committees that may exist in the parent companies of the businesses controlled through the Company. The Committee must ensure that the interim financial information, if applicable, prepared and submitted before the Company's Board of Directors is drawn up maintaining the same accounting standards as those used in the annual financial statements.
- (ii) To evaluate any proposal on changes to accounting practices or policies within the general practices and policies of the Group and will submit recommendations or proposals to the Board of Directors to safeguard the integrity of application thereof. This supervisory function of the Committee must be carried out on an ongoing basis and in specific cases at the request of the Board of Directors.
- (iii) To draft a report for the Board of Directors on the annual financial statements and the interim financial information. This report will be available to the Chairman of the Audit and Risk Supervision Committee of Iberdrola in order to grant the latter supervision over the preparation and presentation of the financial-economic information relating to the Group in Spain, as well as its integrity.

The Committee shall issue its report on the financial information for the Consolidation before being submitted to the Board of Directors of the Company for its approval, pursuant to the provisions of the *Policy for the preparation of the financial information of the Iberdrola Group*.

- (iv) To gather information on the significant adjustments identified by the auditor or arising from the reviews carried out by the Internal Audit Department and on the management team's opinion on those adjustments.

- (v) To ensure that all statutory requirements are met and that the national and international accounting and financial reporting standards, generally accepted accounting principles, as well as national and international laws on financial information applicable to the Company's Annual Financial Statements and Management Report are correctly applied.
 - (vi) To inform the Board of Directors of the standards that all transactions carried out between the Company and its investees, directly or indirectly, and any other companies within the Group Iberdrola must meet, all of which must be pursued with the purpose of protecting the corporate interest.
- f) With regard to non-financial information:
- (i) To, directly or indirectly, supervise, based on the internal sources of information available, the process to draw up and present non-financial information on the Company and its investees, as well as supervising the clarity and integrity of the same and report all of this to Iberdrola's Audit and Risk Supervision Committee.
- g) With regard to the Compliance Direction, which will hierarchically report to the Committee:
- (i) To inform the Administration Board of the proposals for the appointment of the person responsible for the Compliance Direction.
 - (ii) Propose to the Administration Board, for its approval, the Compliance Direction's annual budget.
 - (iii) To approve the Compliance Direction's annual activities plan and ensure that the Direction has the needed human and material resources to fulfill its functions, safeguarding its independence and efficacy.
 - (iv) To evaluate the performance of the Compliance Direction and of the person responsible for it.
This evaluation must be constructive and shall include an assessment on the degree of compliance with the annual plan and the established criteria, where appropriate, in order to set the variable components of the remuneration of the person responsible for this Direction.
 - (v) To receive and analyze decisions made by the Compliance Direction as regards irregularities or acts against the law or the regulations of the Governance and sustainability system that affect members of the Board of Directors.
 - (vi) To receive information from the Compliance Direction concerning any relevant matter relating to regulatory compliance and the prevention and correction of illegal or fraudulent conducts.
 - (vii) To receive information from the Compliance Direction concerning any matters relating to the efficiency of the Company's compliance system. In any case, the Committee must give their prior opinion on the report on the efficiency of the compliance system of the Company and of the leading companies of its dependent businesses and forward it to the Board of Directors for them to be informed.
 - (viii) To review, through the Compliance Direction, the Company's internal policies and procedures to confirm their effectiveness in preventing misconduct, such as the Company's Ethics Mailbox and the Provider Ethics Mailbox and identify possible policies or procedures that may be more effective in promoting the highest ethical standards, for submission to the Board of Directors.
 - (ix) To report to the Board of Directors on the proposed amendments to the *Company's Compliance Direction Regulations*.
 - (x) To supervise the channels allowing Company employees to report, confidentially – and where applicable, anonymously – any potentially significant irregularities, including those of financial or accounting nature, that they may detect within the Company, acting always in compliance with the fundamental rights of the affected parties involved and the regulations on personal data protection.
 - (xi) To ensure that any required investigations are carried out in the event of third-party claims against the Company or in the face of irregular or anomalous conduct, in accordance with the provisions of the preceding section.
- h) In relation to Related-Party Transactions:
- (i) Report the Related-Party Transactions, before its approval by the sole shareholder or by the Board of Directors, as applicable, without prejudice to the exceptions established in the Company's Bylaws.
 - (ii) Safeguard that the Related-Party Transactions are fair and reasonable from the Company's point of view.
 - (iii) In cases which the approval of the Related-Party Transactions does not require a prior report by the Committee, pursuant to the Company's Bylaws, the Committee will intervene in the internal information procedure and periodic control established by the Board of Directors in relation thereto, verifying the said operation's equity and transparency and, when applicable, its compliance



with the applicable legal criteria for delegation of the Related-Party Transaction by the Board of Directors, without prior report to the Committee.

