

## **REPORT BY THE BOARD OF DIRECTORS OF EBRO FOODS, S.A. TO THE GENERAL MEETING CALLED FOR 29 JUNE 2021 ON FIRST CALL AND 30 JUNE 2021 ON SECOND CALL, JUSTIFYING THE PROPOSAL TO ALTER THE ARTICLES OF ASSOCIATION, INCLUDED IN ITEM SIX ON THE AGENDA**

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### **1. Purpose of the Report**

The Spanish government has recently passed *Act 5/2021 of 12 April amending the recast Corporate Enterprises Act, approved by Legislative Royal Decree 1/2010 of 2 July, and other financial provisions, as regards the encouragement of long-term shareholder engagement in listed companies* -transposing into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC- (“**Act 5/2021**”), which was published in the Official State Gazette -BOE- on 13 April 2021. Among other aspects, this Act has introduced a new section 182.bis in the recast Corporate Enterprises Act, approved by Legislative Royal Decree 1/2010 of 2 July (“**Corporate Enterprises Act**”), to allow the holding of general meetings exclusively online, if so contemplated in the companies’ articles of association, provided a number of requirements are met. Other aspects of the Corporate Enterprises Act have also been modified, such as the rules for related party transactions, the identification of shareholders and the exercise of voting rights, capital increases and preferential subscription rights, the composition of the Board and remuneration of directors, among others.

The Board of Directors of Ebro Foods, S.A. (the “**Company**”) has analysed the aforesaid reform to determine which aspects are considered really necessary or convenient to incorporate expressly or adapt in the Articles of Association, and which, on the contrary, do not require express incorporation in the Articles of Association, insofar as the legal provisions will be applied in any case.

Accordingly, the Board of Directors of the Company has considered it convenient to lay before the General Meeting the alteration of certain articles of the Articles of Association in order to adapt them to the reform of the Corporate Enterprises Act made by Act 5/2021, and to incorporate certain specific technical enhancements.

In this regard, section 286 Corporate Enterprises Act contemplates, among the requirements for altering the Articles of Association, that the Directors should draft the full text of the proposed alteration and a written report justifying it.

This report (the “**Report**”), drafted and approved by the Board of Directors on 24 May 2021, complies with that legal requirement regarding the alteration of the current articles 5 (“Registered office”), 13 (“Attendance”), 14 (“Proxies”), 17 (“Presiding board. Information, discussion and voting. Postal and electronic vote and proxy”), 17 bis (“Online attendance of general meetings”), 22 (“Remuneration”), 28 (“Executive Committee, Audit and Compliance Committee, Nomination and Remuneration Committee and other Committees”) and 34 (“Approval of the Accounts. Application of Profit”) of the Articles of Association. A motion to approve the alteration of these articles

is to be tabled under item Six on the agenda for the Annual General Meeting, to be held on 29 June 2021 on first call and on 30 June 2021 on second call.

## **2. Justification of the alterations proposed to the Articles of Association**

### **2.1. Alteration of Article 5 (“Registered Office”)**

In relation to the Board’s competence to move the Company’s registered office, it is proposed replacing the reference to “*the same city*” with “*the country*”, in accordance with section 285.2 Corporate Enterprises Act, as amended by Royal Decree-Law 15/2017 of 6 October, to expressly state the Board’s power to move the registered office within the country.

### **2.2. Alteration of Article 13 (“Attendance”)**

With regard to the right to attend General Meetings, it is proposed eliminating the requirement to prove shareholder status with the attendance card or certificate issued by one of the legally authorised entities, replacing it with a reference indicating “*as determined in the Regulations of the General Meeting and the notice of call*”, since in practice and considering the possible evolution of the media through which shareholders can prove their status as such, there might be other means available for accreditation of that status and/or other requirements might be established for that accreditation.

For this reason, it is considered appropriate to have a more open regulation so that the Board can specify this requirement in the notice of call and, where appropriate, in any implementing provisions that it may pass and publish on the Company’s website, taking into account the state of technology.

It is further proposed eliminating the reference to use of the attendance cards to grant proxies, for systematic reasons (since proxies are regulated in Article 14 of the Articles of Association).

### **2.3. Alteration of Article 14 (“Proxies”)**

It is proposed adapting the regulation on splitting the vote of intermediaries to the terminology used in section 524 Corporate Enterprises Act, as amended by Act 5/2021.

