

15 October 2020

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**Regulation of the  
Audit and Compliance  
Committee of  
Iberdrola España, S.A.,  
(Sole Shareholder Company)**

# Content

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<b>CHAPTER I.- NATURE, PURPOSE AND APPROVAL OF THE REGULATIONS.</b>	<b>3</b>
Article 1.- Nature and purpose	3
Article 2.- Approval, modification and legal order of priority	3
<b>CHAPTER II.- COMMITTEE DUTIES</b>	<b>3</b>
Article 3.- Functions	3
Article 4.- Information for the Board of Directors	6
Article 5.- Report of activities	6
Article 6.- Relationship with the audit committees of Iberdrola and its subsidiaries.	6
<b>CHAPTER III.- COMPOSITION, APPOINTMENT AND REMOVAL OF MEMBERS</b>	<b>7</b>
Article 7.- Composition.	7
Article 8.- Appointment	7
Article 9.- Term of office	7
Article 10.- Dismissal	7
Article 11 - Training plan	7
<b>CHAPTER IV.- COMMITTEE MEETINGS</b>	<b>7</b>
Article 12.- Meetings	7
Article 13.- Call to meeting	8
Article 14.- Quorum and passing of resolutions	8
Article 15.- Attendance at Committee meetings	8
<b>CHAPTER V - POWERS OF THE COMMITTEE, PARTICIPATION, RIGHTS TO INFORMATION OF ITS MEMEBERS AND DUTIES</b>	<b>8</b>
Article 16. Powers and advice	8
Article 17.- Participation and rights to information	9
Article 18.- Duties of the members of the Committee	9
<b>CHAPTER VI. COMPLIANCE WITH, INTERPRETATION OF, AND INTEGRATION OF THE REGULATIONS</b>	<b>9</b>
Article 19.- Compliance	9
Article 20.- Interpretation and integration of the Regulations	9

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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. (Sociedad 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.
3. Furthermore, taking into consideration that the single 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 of the Group and the Committees of the business-leading 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 the relevant corporate governance regulations, 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 Division, 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, with the Sustainable Development Committee, and, in the case of the Internal Audit Division and the Compliance Division, with the Internal Audit Area and with the Compliance Division of Iberdrola, respectively, and 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, 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 approve the guidelines and annual action plans 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 subsidiaries, directly or indirectly, and receive periodic information from the Internal Audit Division.
- (iii) To propose the budget for the Company's Internal Audit Department, submitted to the Board of Directors for approval.
- (iv) To furnish the Board of Directors with proposals for appointing and dismissing the Director of the Internal Audit Department. When drawing up such proposal, the Chairman of the Committee shall liaise as appropriate with the Director of the Internal Audit Area of Iberdrola, and shall report on this to the Committee.
- (v) To assess the operation of the Internal Audit Division and the performance of its Director. On an annual basis, it will validate the goals of the Internal Audit director before taking them to the Board of Directors.

The assessment will be constructive and will include an evaluation of the level of compliance of the objectives and the criteria established with the purpose of setting down the variable components of the remuneration of the Internal Audit Manager. The Committee should also participate in this.

The conclusions of the assessment carried out by the Committee will be passed on to the Board of Directors to be taken into account at the time of fixing his remuneration

- (vi) To supervise the Company's Internal Audit Department, which shall report functionally to the Chairman of the Committee and hierarchically to the Chairman of the Board of Directors, and which shall prepare the necessary information in relation to this matter 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. Likewise, the Internal Audit Department shall inform the Committee of any incidents that arise

in the performance of its annual work plan, and shall submit an activities report at the end of each financial year which shall also be submitted to the Director of the Internal Audit Area of Iberdrola.

- (vii) 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 Division will act as the ordinary channel for communication between the Committee and the rest of the Company organisation, without prejudice to the provisions of section b) iv) below concerning risk management.
- b) With regard to the internal control and risk management systems:
- (i) To be knowledgeable of and review the internal control systems associated with the risks of both the Company and of its subsidiaries, directly or indirectly, ensuring that they are suitable for the general processes and global systems established by the Group.
  - (ii) Analyse, 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.
  - (iii) 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 (operational, technological, financial, legal, climate, social, reputational, etc.) facing the Company and its subsidiaries, directly or indirectly, including emerging risks, amongst those of a financial or economic nature, contingent liabilities and other off-balance sheet risks; the setting and reviewing of the map and level 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 or off-balance sheet risks, frequently assessing their effectiveness.
  - (iv) To supervise actions maintaining the corresponding relationships with the unit in charge of managing the Company's risks. To this end, this division will be the ordinary channel for communication with the Committee and with the rest of the Company's organisations 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 division manager 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 subsidiaries, directly or indirectly, in order to identify the risks and contingent liabilities arising from complaints and existing proceedings.
- c) In relation to Accounts Auditing:
- (i) To propose to the Board of Directors the conditions under which the Company's auditors appointed by the single 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 determine the appropriate relationship with accounts auditors to gather from them information on any matters which could jeopardise their independence, to be assessed by the Committee, and ensuring there are no circumstances of prohibition or incompatibility.
  - (iii) To receive 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.  
In any case, the Committee must receive annual written confirmation from the Auditors as to their independence vis-à-vis the Company or its subsidiaries, directly or indirectly as well as detailed and individual information on additional services of any nature rendered to these companies by the Auditors or by related persons or entities in accordance with applicable auditing legislation.
  - (iv) To issue a report reflecting an opinion as to whether the independence of the Auditors has been compromised on a yearly basis and before the audit report. This report shall include a reasoned appraisal and opinion regarding the rendering of each of the additional services mentioned in paragraph (iii), considered individually and together, other than legal auditing and in relation to the rules of independence or regulations governing auditing activity.
  - (v) To receive information on additional auditing services of any kind the Company's accounts auditors may render to the Company or its subsidiaries, directly or indirectly. The Committee will draft a report for the Board of Directors and submit it to the Chairman of the Audit and Risk Supervision Committee for the appropriate purposes.
  - (vi) To review the content of the Audit Reports before they are issued, with the aim that they should be issued without any qualifications, and to assess the results of each audit, overseeing the response by the Company's management to their recommendations.

