

REPORT

SUBMITTED BY

THE BOARD OF DIRECTORS OF



TO PROVIDE A RATIONALE FOR THE AMENDMENT OF ARTICLES 45, 62, 63, 64, 65 AND A NEW ARTICLE 65 TER OF THE BYLAWS OF EUSKALTEL, S.A. REGARDING THE APPOINTMENTS AND REMUNERATION COMMITTEE.

THIS REPORT CONTAINS:

- (i) RATIONALE FOR THE PROPOSED AMENDMENT;
- (ii) FULL TEXT OF THE PROPOSED BYLAW AMENDMENT; AND
- (iii) COMPARISON BETWEEN THE CURRENT TEXT AND THE PROPOSED TEXT OF ARTICLES 45, 62, 63, 64 AND 65 NEW ARTICLE (ARTICLE 65 TER) OF THE BYLAWS.

Derio, 22 April 2020.

EUSKALTEL, S.A.

REPORT ISSUED BY THE BOARD OF DIRECTORS TO PROVIDE A RATIONALE FOR THE AMENDMENT OF ARTICLES 45, 62, 63, 64, 65 AND A NEW ARTICLE 65 *TER* OF THE BYLAWS OF EUSKALTEL, S.A. REGARDING THE APPOINTMENTS AND REMUNERATION COMMITTEE.

I. INTRODUCTION

This report is submitted by the Board of Directors of Euskaltel, S.A. (hereinafter, "**Euskaltel**" or the "**Company**") to provide a rationale for the proposal submitted for approval of the shareholders acting at the Annual General Meeting of Shareholders of Euskaltel, called to be held on 2 June 2020, at 12:00, on first call, and on 3 June 2020, at the same time, on second call, under item 6.4 on the Agenda relating to the amendment of the Company's Bylaws with respect to the Appointments and Remuneration Committee, the text of the call to the General Meeting of Shareholders, the place for holding the meeting and absentee voting, pursuant to the provisions of Section 286 of the restated text of the Corporate Enterprises Act (*Ley de Sociedades de Capital*) approved by Royal Legislative Decree 1/2010 of 2 July (hereinafter, the "**Act**").

II. RATIONALE FOR THE PROPOSED AMENDMENT

The Company's Board of Directors will submit to the shareholders at the Company's General Meeting of Shareholders the approval of a new text of articles 45, 62, 63, 64 and 65 of the Company's Bylaws and the insertion of a new article (article 65 *ter*) in the Bylaws, the principal reason for which is to conform the Bylaws to recommendation 48 of the Good Governance Code of Listed Companies in order to provide for the existence of an Appointments Committee and a Remuneration Committee.

III. FULL TEXT OF THE PROPOSED BYLAW AMENDMENT

For purposes of providing a comparison between the current text of articles 45, 62, 63, 64 and 65 of the Company's Bylaws and the proposed text, including the newly-created article (article 65 *ter*), attached as Annex I to this Report is a verbatim transcription of both texts, which is provided solely for informational purposes.

IV. SHAREHOLDERS' RIGHT TO RECEIVE INFORMATION REGARDING THE PROPOSED BYLAW AMENDMENTS

Pursuant to the provisions of Sections 286 and 518 of the Act and article 8 of the Regulations for the General Meeting of the Company, this report is issued in view of the Shareholders' information right to either examine at the registered office the full text of the proposed bylaw amendment and the report in support thereof or to request the free delivery or mailing thereof.

This document will also be published on the Company's website (www.euskaltel.com), together with the call to the General Meeting and the other documentation listed in the aforementioned articles of the Regulations for the General Meeting and the aforementioned sections of the Act.