- (iv) The Committee will elaborate, within the first semester following the end each of the Company's financial year a report on the Related-Party Transactions for which it had previously issued a report.
 - (v) Additionally the Committee will inform the sole shareholder of Related-Party Transactions that might affect the category attributed to each director.
- i) As regards special-purpose entities in tax havens:
- (i) To report to the Board of Directors, in advance of the corresponding decisions being taken in this regard by this body, on the creation or acquisition of stakes in special-purpose entities, directly or indirectly, or entities registered in countries or territories designated as tax havens, as well as any other transactions or operations of a similar nature which, given their complexity, might reduce the transparency of the Group's activities in Spain, and likewise submit the report to the Chairman of the Audit and Risk Supervision Committee of Iberdrola.
 - (ii) Annually inform the Board of Directors on the situation of the position of companies domiciled in tax and the Company's entities of a special purpose, directly or indirectly, and, if applicable, on their operational status, and forwarding the report to the Chairman of the Iberdrola's Risk Audit and Supervision Committee.
- j) If applicable, in relation to compliance with the regulations on the separation of regulated activities:
- (i) Give a preliminary opinion on the reports compiled in the area of separation of regulated activities and, particularly, on the annual report prepared by the Compliance director as set out in section 20 of the *Code of Incompatible Activities of Iberdrola España Group companies with regulated activities*, for submission to the Board of Directors.
 - (ii) Report in advance on the amendments to the *Code of Incompatible Activities of Iberdrola España Group companies with regulated activities*.
 - (iii) Report in advance on agreements concerning the appointment and removal of directors of the Group's regulated companies in Spain, ensuring the suitability of the proposed candidates for the effective independence of the management of said regulated companies.
- k) Regarding the compliance with the *Corporate Tax Policy*: annually issue to the Board of Directors, for its approval, a report on the degree of compliance with the *Corporate Tax Policy* and the tax criteria applied, and also forwarding the report to the Chairman of the Iberdrola's Risk Audit and Supervision Committee
3. The Committee shall likewise be responsible for any other functions that may be conferred on it by the *By-Laws* or the Board of Directors.

Article 4.- Information for the Board of Directors

Where appropriate, the Chairman of the Committee shall report to the Board of Directors on any resolutions approved or significant events occurring at Committee meetings. This report shall be submitted at the first Board meeting after the relevant Committee meeting.

Article 5.- Report of activities

The Committee shall submit a report of its activities in the previous fiscal year within six months from the fiscal year end for approval by the Board of Directors. This report will thereafter be made available to the Chairman of the Audit and Risk Supervision Committee of Iberdrola Committee.

Article 6.- Relationship with the audit committees of Iberdrola and its subsidiaries

1. The relationship of the Committee with Iberdrola's Risk Audit and Supervision Committee as well as with the audit Committees its investees, directly or indirectly, may have, will be governed by the provisions of the *General Framework of coordination and information relationships between the audit committees of Iberdrola and its group*, approved by the Board of Directors of Iberdrola and adopted by the Company's Board of Directors in order to ensure cooperation, coordination and exchange of information in view to the adequate compliance of their functions, respecting the independence of all Group companies.
2. The coordination relationships must be channeled through the chairmen of the audit committees of the Company and of the subsidiary in question within the Iberdrola group and their purpose shall be to inform the Committee of any matters dealt with by the companies that might have a significant impact at Group level in Spain.
3. The audit committees operating in other direct or indirect investees of the Company will have their own regulations, which will set down the operating principles and their internal working rules, and their scope will conform, respecting the level of guarantees of the government and sustainability system as well as the principles of coordination and information that should be followed in the relationships between the audit committees of the companies of the Iberdrola Group for the full compliance of their respective roles, with the contents of these regulations notwithstanding the necessary adaptations taking into account the circumstances of each company.

4. In relation to the responsibilities assigned to the Committee by these *Regulations* as regards Internal Audit, the Company's Internal Audit director shall establish a suitable framework for collaboration, coordination and information relationships with the Internal Audit directions that may exist in other companies invested in, directly or indirectly, by the Company, always in accordance with the *Basic Internal Audit Regulations of the Iberdrola Group*, in order to oversee the coordination and exchange of information needed to ensure that each direction complies with its functions, whilst respecting the independence of each company in the Group.

Similarly, the Company's Compliance Director shall establish a suitable framework for collaboration, coordination and information relations with the Compliance Directions that may exist in other companies invested in, directly or indirectly, by the Company, whilst respecting the independence of each company in the Group.