### **2.4. Alteration of Article 17 (“Presiding board. Information, discussion and voting. Postal and electronic vote and proxy”)**

On the one hand, it is proposed completing the title of the article, which would be changed to: “*Presiding board. Information, discussion and voting. Remote voting and proxies prior to the General Meeting*”, in order to avoid possible confusion with other cases, such as the casting of electronic votes during the General Meeting by those attending online.

Along the same lines, it is proposed completing the title of section 2 of this Article 17 with the indication “*prior to the General Meeting*”.

It is also proposed completing paragraph (a) of Article 17.2 with the term “*postal*” (in the Spanish version), in accordance with sections 189.2 and 521.1 Corporate Enterprises Act,

and the provision “*or any other form of remote communication*” in coordination with the provisions of paragraph (b) of Article 17.2.

Finally, the term “*postal*” (in Spanish) is incorporated in paragraph (b) of Article 17.2 in keeping with the provisions of paragraph (a) of the same article and in line with the Company’s usual practice of allowing voting or proxies prior to the General Meeting by post, electronic communication and in person by the shareholder.

## **2.5. Alteration of Article 17 bis (“Online attendance of General Meetings”)**

First of all, the expression “*to enable the general meeting to be conducted in an orderly fashion*” is replaced with the expression “*to enable adequate procedure of the General Meeting*” in the first paragraph of Article 17 bis regarding online assistance of general meetings, to adapt it to the new wording of section 182 Corporate Enterprises Act introduced by Act 5/2021.

Secondly, the possibility of holding general meetings exclusively online is included in the second paragraph of this Article 17 bis, pursuant to sections 182 bis and 521.3 Corporate Enterprises Act, introduced by Act 5/2021. By virtue of this change in the Articles, whenever so permitted by law, General Meetings may be called to be held exclusively online, that is, with no physical attendance by shareholders or their representatives.

In this regard, the crisis situation deriving from the COVID-19 pandemic has led to an unprecedented increase in the incorporation of electronic forms of remote communication in the organisation and procedure of corporate enterprises, especially listed companies. The extraordinary legal provisions passed in 2020 and 2021 to address the economic and social impact of that situation has included measures also to facilitate the holding of meetings of the governing bodies of companies, both directors and general meetings, by means of remote communication. Among those measures, they have contemplated the possibility of holding general meetings exclusively online, with no physical attendance by shareholders or their representatives, all with a view to encouraging shareholder engagement in corporate affairs, pursuant to the Good Governance Code.

Based on the experience in use of these measures during the state of emergency, a general authorisation, no longer linked to the extraordinary circumstances mentioned, has been incorporated in Act 5/2021 so that General Meetings may be held exclusively online, subject to guaranteeing that shareholders or their representatives are able to fully exercise their rights. In this regard, Act 5/2021 has included a new section 182.bis in the Corporate Enterprises Act contemplating this provision and a new sub-section 3 in section 521 Corporate Enterprises Act. This possibility has already been contemplated in other legal systems and is not also incorporated in Spanish law.

Therefore, although the Board may consider the physical attendance of General Meetings by shareholders or their representatives as the ordinary channel for exercising their rights, with the possibility of exercising them through means of remote communication prior to the General Meeting, the proposed incorporation in the Articles of Association of the possibility of holding general meetings attended by shareholders and their representatives exclusively online may be particularly useful in certain situations when such measures

are recommendable to facilitate the organisation, management and holding of general meetings. This does not jeopardise any of the shareholders' rights, which may be exercised directly or through their representatives on equivalent terms to their exercise at general meetings with physical attendance.

## **2.6. Alteration of Article 22 (“Remuneration”)**

It is proposed modifying several aspects of the directors' remuneration contemplated in Article 22 of the Articles of Association, in the wake of the reform of the Corporate Enterprises Act by virtue of Act 5/2021. In particular, the Board proposes:

- Incorporating the obligation for the Nomination and Remuneration Committee to issue a prior report on the individual allocation of remuneration of each director for their duties as such, pursuant to section 529.septdecies.3 Corporate Enterprises Act, as amended by Act 5/2021.
- Adapting the third paragraph of the article, concerning the remuneration policy and rules for its approval, to the provisions of section 529.novodecies.1 Corporate Enterprises Act, as amended by Act 5/2021.
- With regard to the remuneration of executive directors, on the one hand, incorporating the pay items of these directors for their executive duties, from which the remuneration policy may choose, pursuant to section 529.octodecies.1 Corporate Enterprises Act, as amended by Act 5/2021 and, on the other hand, supplementing the power of the Board to determine the individual remuneration of each director for performance of their executive duties within the confines of the remuneration policy and the provisions of their respective contracts, subject to a report by the Nomination and Remuneration Committee, pursuant to section 529.octodecies.3 Corporate Enterprises Act, as amended by Act 5/2021.
- Expressly incorporating reference to the liability insurance for directors established in the Remuneration Policy.

## **2.7. Alteration of Article 28 (“Executive Committee, Audit and Compliance Committee, Nomination and Remuneration Committee and other Committees”)**

With respect to the Audit and Compliance Committee, it is proposed supplementing Article 28.2, establishing that: *“between them the Committee members shall have the necessary technical expertise on the business sector in which the company operates”*, pursuant to section 529.quaterdecies.1 Corporate Enterprises Act.

## **2.8. Alteration of Article 34 (“Approval of the Accounts. Application of Profit”)**

It is proposed incorporating the provision whereby: *“The Board may also distribute interim dividends, both in cash and in kind, on the terms established in this article and in the law”* to incorporate in the Articles the possibility that the Board may distribute interim dividends in kind, as required by abundant case law.

### **3. Full text of the proposed alterations. Proposed resolution**

The proposed resolution laid before the General Meeting of Shareholders under item Six on the agenda is transcribed below including the full text of the proposed alterations, as substantiated above:

#### **«6.1. Alteration of Article 5 (“Registered office”) of Title I (Name, duration, objects, financial year and registered office) of the Articles of Association**

To approve the alteration of Article 5 (“Registered office”) of Title I (Name, duration, objects, financial year and registered office) of the Articles of Association, which will be reworded as follows:

##### **“Article 5: Registered office**

*The registered office of the company is at Paseo de la Castellana no. 20, floors 3 and 4, Madrid. The Board of Directors is authorised to move this registered office within the country.*

*The Board may resolve to open, move or close branches, agencies, delegations, representative offices or other offices of the company.”»*

#### **«6.2. Alteration of Article 13 (“Attendance”) of Chapter I (General Meeting) of Title III (Corporate Bodies) of the Articles of Association**

To approve the alteration of Article 13 (“Attendance”) of Chapter I (General Meeting) of Title III (Corporate Bodies) of the Articles of Association, which will be reworded as follows:

##### **“Article 13: Attendance**

*General meetings may be attended by all shareholders who have recorded their shares in the corresponding accounting record five days prior to the date of the meeting, evidenced as determined in the Regulations of the General Meeting and the notice of call.*

*The members of the board are obliged to attend general meetings.*

*The Chairman may authorise attendance by such other persons as he may deem fit, although this authorisation may be overturned by the general meeting.”»*

#### **«6.3. Alteration of Article 14 (“Proxies”) of Chapter I (General Meeting) of Title III (Corporate Bodies) of the Articles of Association**

To approve the alteration of Article 14 (“Proxies”) of Chapter I (General Meeting) of Title III (Corporate Bodies) of the Articles of Association, which will be reworded as follows:

**“Article 14: Proxies**

*Any shareholder entitled to attend may be represented at general meetings by another person, even if the latter is not a shareholder.*

*The appointment and revocation of proxies, notification to the company, formalities, contents and limitations on representation and conflicts of interest of the proxy shall be governed by the applicable legal provisions, these Articles of Association, the Regulations of the General Meeting and any resolutions adopted by the Board.*

*This right to representation is without prejudice to the legal provisions established for family representation, general powers of attorney and proxy solicitations. In any case, no shareholder may have more than one proxy at any general meeting, although any intermediaries legitimately recognised as shareholders by virtue of the accounting record of the shares but acting on behalf of several final beneficiaries may grant proxies for voting in favour of each of the final beneficiaries or third parties designated by the latter, with no limit on the number of proxies that may be granted.”»*

**«6.4. Alteration of Article 17 (“Presiding board. Information, discussion and voting. Postal and electronic vote and proxy”) of Chapter I (General Meeting) of Title III (Corporate Bodies) of the Articles of Association**