Annex I

Article 45. Chair, Vice Chair, Secretary and Deputy Secretary	
Existing text	Proposed text
<p>1. The Board of Directors shall appoint from its members, following a report from the Appointments and Remuneration Committee, a Chair and a Vice Chair, as well as a non-director Secretary and, if appropriate, a non-director Deputy Secretary.</p> <p>2. The Vice Chair and any Deputy Secretary shall act by order thereof in cases of physical or legal inability to perform the positions they supplement.</p>	<p>1. The Board of Directors shall appoint from its members, following a report from the Appointments and Remuneration Committee, a Chair and a Vice Chair, as well as a non-director Secretary and, if appropriate, a non-director Deputy Secretary.</p> <p>2. The Vice Chair and any Deputy Secretary shall act by order thereof in cases of physical or legal inability to perform the positions they supplement.</p>
Article 62. Director remuneration	
Existing text	Proposed text
<p>1. The directors shall be entitled to receive remuneration for the performance of the duties corresponding thereto by virtue of their membership on the Board of Directors as a collective decision-making body of the Company.</p> <p>2. The shareholders acting at a General Meeting shall determine and approve the maximum amount to be received as remuneration by all the directors for all the items and for any duties that they perform, both executive and non-executive. The maximum amount set by the shareholders at the General Meeting shall remain in effect for so long the shareholders do not approve a change thereof.</p> <p>3. The remuneration of directors who are not entrusted with executive duties shall be based on the following components:</p>	<p>1. The directors shall be entitled to receive remuneration for the performance of the duties corresponding thereto by virtue of their membership on the Board of Directors as a collective decision-making body of the Company.</p> <p>2. The shareholders acting at a General Meeting shall determine and approve the maximum amount to be received as remuneration by all the directors for all the items and for any duties that they perform, both executive and non-executive. The maximum amount set by the shareholders at the General Meeting shall remain in effect for so long the shareholders do not approve a change thereof.</p> <p>3. The remuneration of directors who are not entrusted with executive duties shall be based on the following components:</p>

<p>a. An annual fixed allocation;</p> <p>b. Any potential commitments of the Company to pay amounts as insurance premiums in favour of the directors; and</p> <p>c. A civil liability policy obtained by the Company for its directors upon customary terms and proportional to the circumstances of the Company.</p> <p>The specific amount corresponding to the above items for each of the directors who are not entrusted with executive duties shall be determined by the Board of Directors in accordance with the director remuneration policy. For such purpose, it may take into account, amongst other issues, the positions held by each director within the collective body itself, their membership on and attendance at the various committees, and the classification of the director as independent or proprietary.</p> <p>4. Directors who are entrusted with executive duties shall be entitled to receive the remuneration provided for in the contract signed to that end between the director and the Company, for the following items:</p> <p>a. Annual fixed remuneration.</p> <p>b. Annual variable remuneration calculated based on benchmark qualitative or quantitative indicators or parameters linked to the level of achievement of their objectives (approved by the Board of Directors, upon a proposal of the Appointments and Remuneration Committee).</p> <p>c. Long-term variable remuneration based on the delivery of cash or shares, share options or instruments or other remuneration indexed to the value</p>	<p>a. An annual fixed allocation;</p> <p>b. Any potential commitments of the Company to pay amounts as insurance premiums in favour of the directors; and</p> <p>c. A civil liability policy obtained by the Company for its directors upon customary terms and proportional to the circumstances of the Company.</p> <p>The specific amount corresponding to the above items for each of the directors who are not entrusted with executive duties shall be determined by the Board of Directors in accordance with the director remuneration policy. For such purpose, it may take into account, amongst other issues, the positions held by each director within the collective body itself, their membership on and attendance at the various committees, and the classification of the director as independent or proprietary.</p> <p>4. Directors who are entrusted with executive duties shall be entitled to receive the remuneration provided for in the contract signed to that end between the director and the Company, for the following items:</p> <p>a. Annual fixed remuneration.</p> <p>b. Annual variable remuneration calculated based on benchmark qualitative or quantitative indicators or parameters linked to the level of achievement of their objectives (approved by the Board of Directors, upon a proposal of the Appointments and Remuneration Committee).</p> <p>c. Long-term variable remuneration based on the delivery of cash or shares, share options or instruments or other remuneration indexed to the value</p>
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thereof, linked to business objectives, the value of the shares and, if applicable, other corporate social responsibility objectives.