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- (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.
- d) 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 subsidiaries, 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 submitted before the Company's Board of Directors is drawn up in accordance with the same accounting standards as 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 quarterly and half-yearly 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 financial information for the Consolidation must be reviewed by the Committee before being passed for approval to the Board of Directors of the Company 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 and principles applicable to the Company's Annual Financial Statements and Management Report are correctly applied.
  - (vi) To assess the operation of the Internal Audit Division and the performance of its director. On an annual basis, it will validate the goals of the Internal Audit director before taking them to the Board of Directors.
  - (vii) To inform the Board of Directors of the standards that all transactions carried out between the Company and its subsidiaries, 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.
- e) With regard to non-financial information:
- (i) To, directly or indirectly, supervise the process to draw up and present non-financial information on the Company and its subsidiaries, as well as supervising the clarity and integrity of the same.
- f) With regard to compliance with statutory duties, good governance requirements and the prevention and correction of illegal or fraudulent conduct:
- (i) To receive and analyse decisions made by the Compliance Division as regards irregularities or acts against the law or the regulations of the corporate governance system that affect members of the Board of Directors.
  - (ii) To receive information from the Compliance Division concerning any relevant matter relating to regulatory compliance and the prevention and correction of illegal or fraudulent conducts.
  - (iii) To receive information from the Compliance Division 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.
  - (iv) To review, through the Compliance Division, 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.
  - (v) To review and validate the annual operating budget of the Compliance Division before submission to the Board of Directors and ensure that the Compliance Division has the material and human resources needed to carry out its tasks, ensuring its independence and effectiveness.
  - (vi) To assess the operation of the Internal Audit Division and the performance of its director. On an annual basis, it will validate the goals of the Internal Audit director before taking them to the Board of Directors.  
The outcome of the assessment undertaken by the Committee will be then taken to the Board of Directors to be taken into consideration when determining his/her remuneration. Likewise, the Compliance director will be informed.
  - (vii) To approve the annual activities plan of the Compliance Division.
  - (viii) Report on the proposals for the appointment of the Compliance Director.
  - (ix) Report to the Board of Directors on the proposed amendments to the *Company's Compliance Division Regulations*.

- g) In the event of irregular or inappropriate conduct as regards financial and accounting-related issues:
    - (i) To supervise, in coordination with the mechanisms established by Iberdrola, the channels allowing Company employees to report, in confidence – and where appropriate, anonymously – any potentially significant irregularities, especially of a financial or accounting nature, that they may detect within the Company, whilst at the same time respecting the fundamental rights of the parties involved and abiding by the rules on personal data protection.
    - (ii) To ensure the conducting of the investigations required 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 above sub-section.
  - h) As regards special-purpose entities in tax havens or territories included in the black list of non-cooperative jurisdictions of the European Union<sup>1</sup>
    - (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 or territories included in the black list of non-cooperative jurisdictions of the European Union, 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 havens or territories included in the black list of non-cooperative jurisdictions of the European Union 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.
  - i) 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.
3. 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
4. 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 three 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 Committee.

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

1. The relationship of the Committee Committee with Iberdrola's Risk Audit and Supervision Committee Committee as well as with the audit committee committees its subsidiaries, 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 channelled 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 subsidiaries 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 corporate government 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.

<sup>1</sup> On 19 December 2017, the Official Journal of the European Union published the conclusions of the European Council on territories included in the black list of non-cooperative jurisdictions of the European Union, which were reflected on the ECOGIN agreement of 5 December 2017. The latest update to said list was published in the Official Journal of the European Union on 17 October 2019.

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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 divisions that may exist in other companies controlled, 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 division complies with its functions, whilst respecting the independence of each company in the Group.

Similarly, the Company's Compliance Division Director shall establish a suitable framework for collaboration, coordination and information relations with the Compliance Divisions that may exist in other companies controlled, 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 be an independent director, in accordance with the definition of this member category given in the Company's *By-Laws*.
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..
3. 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 matters and 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 single 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 programme 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 e incluirá los órdenes del día tentativos y las comparencias que, en su caso, se consideren necesarias. 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.

### 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 member'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 favour 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 analyse 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 analyse 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 scepticism 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 Corporate Governance System.
2. In case of any doubt or discrepancy as regards the interpretation of these *Regulations*, a decision will be made by absolutemajority 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.