To approve the alteration of Article 17 (“Presiding board. Information, discussion and voting. Postal and electronic vote and proxy”) of Chapter I (General Meeting) of Title III (Corporate Bodies) of the Articles of Association, which will be reworded as follows:

**“Article 17: Presiding board. Information, discussion and voting. Voting and proxy by remote means of communication prior to the General Meeting**

*1. The directors attending the general meeting shall form the Presiding Board. After drawing up the attendance list and declaring the meeting open, the Secretary shall read out the items on the agenda, which shall be duly debated. The Chairman shall speak first, followed by such persons as he may authorise, including the Chairs of the Board Committees whenever necessary or convenient in respect of the business on the agenda. The Chairman shall then grant the floor to such shareholders as may so request, directing the debate and ensuring that it stays within the confines of the agenda.*

*From the date of publication of the notice of call to the general meeting up to five days, inclusive, before the date scheduled for the general meeting on first call, shareholders may request in writing such information or explanations as they may consider necessary, or submit such written questions as they may deem fit, on the items on the agenda. Shareholders may also request, in writing within the same time, such explanations from the directors as they may consider necessary on the information accessible to the public supplied by the company to the National Securities Market Commission (CNMV) since the last General Meeting and explanations regarding the auditors’ report. In these cases, the directors will be obliged to provide the information requested, in writing, up to the date of the General Meeting.*



*Valid requests for information, explanations or questions submitted in writing and the written answers given by the directors shall be published on the Company's website.*

*Whenever the information contemplated in a specific question is already available to all shareholders clearly, expressly and directly on the company's website in question-answer format, the directors may simply refer the shareholders to that information.*

*During the General Meeting, shareholders may orally request such information or explanations as they may deem fit on the items on the agenda or the publicly accessible information supplied by the company to the National Securities Market Commission since the date of the last general meeting and on the auditors' report. If it is not possible to respond at that time, the directors shall provide the requested information in writing within seven days after the end of the General Meeting. Infringement of the right to information contemplated in this paragraph will not be considered a ground for challenging the validity of the general meeting, although shareholders will be entitled to demand fulfilment of the obligation to provide information and redress of any damages they may have suffered as a result of that infringement.*

*Directors will not be obliged to provide any information requested in the terms of the preceding paragraphs if that information is unnecessary to protect shareholders' rights or if there are objective reasons to consider that it could be used for non-corporate purposes or that disclosure of the details requested could be detrimental to the interests of the company or any of its related companies. The information may not be denied if the request is backed by shareholders representing at least one-quarter of the capital.*

*The Chairman shall close the debate when he considers the business sufficiently debated and shall then put the proposed resolutions to a vote.*

*As a rule, resolutions shall be carried with the votes of a simple majority of the shareholders present and represented at the general meeting, considering a resolution passed when it obtains more votes for than against from the capital present and represented.*

*For a resolution on the increase or reduction of the capital or any other alteration of the Articles of Association, the issuance of debentures, suppression or restriction of the right of pre-emption over new shares, the conversion, merger or division of the company, the global transfer of assets and liabilities or moving the registered office to another country, if more than fifty per cent of the capital is present and represented at the general meeting the resolution will be passed by absolute majority. However, if the meeting is attended on second call by shareholders representing twenty-five per cent or more of the subscribed capital with voting rights but less than fifty per cent, the favourable vote of two thirds of the capital present or represented at the general meeting will be required.*

*Unless another system is established by the Presiding Board for any particular vote, all shareholders present or represented who do not expressly declare their abstention, vote against or blank vote will be deemed to vote for the resolutions, approval of which shall be evidenced by recording the votes against, blank votes and abstentions. However, when voting on business not included on the agenda, all shareholders present or represented*

*who do not expressly declare their abstention, vote in favour or blank vote shall be deemed to vote against the resolution in question.*

*2. Voting and proxy by remote means of communication prior to the General Meeting*

- a) Shareholders entitled to attend and vote may vote on the resolutions proposed under the agenda by post, electronic means or any other form of remote communication, on the terms stipulated in the Regulations of the General Meeting and any provisions passed by the Board in development of or supplementing those Regulations.*

*The Board is authorised to develop and supplement the regulation set forth in the Regulations of the General Meeting taking account of the technical and legal bases that make it possible and duly guarantee the identity of the person exercising their voting right. In this case the Board shall decide when shareholders may start voting by remote communication, according to the state of and security offered by the available technical means.*