If indexed to shares of the Company or to financial instruments linked to the quoted price thereof, said remuneration must be approved by the shareholders at a General Meeting of Shareholders. If applicable, the resolution shall state the maximum number of shares to deliver, the exercise price or system for calculating the exercise price of the share options, the value of any shares used as a reference, and the duration of the plan.

d. The following remuneration: (i) availability of company vehicle; (ii) life and casualty insurance; (iii) special health insurance; and (iv) the ability to enjoy all those benefits that the Company might make available to management personnel.

e. A civil liability policy obtained by the Company for its directors upon customary terms and proportional to the circumstances of the Company.

f. Potential severance payment for cessation in office or termination of contractual relationship with the Company.

These contracts must be approved in advance by the Board of Directors upon a proposal of the Appointments and Remuneration Committee, in compliance with the requirements of applicable law.

Furthermore, the text of these contracts shall conform to the director remuneration policy to be approved by the shareholders at the General Meeting of Shareholders.

thereof, linked to business objectives, the value of the shares and, if applicable, other corporate social responsibility objectives.

If indexed to shares of the Company or to financial instruments linked to the quoted price thereof, said remuneration must be approved by the shareholders at a General Meeting of Shareholders. If applicable, the resolution shall state the maximum number of shares to deliver, the exercise price or system for calculating the exercise price of the share options, the value of any shares used as a reference, and the duration of the plan.

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e. A civil liability policy obtained by the Company for its directors upon customary terms and proportional to the circumstances of the Company.

f. Potential severance payment for cessation in office or termination of contractual relationship with the Company.

These contracts must be approved in advance by the Board of Directors upon a proposal of the **Appointments and** Remuneration Committee, in compliance with the requirements of applicable law.

Furthermore, the text of these contracts shall conform to the director remuneration policy to be approved by the shareholders at the General Meeting

<p>5. The director remuneration policy shall conform as appropriate to the remuneration system provided for in the Company's Bylaws, shall have the scope provided by law, and shall be submitted by the Board of Directors for approval of the shareholders acting at a General Meeting of Shareholders with the frequency provided by law.</p> <p>In any event, the overall sum of all amounts to be received by all of the directors for any items during each financial year shall never exceed the maximum amount approved by the shareholders at the General Meeting."</p>	<p>of Shareholders.</p> <p>5. The director remuneration policy shall conform as appropriate to the remuneration system provided for in the Company's Bylaws, shall have the scope provided by law, and shall be submitted by the Board of Directors for approval of the shareholders acting at a General Meeting of Shareholders with the frequency provided by law.</p> <p>In any event, the overall sum of all amounts to be received by all of the directors for any items during each financial year shall never exceed the maximum amount approved by the shareholders at the General Meeting."</p>
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Article 63. Executive and consultative committees of the Board of Directors

Existing text	Proposed text
<p>1. Without prejudice to the powers of representation that it may grant to any person, the Board of Directors may create an Executive Committee made up of a minimum of three (3) and a maximum of six (6) members and may also appoint one (1) or more Managing Directors (<i>Consejeros Delegados</i>) upon a proposal of the Chair of the Board of Directors, and may totally or partially delegate thereto, either temporarily or permanently, all of the powers that are not non-delegable under applicable legal provisions. The validity of the delegation and designation of the members of the Board of Directors to hold said offices shall require the favourable vote of four-fifths (4/5) of the members of the Board of Directors, and shall not take effect until the registration thereof with the Commercial Registry.</p> <p>2. The Board must create an Audit and</p>	<p>1. Without prejudice to the powers of representation that it may grant to any person, the Board of Directors may create an Executive Committee made up of a minimum of three (3) and a maximum of six (6) members and may also appoint one (1) or more Managing Directors (<i>Consejeros Delegados</i>) upon a proposal of the Chair of the Board of Directors, and may totally or partially delegate thereto, either temporarily or permanently, all of the powers that are not non-delegable under applicable legal provisions. The validity of the delegation and designation of the members of the Board of Directors to hold said offices shall require the favourable vote of four-fifths (4/5) of the members of the Board of Directors, and shall not take effect until the registration thereof with the Commercial Registry.</p> <p>2. The Board must create an Audit and</p>

<p>Control Committee and an Appointments and Remuneration Committee with the information, supervisory, advisory and proposal-making powers on matters within their purview as specified in these Bylaws and which may be further developed in the Regulations of the Board of Directors and in the internal regulations of each committee.</p> <p>3. The Board may also create other committees with consultative or advisory duties, without prejudice to the vesting therein of particular decision-making powers.</p>	<p>Control Committee, an Appointments Committee and a Remuneration Committee with the information, supervisory, advisory and proposal-making powers on matters within their purview as specified in these Bylaws and which may be further developed in the Regulations of the Board of Directors and in the internal regulations of each committee.</p> <p>3. The Board may also create other committees with consultative or advisory duties, without prejudice to the vesting therein of particular decision-making powers.</p>
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Article 64. Audit and Control Committee.