CHAPTER III.- COMPOSITION, APPOINTMENT AND REMOVAL OF MEMBERS

Article 7.- Composition

1. The Committee shall be composed of a minimum of three (3) members and a maximum of five (5) members, of whom at least one shall qualify as an external Director and shall meet the conditions required to perform the duties of member of the said Commission, as envisaged in Article 20.3 of these *Bylaws*.
2. The Committee shall have a chairman and a non-member secretary who shall not be a member, appointed by the Board of Directors. The secretary will be responsible for the preservation and safeguarding of the Committee's minute book and the corporate documentation generated regarding the operation of the same. In the event of absence of the chairman, he/she shall be replaced by the longest-serving and newest members, and where there should be a tie as to seniority, by the youngest of those in attendance, respectively. In the event of absence of the secretary, he/she shall be replaced by the longest-serving and newest members, and where there should be a tie as to seniority, by the youngest of those in attendance, respectively.

Article 8.- Appointment

1. Both the members and the Chairmen of the Committee shall be appointed by the Board of Directors.
2. The Board of Directors will ensure that all the members of the Committee and, in particular, its Chairman have the knowledge, skills and experience appropriate to the functions they are called upon to perform in accounting, auditing or risk management, that at least one of them has experience in information technology and that, as a whole, the members of the Committee have the relevant technical knowledge in financial and non-financial matters, internal control, as well as in relation to the energy sector, provided, however, that they need not be experts in these fields.

Article 9.- Term of office

1. Unless the Board of Directors should decide otherwise, the directors sitting on the Committee shall remain in office for as long as they remain directors of the Company.
2. Directors sitting on the Committee who are re-elected as directors of the Company by a resolution of the sole shareholder exercising the powers granted by the General Shareholders' Meeting shall continue to hold their positions within the Committee, without the need for a new election, unless the Board of Directors resolves otherwise.

Article 10.- Dismissal

The members of the Committee shall be removed from their office:

- a) When they cease to be directors of the Company.
- b) By resolution of the Board of Directors.

Article 11 - Training plan

1. The Committee will have a periodic training plan that will ensure the updating of knowledge of its members regarding the latest developments of the accounting regulations, the specific regulatory framework of the businesses of the Company, internal and external auditing, the management and supervision of risks, internal control and technological advances relevant to the Company.
2. Before their first meeting, any new members of the Committee will receive an onboarding program to encourage their active participation from the outset.

CHAPTER IV.- COMMITTEE MEETINGS

Article 12.- Meetings

1. The Committee shall meet as many times as its Chairman deems necessary for the fulfilment of its obligations, and at least four times per year, or upon the request of half of its members. The schedule of ordinary meetings will be set by the Committee itself before the beginning of each financial year and will include the tentative day's agenda as well as, if need be, the necessary presences. It may be amended through a decision by the Committee itself or by its Chairman. The meetings shall be held in person at the location indicated in the notice of meeting.
2. The Chairman of the Board of Directors and the Chief Executive Officer, if any, may request exceptional meetings with the Committee for the provision of information.

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Article 13.- Call to meeting

1. On instructions of the Chairman, the secretary shall call Committee meetings using any new technologies and, in particular, the Board's website as a tool essential for the effective performance of the Committee's tasks indicating the venue, date and time of the meeting, as well as the agenda.
2. A notice of meeting shall be given as far in advance as is necessary for the members of the Committee to receive it and not later than the third day before the date of the meeting, except in the case of emergency meetings.
3. Committee meetings need not be called in advance when all members are in attendance and they unanimously agree to hold a meeting and agree on the items to be included on the agenda.

Article 14.- Quorum and passing of resolutions

1. Committee meetings shall be quorate when the majority of its members are in attendance, whether in person or by proxy.
2. Committee members may confer their representation on another Committee member by way of a communication addressed to the Committee Secretary, sent using any of the methods provided for in the previous article, and which shall include specific instructions on which way to vote.
3. The meetings shall be chaired by the Chairman of the Committee, who shall be assisted by the Secretary.
4. Whenever the chairman of the Committee so allows, in the case of one or more members for certain circumstances, the Committee may participate in a meeting through a telephone conference call or similar communications solution as long as the recognition and identification of the remote attendee, permanent communication between those in attendance regardless of where they are located and intervention and real-time voting are all ensured; adopting, where appropriate, procedures to assure connections are made that fully guarantee the identity of the participants, the obligation to secrecy and the protection of the corporate interest in preserving access to the information being transmitted and generated at the meeting, in the deliberations that arise during the course of the same, as well as with respect to the decisions and agreements adopted, while Board members must observe the security and privacy protocols established by the Company. The participants, whatever their location, shall be considered to be present at one and the same meeting for all purposes relating to the Audit and Compliance Committee. The meeting shall be deemed to have been held at the registered office.
5. Where no Committee member objects, votes may be cast in writing and without a session being held, and for these purposes the provisions of the *By-Laws* regarding Board meetings shall apply.
6. Resolutions shall be approved by a majority of the votes cast by the members in attendance, whether in person or by proxy. In the event of a tie, the Chairman shall have a casting vote.
7. The Secretary of the Committee shall keep the minutes of each and every session held, which minutes shall be approved at the end of the session or at the start of the next session.