*The company shall publish on its web site all rules and regulations and any amendment thereof passed by the Board in development of and supplementing the Regulations of the General Meeting, pursuant to this provision, and the time specified by the Board as from which shareholders may vote by means of remote communication for General Meetings.*

*Shareholders entitled to attend General Meetings who vote by means of remote communication in pursuance of this article shall be counted as present for establishing the quorum of the relevant general meeting.*

- b) The provisions of (a) above will also be applicable to the granting of proxies for General Meetings by post, electronic means or any other form of remote communication.*
- c) Personal attendance of the General Meeting by a given shareholder will annul any vote cast by the same shareholder by postal or electronic correspondence. Similarly, personal attendance by the represented shareholder will also revoke a proxy granted by electronic correspondence or any other form of remote communication contemplated in the Regulations of the General Meeting.”»*

**«6.5. Alteration of Article 17 bis (“Online attendance of General Meetings”) of Chapter I (General Meeting) of Title III (Corporate Bodies) of the Articles of Association**

To approve the alteration of Article 17 bis (“Online attendance of General Meetings”) of Chapter I (General Meeting) of Title III (Corporate Bodies) of the Articles of Association, which will be reworded as follows:

**“Article 17.bis: Online attendance of General Meetings**

- 1. The company may enable the attendance of General Meetings by simultaneous, online means that duly guarantee the identity of the attendee, and electronic voting during the*



*General Meeting, to the extent that this is technically possible and if so resolved by the Board of Directors. In this case, the dates, forms and manners of exercising the shareholders' rights established by the Board of Directors to enable adequate procedure of the General Meeting shall be indicated in the notice of call.*

*In particular, the Board of Directors may decide that the anyone planning to attend the general meeting online shall send the Company before the General Meeting is convened the text of any contributions and proposed resolutions they intend to make or submit, as permitted by law.*

*In pursuance of the law, the Articles of Association and the Regulations of the General Meeting, the Board of Directors shall establish such procedures as it may deem fit for this form of attending general meetings.*

*2. Whenever so permitted by law, the General Meeting may be held exclusively online and, therefore, with no physical attendance by shareholders, their representatives or, where appropriate, Board members.*

*General Meetings held exclusively online shall comply with the applicable provisions of law and the Articles of Association, and the rules of procedure established in the Regulations of the General Meeting. It will be essential in all cases for the identity and legitimate rights of the shareholders and their representatives to be duly guaranteed. Moreover, it must be possible for all those attending to participate effectively in the meeting by any of the forms of remote communication indicated in the notice of call, both to exercise in real time their rights to speak, information, proposal and vote and to follow the contributions by others attending by those means, taking account of the state of technology and circumstances of the Company, all in accordance with the applicable legal provisions.”»*

#### **«6.6. Alteration of Article 22 (“Remuneration”) of Chapter II (Board of Directors) of Title III (Corporate Bodies) of the Articles of Association**

To approve the alteration of Article 22 (“Remuneration”) of Chapter II (“Board of Directors) of Title III (Corporate Bodies) of the Articles of Association, which will be reworded as follows:

##### **“Article 22: Remuneration**

*Remuneration of all the Board members for their duties as such (that is, for their supervisory and other non-executive duties) shall comprise: (i) a fixed annual allocation; and (ii) fees for attending meetings of the Company's corporate bodies. Both the fixed annual allocation for the Board as a whole and the amount of attendance fees shall be determined by the General Meeting and shall remain in force until a resolution is passed to change them. The Board of Directors, subject to a report by the Nomination and Remuneration Committee, shall set the individual remuneration of each director for their duties as such, taking into account the positions held by the directors on the Board, their membership of Board committees and any other objective circumstances that the Board may consider appropriate, within the confines of the Articles of Association and the Remuneration Policy. The Board shall also decide on the timing of payments.*

*The Directors' remuneration shall in any case be reasonably aligned with the importance of the Company, its economic situation from time to time and the market standards of comparable companies. The remuneration system established shall focus on promoting the long-term yield and sustainability of the Company and shall contemplate such precautions as may be necessary to avoid excessive exposure to risk or rewarding unfavourable results.*