Existing text	Proposed text
<p>1. The Board of Directors shall create a permanent Audit and Control Committee, an internal informational and consultative body without executive functions, with information, advisory and proposal-making powers within its scope of action as set forth in section 3 of this Article. The Audit and Control Committee shall be composed of a minimum of three (3) and a maximum of seven (7) directors appointed by the Board of Directors itself and who must be external directors. A majority of the members of the Audit and Control Committee shall be independent and shall be appointed, particularly as regards its chair, taking into account their knowledge and experience in accounting, auditing or risk management. The members of the Audit and Control Committee as a whole must also have pertinent technical knowledge relating to the industry to which the Company belongs. The Audit and</p>	<p>1. The Board of Directors shall create a permanent Audit and Control Committee, an internal informational and consultative body without executive functions, with information, advisory and proposal-making powers within its scope of action as set forth in section 3 of this Article. The Audit and Control Committee shall be composed of a minimum of three (3) and a maximum of seven (7) directors appointed by the Board of Directors itself and who must be external directors. A majority of the members of the Audit and Control Committee shall be independent and shall be appointed, particularly as regards its chair, taking into account their knowledge and experience in accounting, auditing or risk management. The members of the Audit and Control Committee as a whole must also have pertinent technical knowledge relating to the industry to which the Company belongs. The Audit and</p>

Control Committee shall also appoint its Chair from among the independent directors forming part of said Committee. The position of Secretary of the Audit and Control Committee may be held by one of the members of the Committee or by the Secretary or the Deputy Secretary of the Board of Directors.

2. Directors forming part of the Audit and Control Committee shall hold office for so long as their appointment as directors of the Company remains in effect, unless the Board of Directors decides otherwise. The renewal, re-election and removal of directors sitting on the Audit and Control Committee shall be governed by resolution of the Board of Directors.

The position of Chair shall be held for a maximum term of four (4) years, after which the Chair may not be re-elected as such until the passage of one (1) year from ceasing to act in that capacity, without prejudice to the continuance or re-election thereof as a member of the Audit and Control Committee.

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

a) Report to the shareholders at the General Shareholders' Meeting on the issues raised by the shareholders that are within its purview, and particularly regarding the results of the audit, explaining how it has contributed to the integrity of the financial information and the function that the Audit and Control Committee has performed in said

Control Committee shall also appoint its Chair from among the independent directors forming part of said Committee. The position of Secretary of the Audit and Control Committee may be held by one of the members of the Committee or by the Secretary or the Deputy Secretary of the Board of Directors.

2. Directors forming part of the Audit and Control Committee shall hold office for so long as their appointment as directors of the Company remains in effect, unless the Board of Directors decides otherwise. The renewal, re-election and removal of directors sitting on the Audit and Control Committee shall be governed by resolution of the Board of Directors.

The position of Chair shall be held for a maximum term of four (4) years, after which the Chair may not be re-elected as such until the passage of one (1) year from ceasing to act in that capacity, without prejudice to the continuance or re-election thereof as a member of the Audit and Control Committee.

