

**REPORT**

**SUBMITTED BY**

**THE BOARD OF DIRECTORS OF**



**TO PROVIDE A RATIONALE FOR THE AMENDMENT OF THE REGULATIONS  
FOR THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY.**

THIS REPORT CONTAINS:

- (i) RATIONALE FOR THE PROPOSED AMENDMENT;
- (ii) FULL TEXT OF THE PROPOSED AMENDMENT.

Derio, 22 April 2020.

## **EUSKALTEL, S.A.**

REPORT ISSUED BY THE BOARD OF DIRECTORS TO PROVIDE A RATIONALE FOR THE AMENDMENT OF THE REGULATIONS FOR THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY.

### **I. INTRODUCTION**

This report (the "Report") is submitted by the members of the Board of Directors of EUSKALTEL, S.A. (hereinafter, "Euskaltel" or the "Company") in order to provide a rationale for the proposal of the Board of Directors to introduce an additional provision in the Company's Regulations for the General Meeting of Shareholders (the "Regulations"), thus complying with the provisions of article 32 of the Regulations, which requires the submission by the Board of Directors of a written report with the rationale for the proposal submitted for the approval of the shareholders at the General Meeting of Shareholders of the Company in order to adopt the resolution to amend the Regulations. The proposal is submitted for the 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 6.1 on the Agenda.

### **II. RATIONALE FOR THE PROPOSAL**

The Company's Board of Directors will submit for approval by the shareholders at the Company's General Meeting of Shareholders the introduction of an additional provision in the Regulations, the principal reason for which is to adapt the Regulations to the possibilities offered by Sections 182, 189 and 521 of the Corporate Enterprises Act (*Ley de Sociedades de Capital*) (the "Act") and to the new text of the Bylaws, which is also the subject of a report by the Board of Directors on this date, in order to contemplate the ability of the shareholders to attend and vote at the General Meeting of Shareholders through real-time means of remote communication.

This will give the Company more flexibility to offer its shareholders different ways to participate in the General Meeting of Shareholders.

### **III. FULL TEXT OF THE PROPOSED AMENDMENT OF THE REGULATIONS**

For informational purposes, attached as Annex I to this Report is a verbatim transcription of the additional provision to be included in the Regulations.

### **IV. SHAREHOLDERS' RIGHT TO RECEIVE INFORMATION REGARDING THE PROPOSED AMENDMENTS OF THE REGULATIONS**

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 amendment of the regulations 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](http://www.euskaltel.com)), together with the call to the General Meeting and the other documentation relating to the aforementioned articles of the Regulations for the General Meeting and the aforementioned sections of the Act.

## **ANNEX I.**

### **Additional Provision**

#### **Attendance at the General Meeting of Shareholders through real-time means of remote communication**

Shareholders with the right to attend may attend the General Meeting of Shareholders using on-line means that allow their connection in real time with the venue or venues in which the General Meeting of Shareholders is held, provided that this is so approved by the Board of Directors as allowed by the state of art, pursuant to the provisions of article 31 of the Bylaws and without prejudice to the right of the shareholders to cast an absentee vote as provided in article 26 of these Regulations.

In particular, the means that can be used for such purpose that the Board ultimately accepts must allow for verification of the identity of the shareholders, the proper exercise of their rights, interactivity in real time and the proper conduct of the meeting.

In this case, attendance by the shareholders at the General Meeting of Shareholders shall be subject to the following rules, which may be expanded upon and completed by the Board of Directors:

- (i) The call to meeting shall establish the period in advance of the meeting during which a shareholder desiring to attend the General Meeting of Shareholders must make the connection in order to be deemed a shareholder who is present. A shareholder making the connection after the established deadline shall not be deemed to be present.
- (ii) Information and voting rights must be exercised through electronic means of remote communication allowed under the Bylaws and these Regulations. The Board of Directors shall determine the procedure and deadlines for the exercise of these rights during the General Meeting of Shareholders.
- (iii) Pursuant to the provisions of Section 182 of the Corporate Enterprises Act, on occasion of the call to the General Meeting of Shareholders, the directors may decide that the presentations and proposed resolutions that those who are going to attend by on-line means intend to submit pursuant to law be submitted to the Company prior to the commencement of the General Meeting of Shareholders.

- (iv) Furthermore, except upon the occurrence of any of the circumstances for denial provided for by the Act, the Bylaws or these Regulations, requests for information or clarification submitted by remote attendees during the General Meeting of Shareholders shall be answered in writing within a period of seven days, without prejudice to the ability to do so during the course of the meeting.
- (v) Shareholders desiring to attend the General Meeting of Shareholders must identify themselves with an electronic signature or other type of identification upon the terms set out by the Board of Directors in the resolution adopted for this purpose and with the provision of suitable assurances of authenticity and of identification of the shareholder in question.

The Board of Directors may establish and update means and procedures in accordance with the state of the art to implement remote attendance and the casting of remote electronic votes during the General Meeting of Shareholders, conforming to any legal rules governing this system and to the provisions of the Bylaws and these Regulations. Said means and procedures shall be published on the Company's website.

If, due to technical circumstances not attributable to the Company, remote attendance at the General Meeting of Shareholders is not possible in the manner provided for or there is an interruption of communication during the Meeting or a termination thereof, said circumstance may not be raised as an illegal deprivation of shareholder rights.

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