*The remuneration policy for directors shall comply with all applicable provisions on the remuneration system in the Articles of Association and shall be approved by the General Meeting as a separate item on the agenda, applicable for a period of up to three years. This notwithstanding, a proposal for a new Directors' remuneration policy shall be submitted to the General Meeting of Shareholders prior to the end of the last year of application of the previous policy, and the General Meeting may decide that the new policy will be applicable from the date of its approval and for the following three years. Any amendment or replacement of the policy during that time will require prior approval by the General Meeting in accordance with the procedure established for its approval.*

*In addition, regardless of the nature of their legal relationship with the Company, directors with executive duties in the Company will be entitled to remuneration for the performance of those duties. That remuneration will consist of one or several of the following items: (i) fixed annual allocation; (ii) variable remunerations linked to different indicators, both financial and non-financial; (iii) benefits from pension or welfare systems; and (iv) indemnity in the event of removal or any other form of termination of their legal relationship with the Company not due to any breach by the director, exclusivity agreements, post-contract no competition agreements or similar. The Board shall determine the individual remuneration of each director for the performance of any executive duties they may have within the confines of the remuneration policy and in accordance with the terms of their contracts, subject to a report by the Nomination and Remuneration Committee.*

*The relationship between the Company and its executive directors shall be set down in a contract, which must be approved by the Board in the manner and with the majorities stipulated in law.*

*In addition and independently of the remuneration contemplated in the preceding paragraphs, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the Company's shares or those of any other companies in its Group. Nevertheless, the use of those remuneration systems shall be decided by the General Meeting, in the form and on the terms and conditions stipulated in law.*

*If the executive directors waive the remuneration to which they are entitled for their duties as directors (that is, for their supervisory and other non-executive duties), the fixed remuneration that would correspond to them will not be distributed among the remaining directors.*

*The company shall also take out liability insurance for its directors."»*

**«6.7. Alteration of Article 28 (“Executive Committee, Audit and Compliance Committee, Nomination and Remuneration Committee and other Committees”) of Chapter II (Board of Directors) of Title III (Corporate Bodies) of the Articles of Association**

To approve the alteration of Article 28 (“Executive Committee, Audit and Compliance Committee, Nomination and Remuneration Committee and other Committees”) of Chapter II (Board of Directors) of Title III (Corporate Bodies) of the Articles of Association, which will be reworded as follows:

***“Article 28: Executive Committee, Audit and Compliance Committee, Nomination and Remuneration Committee and other Committees***

*1. The Executive Committee shall have no fewer than three nor more than seven members, including the Chair.*

*The Executive Committee shall be presided by the Chairman of the Board, assisted by the Secretary of the Board. The rules of substitution established for the Board shall also be applicable to the Chair and Secretary of the Executive Committee.*

*2. An Audit and Compliance Committee shall be set up within the Board, with no fewer than three nor more than five members appointed by the Board. All the members of this Committee shall be non-executive directors, at least the majority shall be independent directors and one of whom will be appointed on the basis of their experience and expertise in accounting, auditing or both. Moreover, between them the Committee members shall have the necessary technical expertise on the business sector in which the company operates.*

*The Board shall appoint one of the independent directors on the Audit and Compliance Committee to chair that committee. The Committee Chair shall be replaced every four years and will become eligible for re-election one year after their retirement as such. In the event of absence or temporary unavailability of the Chair, they shall be substituted by a member of the Committee provisionally so nominated by the Board, or otherwise by the oldest Committee member.*

*The Audit and Compliance Committee shall meet with the frequency stipulated in the Regulations of the Board, and as and when called by its Chair, whenever so decided by at least two of its members or at the request of the Board. Committee meetings shall be held at the registered office or wheresoever else may be decided by the Chair and indicated in the notice of call, and shall be quorate when attended, in person or by proxy, by the majority of its members. Resolutions shall be carried with the votes in favour of the majority of members attending the meeting. In the event of a tie, the Chair, or acting Chair, shall have the casting vote. The Secretary of the Committee shall be appointed by the Board and shall issue minutes of the resolutions adopted, which shall be reported to the Board.*

*The Audit and Compliance Committee shall have the powers assigned to it by law, the Articles of Association and the Regulations of the Board. The Regulations of the Board may develop and complete the Committee’s powers and the rules for its organisation and*