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

a) Report to the shareholders at the General Shareholders' Meeting on the issues raised by the shareholders that are within its purview, and particularly regarding the results of the audit, explaining how it has contributed to the integrity of the financial information and the function that the Audit and Control Committee has performed in said

<p>process.</p> <p>b) Monitor the effectiveness of the internal control of the Company and of its Group, as well as the systems for managing risks, including tax risks.</p> <p>c) Together with the statutory auditors, but without diminishing the independence thereof, analyse significant weaknesses in the internal control system detected during the audit. For these purposes, it may submit any recommendations or proposals to the Board of Directors and establish the corresponding follow-up period.</p> <p>d) Supervise the process of preparing and presenting regulated financial information and submit recommendations or proposals to the Board of Directors to protect the integrity thereof.</p> <p>e) Propose to the Board of Directors, for submission to the shareholders at the General Meeting of Shareholders, the appointment, re-election or replacement of the statutory auditors, taking responsibility for the selection process, in accordance with applicable legal provisions, as well as the terms of engagement thereof, and regularly collect information therefrom on the audit plan and the implementation thereof, in addition to preserving their independence in the performance of their duties.</p> <p>f) Supervise the internal audit activity of the Company.</p> <p>g) Establish appropriate relations with the statutory auditors to receive information on those issues that might threaten the independence thereof, for examination by the Audit and Control Committee, and any others related to</p>	<p>process.</p> <p>b) Monitor the effectiveness of the internal control of the Company and of its Group, as well as the systems for managing risks, including tax risks.</p> <p>c) Together with the statutory auditors, but without diminishing the independence thereof, analyse significant weaknesses in the internal control system detected during the audit. For these purposes, it may submit any recommendations or proposals to the Board of Directors and establish the corresponding follow-up period.</p> <p>d) Supervise the process of preparing and presenting regulated financial information and submit recommendations or proposals to the Board of Directors to protect the integrity thereof.</p> <p>e) Propose to the Board of Directors, for submission to the shareholders at the General Meeting of Shareholders, the appointment, re-election or replacement of the statutory auditors, taking responsibility for the selection process, in accordance with applicable legal provisions, as well as the terms of engagement thereof, and regularly collect information therefrom on the audit plan and the implementation thereof, in addition to preserving their independence in the performance of their duties.</p> <p>f) Supervise the internal audit activity of the Company.</p> <p>g) Establish appropriate relations with the statutory auditors to receive information on those issues that might threaten the independence thereof, for examination by the Audit and Control Committee, and any others related to</p>
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<p>the audit process and, if applicable, the authorisation of services other than those prohibited under applicable legal provisions, as well as such other communications as are provided for in the laws on auditing and in other auditing rules. In any case, it must annually receive from the statutory auditors written confirmation of their independence from the Company or entities directly or indirectly related thereto, as well as detailed and itemised information on additional services of any kind provided to these entities by the statutory auditors or by persons or entities related thereto, in accordance with legal provisions governing audit activities.</p> <p>h) On an annual basis, and prior to the audit report, issue a report expressing an opinion as to whether the independence of the statutory auditors is compromised. This report must in all cases and on a reasoned basis make a pronouncement regarding the provision of each and every one of the additional services referred to in the preceding letter, considered individually and as a whole, other than the legal audit, and in relation to the rules on independence or the legal provisions governing audit activities.</p> <p>i) Provide an advance report to the Board of Directors on all of the matters provided by law, the Company's Bylaws and the Regulations of the Board of Directors, and particularly regarding: (i) the financial information that the Company must periodically publish; (ii) the creation or acquisition of interests in special purpose entities or entities domiciled in territories or countries considered to be tax havens; and (iii)</p>	<p>the audit process and, if applicable, the authorisation of services other than those prohibited under applicable legal provisions, as well as such other communications as are provided for in the laws on auditing and in other auditing rules. In any case, it must annually receive from the statutory auditors written confirmation of their independence from the Company or entities directly or indirectly related thereto, as well as detailed and itemised information on additional services of any kind provided to these entities by the statutory auditors or by persons or entities related thereto, in accordance with legal provisions governing audit activities.</p> <p>h) On an annual basis, and prior to the audit report, issue a report expressing an opinion as to whether the independence of the statutory auditors is compromised. This report must in all cases and on a reasoned basis make a pronouncement regarding the provision of each and every one of the additional services referred to in the preceding letter, considered individually and as a whole, other than the legal audit, and in relation to the rules on independence or the legal provisions governing audit activities.</p> <p>i) Provide an advance report to the Board of Directors on all of the matters provided by law, the Company's Bylaws and the Regulations of the Board of Directors, and particularly regarding: (i) the financial information that the Company must periodically publish; (ii) the creation or acquisition of interests in special purpose entities or entities domiciled in territories or countries considered to be tax havens; and (iii)</p>
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<p>related-party transactions.</p> <p>j) Any others assigned thereto by the Board of Directors in its corresponding Regulations or in the Regulations of the Audit and Control Committee.</p> <p>4. The Audit and Control Committee shall ordinarily meet two (2) to four (4) times per year in order to review the periodic financial information to be submitted to the securities authorities, as well as the information that the Board of Directors must approve and include within its annual public documentation. It shall also meet at the request of one-third (1/3) of its members and whenever called by its Chair, who must do so whenever the Board of Directors or the Chair thereof requests the issuance of a report or the adoption of proposals and, in any case, whenever appropriate for the proper performance of the duties thereof. A valid quorum shall be formed with the presence in person or by proxy of one-half plus one of the directors forming part of the Audit and Control Committee, which shall adopt its resolutions by an absolute majority of votes. In case of a tie, the Chair shall have the tie-breaking vote.</p> <p>5. The Board of Directors may further develop all of the above rules in its corresponding Regulations and/or in the Regulations of the Audit and Control Committee.</p>	<p>related-party transactions.</p> <p>j) Any others assigned thereto by the Board of Directors in its corresponding Regulations or in the Regulations of the Audit and Control Committee.</p> <p>4. The Audit and Control Committee shall ordinarily meet two (2) to four (4) times per year in order to review the periodic financial information to be submitted to the securities authorities, as well as the information that the Board of Directors must approve and include within its annual public documentation. It shall also meet at the request of one-third (1/3) of its members and whenever called by its Chair, who must do so whenever the Board of Directors or the Chair thereof requests the issuance of a report or the adoption of proposals and, in any case, whenever appropriate for the proper performance of the duties thereof. A valid quorum shall be formed with the presence in person or by proxy of one-half plus one of the directors forming part of the Audit and Control Committee, which shall adopt its resolutions by an absolute majority of votes. In case of a tie, the Chair shall have the tie-breaking vote.</p> <p>5. The Board of Directors may further develop all of the above rules in its corresponding Regulations and/or in the Regulations of the Audit and Control Committee and/or in the Regulations of the Appointments Committee and/or in the Regulations of the Remuneration Committee.</p>
Article 65. Appointments and Remuneration Committee	
Existing text	Proposed text
1. The Board of Directors shall create a	1. The Board of Directors shall create a