Article 15.- Attendance at Committee meetings

1. At the request of the Chairman of the Committee, for these purposes by notifying the Chairman of the Board of Directors of the Company, any member of the Board of Directors may be called to attend Committee meetings. The Chairman of the Committee may also request, through the Secretary of the Board of Directors, the appearance before the Committee of any Company director or employee or any member of the internal management and decision-making bodies of companies in which the Company has an effective interest and whose appointment has been proposed by the Company, provided that there is no legal impediment against this.
2. Persons who are not members of the Committee may not attend its meetings when the issues being discussed are beyond the scope of the powers or duties corresponding to these persons.
3. The Committee may require the presence at its meetings of either the Company's auditor or the auditors of any other entity in which the Company has an effective interest, provided that there is no legal impediment against this. In no case will the external auditor of the Company not attend the decision-making part of the meetings of the Committee.
4. The presence of managers, employees or other Board members, whether or not they are executives, at meetings of the Committee will be occasional and only when necessary, at the invitation of the Chairman of the Committee, through the secretary, and will be strictly limited to those items on the agenda for which they were invited and will not be present in the decision-making part of the meetings of the Committee.

CHAPTER V - POWERS OF THE COMMITTEE, PARTICIPATION, RIGHTS TO INFORMATION OF ITS MEMEBERS AND DUTIES**Article 16. Powers and advice**

1. The Committee may freely access, through the secretary of the Board of Directors, any type of information or documentation that the Company has in hand regarding matters that are in the competence of the Committee and which the Committee considers to be necessary for discharging its duties, notwithstanding the restrictions arising from rules on the separation of regulated activities in Spain.
2. The Committee may also seek, at the expense of the Company, the cooperation or advice of outside professionals, who shall address their reports directly to the chairman of the Committee, who may attend the Committee meetings, as well as the meetings of the Board of Directors where necessary, with the right to speak but not to vote. In such a case, the Committee shall ensure that possible conflicts of interest do not impair the independence of the external advice received.
3. The engagement of these experts must in any event comply with the provisions of the Company's *By-Laws*.

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Article 17.- Participation and rights to information

1. In order to favor a diversity of opinions to enrich the analyses and proposals of the Committee, its Chairman will ensure that all members participate freely in the deliberations, without being affected by any internal or third-party pressure, and will encourage a constructive dialogue among them, promoting free expression and a critical attitude.
2. The secretary of the Committee will channel and provide the necessary information and documentation to the rest of the members of the Committee sufficiently in advance of each meeting to allow them to analyze it and prepare for the session correctly.

Article 18.- Duties of the members of the Committee

1. The members of the Committee must act with independence of opinion and action with respect to the rest of the organization and perform their work with the utmost diligence and professional competence. In particular, the attendance at Committee meetings will be preceded by sufficient dedication by its members to analyze and evaluate the information received.
2. In the exercise of their functions, the members of the Committee shall comply with the provisions of these Regulations and the current legislation on professional skepticism and critical attitude towards the conclusions reached by the executive directors and senior managers of the Company, taking into account the arguments for and against a given matter, with each of the members, and the Committee as a whole, reaching their own conclusion.
3. The members of the Committee, as well as any other directors who are affected, are required to be acquainted with and to abide by these *Regulations*, for which purpose the Secretary of the Board of Directors shall provide them all with a copy of these Regulations.

CHAPTER VI. COMPLIANCE WITH, INTERPRETATION OF, AND INTEGRATION OF THE REGULATIONS

Article 19.- Compliance

1. The members of the Committee, as well as any other directors who are affected, are required to be acquainted with and to abide by these *Regulations*, for which purpose the Secretary of the Board of Directors shall provide them all with a copy of these Regulations.
2. Furthermore, the Committee is under the obligation to ensure compliance with these *Regulations*, implementing any appropriate measures.

Article 20.- Interpretation and integration of the Regulations

1. This Regulation will be construed in accordance with the Law and with the Company's Governance and sustainability system.
2. In case of any doubt or discrepancy as regards the interpretation of these *Regulations*, a decision will be made by absolute majority vote of the members of the Committee itself and, in the absence thereof, by the Chairman, assisted, where appropriate, by the persons appointed by the Board of Directors for this purpose. The Board of Directors must be informed as to the interpretation and resolution concerning any doubts or discrepancies which may arise.
3. In the absence of any specific rule, the Committee shall be bound by the provisions of the *By-Laws* relating to the operation of the Board of Directors, in so far as these are not incompatible with its nature or functions.