permanent Appointments and Remuneration Committee, an internal informational and consultative body without executive functions, with information, advisory and proposal-making powers within its scope of action as set forth in section 3 of this Article. The Appointments and Remuneration Committee shall be composed of a minimum of three (3) and a maximum of seven (7) directors appointed by the Board of Directors itself upon a proposal of the Chair of the Board and who must be external directors. A majority of the members of the Appointments and Remuneration Committee shall be independent directors and shall be appointed while endeavouring to ensure that they have the knowledge, skill and experience appropriate for the duties they are called upon to perform. The Appointments and Remuneration Committee shall also appoint its Chair from among the independent directors forming part of said Committee. The position of Secretary of the Appointments and Remuneration Committee may be held by one of the members of the Committee or by the Secretary or the Deputy Secretary of the Board of Directors.

2. Directors forming part of the Appointments and Remuneration Committee shall hold office for so long as their appointment as directors of the Company remains in effect, unless the Board of Directors decides otherwise. The renewal, re-election and removal of directors sitting on the Committee shall be governed by resolution of the Board of Directors.

The position of Chair shall be held for a maximum term of four (4) years, after

permanent Appointments ~~and Remuneration~~ Committee, an internal informational and consultative body without executive functions, with information, advisory and proposal-making powers within its scope of action as set forth in section 3 of this Article. The Appointments ~~and Remuneration~~ Committee shall be composed of a minimum of three (3) and a maximum of seven (7) directors appointed by the Board of Directors itself upon a proposal of the Chair of the Board and who must be external directors. A majority of the members of the Appointments ~~and Remuneration~~ Committee shall be independent directors and shall be appointed while endeavouring to ensure that they have the knowledge, skill and experience appropriate for the duties they are called upon to perform. The Appointments ~~and Remuneration~~ Committee shall also appoint its Chair from among the independent directors forming part of said Committee. The position of Secretary of the Appointments ~~and Remuneration~~ Committee may be held by one of the members of the Committee or by the Secretary or the Deputy Secretary of the Board of Directors.

2. Directors forming part of the Appointments ~~and Remuneration~~ Committee shall hold office for so long as their appointment as directors of the Company remains in effect, unless the Board of Directors decides otherwise. The renewal, re-election and removal of directors sitting on the Committee shall be governed by resolution of the Board of Directors.

<p>which the Chair may not be re-elected as such until the passage of one (1) year from ceasing to act in that capacity, without prejudice to the continuance or re-election thereof as a member of the Committee.</p> <p>3. Without prejudice to any other tasks that may be assigned thereto from time to time by the Board of Directors, the Appointments and Remuneration Committee shall have the following basic duties:</p> <p>a) Evaluate the skills, knowledge and experience needed on the Board of Directors. For these purposes, it shall define the functions and skills necessary in the candidates to fill each vacancy and shall evaluate the time and dedication required for them to effectively perform their duties.</p> <p>b) Establish a goal for representation of the less represented gender on the Board of Directors and prepare guidelines on how to achieve this goal.</p> <p>c) Submit to the Board of Directors proposals for the appointment of independent directors on an interim basis or for submission to a decision of the shareholders at a General Meeting of Shareholders, as well as proposals for the re-election or removal of said directors by the shareholders.</p> <p>d) Report on proposals for the appointment of the other directors on an interim basis or for submission to a decision of the shareholders at a General Meeting of Shareholders, as well as proposals for the re-election or removal thereof by the shareholders.</p> <p>e) Report on proposals for the appointment and removal of senior officers and the basic terms of their</p>	<p>The position of Chair shall be held for a maximum term of four (4) years, after which the Chair may not be re-elected as such until the passage of one (1) year from ceasing to act in that capacity, without prejudice to the continuance or re-election thereof as a member of the Committee.</p> <p>3. Without prejudice to any other tasks that may be assigned thereto from time to time by the Board of Directors, the Appointments and Remuneration Committee shall have the following basic duties:</p> <p>a) Evaluate the skills, knowledge and experience needed on the Board of Directors. For these purposes, it shall define the functions and skills necessary in the candidates to fill each vacancy and shall evaluate the time and dedication required for them to effectively perform their duties.</p> <p>b) Establish a goal for representation of the less represented gender on the Board of Directors and prepare guidelines on how to achieve this goal.</p> <p>c) Submit to the Board of Directors proposals for the appointment of independent directors on an interim basis or for submission to a decision of the shareholders at a General Meeting of Shareholders, as well as proposals for the re-election or removal of said directors by the shareholders.</p> <p>d) Report on proposals for the appointment of the other directors on an interim basis or for submission to a decision of the shareholders at a General Meeting of Shareholders, as well as proposals for the re-election or removal thereof by the shareholders.</p> <p>e) Report on proposals for the</p>
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contracts.

f) Examine and organise the succession of the chair of the Board of Directors and the chief executive of the Company and, if applicable, make proposals to the Board of Directors so that said succession occurs in an orderly and planned manner.

g) Propose to the Board of Directors the remuneration policy for directors and general managers or whomsoever performs the duties of senior management reporting directly to the Board, to executive committees or to chief executive officers, as well as the individual remuneration and other contractual conditions for the executive directors, ensuring compliance therewith.

4. The Appointments and Remuneration Committee shall ordinarily meet two (2) to four (4) times per year in order to review the status of the matters within its purview. It shall also meet at the request of one-third (1/3) of its members and whenever called by its Chair, who must do so whenever the Board of Directors or the Chair thereof requests the issuance of a report or the adoption of proposals and, in any case, whenever appropriate for the proper performance of the duties thereof. A valid quorum shall be formed with the presence in person or by proxy of one-half plus one of the directors forming part of the Committee, which shall adopt its resolutions by an absolute majority of votes. In case of a tie, the Chair shall have the tie-breaking vote.

5. The Board of Directors may further develop all of the above rules in its corresponding Regulations and/or in the Regulations of the Appointments and

appointment and removal of senior officers and the basic terms of their contracts.

f) Examine and organise the succession of the chair of the Board of Directors and the chief executive of the Company and, if applicable, make proposals to the Board of Directors so that said succession occurs in an orderly and planned manner.

~~g) Propose to the Board of Directors the remuneration policy for directors and general managers or whomsoever performs the duties of senior management reporting directly to the Board, to executive committees or to chief executive officers, as well as the individual remuneration and other contractual conditions for the executive directors, ensuring compliance therewith.~~

4. The Appointments **and Remuneration** Committee shall ordinarily meet two (2) to four (4) times per year in order to review the status of the matters within its purview. It shall also meet at the request of one-third (1/3) of its members and whenever called by its Chair, who must do so whenever the Board of Directors or the Chair thereof requests the issuance of a report or the adoption of proposals and, in any case, whenever appropriate for the proper performance of the duties thereof. A valid quorum shall be formed with the presence in person or by proxy of one-half plus one of the directors forming part of the Committee, which shall adopt its resolutions by an absolute majority of votes. In case of a tie, the Chair shall have the tie-breaking vote.

Remuneration Committee.	5. The Board of Directors may further develop all of the above rules in its corresponding Regulations and/or in the Regulations of the Appointments and Remuneration Committee.
Article 65 <i>ter</i>. Remuneration Committee	
Existing text	Proposed text
N/A	<p>1. The Board of Directors shall create a permanent Remuneration Committee, an internal informational and consultative body without executive functions, with information, advisory and proposal-making powers within its scope of action as set forth in section 3 of this Article. The Remuneration Committee shall be composed of a minimum of three (3) and a maximum of seven (7) directors appointed by the Board of Directors itself upon a proposal of the Chair of the Board and who must be external directors. A majority of the members of the Remuneration Committee shall be independent directors and shall be appointed while endeavouring to ensure that they have the knowledge, skill and experience appropriate for the duties they are called upon to perform. The Remuneration Committee shall also appoint its Chair from among the independent directors forming part of said Committee. The position of Secretary of the Remuneration Committee may be held by one of the members of the Committee or by the Secretary or the Deputy Secretary of the Board of Directors.</p> <p>2. Directors forming part of the Remuneration Committee shall hold office for so long as their appointment as directors of the Company remains in</p>

	<p>effect, unless the Board of Directors decides otherwise. The renewal, re-election and removal of directors sitting on the Committee shall be governed by resolution of the Board of Directors.</p> <p>The position of Chair shall be held for a maximum term of four (4) years, after which the Chair may not be re-elected as such until the passage of one (1) year from ceasing to act in that capacity, without prejudice to the continuance or re-election thereof as a member of the Committee.</p> <p>3. Without prejudice to any other tasks that may be assigned thereto from time to time by the Board of Directors, the Remuneration Committee shall have the following basic duties:</p> <p>a) Propose to the Board of Directors the remuneration policy for directors and general managers or whomsoever performs the duties of senior management reporting directly to the Board, to executive committees or to chief executive officers, as well as the individual remuneration and other contractual conditions for the executive directors, ensuring compliance therewith.</p> <p>b) Endeavour to ensure the transparency of remuneration and the inclusion in the Annual Report, in the Annual Corporate Governance Report and in the Annual Director Remuneration Report of information regarding the remuneration of the Directors, and for said purpose submit to the Board any appropriate information.</p> <p>4. The Remuneration Committee shall ordinarily meet two (2) to four (4) times per year in order to review the status of</p>
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	<p>the matters within its purview. It shall also meet at the request of one-third (1/3) of its members and whenever called by its Chair, who must do so whenever the Board of Directors or the Chair thereof requests the issuance of a report or the adoption of proposals and, in any case, whenever appropriate for the proper performance of the duties thereof. A valid quorum shall be formed with the presence in person or by proxy of one-half plus one of the directors forming part of the Committee, which shall adopt its resolutions by an absolute majority of votes. In case of a tie, the Chair shall have the tie-breaking vote.</p> <p>5. The Board of Directors may further develop all of the above rules in its corresponding Regulations and/or in the Regulations of the Remuneration Committee.</p>
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