*procedure, in accordance with the relevant provisions of law and the Articles of Association.*

*3. A Nomination and Remuneration Committee shall also be set up within the Board, with no fewer than three nor more than five members appointed by the Board. All the members of this Committee shall be non-executive directors and at least two of them shall be independent directors.*

*The Board shall appoint one of the independent directors on the Nomination and Remuneration to chair that committee. In the event of absence or temporary unavailability of the Chair, they shall be substituted by a member of the Committee provisionally so nominated by the Board, or otherwise by the Committee member designated by the Committee for the specific meeting.*

*The Nomination and Remuneration Committee shall meet with the frequency stipulated in the Regulations of the Board, and as and when called by its Chair, whenever so decided by at least two of its members or at the request of the Board. Committee meetings shall be held at the registered office or wheresoever else may be decided by the Chair and indicated in the notice of call, and shall be quorate when attended, in person or by proxy, by the majority of its members. Resolutions shall be carried with the votes in favour of the majority of members attending the meeting. In the event of a tie, the Chair, or acting Chair, shall have the casting vote. The Secretary of the Committee shall be appointed by the Board and shall issue minutes of the resolutions adopted, which shall be reported to the Board.*

*The Nomination and Remuneration Committee shall have the powers assigned to it by law, the Articles of Association and the Regulations of the Board. The Regulations of the Board may develop and complete the Committee's powers and the rules for its organisation and procedure, in accordance with the relevant provisions of law and the Articles of Association.*

*4. The Regulations of the Board shall also contemplate the existence of a Strategy and Investment Committee, on which any director may sit.”»*

#### **«6.8. Alteration of Article 34 (“Approval of the Accounts. Application of Profit”) of Title IV (Annual Accounts) of the Articles of Association**

To approve the alteration of Article 34 (“Approval of the Accounts. Application of Profit”) of Title IV (Annual Accounts) of the Articles of Association, which will be reworded as follows:

##### **“Article 34: Approval of the Accounts. Application of Profit/Loss**

*The annual accounts shall be approved by the General Meeting of Shareholders.*

*Once the general meeting has been called, any shareholder may obtain from the Company, forthwith and free of charge, copies of the documents that are to be laid before the general meeting for approval, and of the management report and auditors' report, if appropriate. This right shall be stated in the notice of call.*

*The general meeting shall resolve on the application of the profit/loss for the year, as shown on the approved balance sheet and in pursuance of prevailing legislation.*

*The general meeting may decide on the distribution in cash or in kind of dividends against profits or, as the case may be, against the share premium or other unrestricted reserves. In the event of a distribution in kind, the assets or securities to be distributed shall be homogenous and have adequate liquidity.*

*This regulation will also be applicable to the refund of contributions in a reduction of capital.*

*The Board may also distribute interim dividends, both in cash and in kind, on the terms established in this article and in the law.”»*

#### **4. Separate voting**

With regard to the proposed alteration of the Articles of Association laid before the Annual General Meeting for approval by the shareholders, a separate vote will be taken on each article, pursuant to section 197.bis Corporate Enterprises Act.

#### **5. Annex**

The **Annex** hereto contains a comparison between the articles as they appear in the current Articles of Association and the new text thereof, marking the proposed alterations.

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Issued in Madrid on 24 May 2021

<p><b>The English version of this document and its annex is purely informative. In the event of any discrepancy between the Spanish and English versions of this document, the Spanish version will prevail.</b></p>
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## ANNEX

### **“Article 5: Registered office**

The registered office of the company is at Paseo de la Castellana no. 20, floors 3 and 4, Madrid. The Board of Directors is authorised to move this registered office within the same city/country.

The Board may resolve to open, move or close branches, agencies, delegations, representative offices or other offices of the company”

### **“Article 13: Attendance**

General meetings may be attended by all shareholders who have recorded their shares in the corresponding accounting record five days prior to the date of the meeting, as determined in the Regulations of the General Meeting and the notice of call. ~~evidenced with the appropriate attendance card or certificate issued by one of the entities legally authorised to do so. These attendance cards may be used by the shareholders as proxy documents for the relevant general meeting.~~

The members of the board are obliged to attend general meetings.

The Chairman may authorise attendance by such other persons as he may deem fit, although this authorisation may be overturned by the general meeting.”

### **“Article 14: Proxies**

Any shareholder entitled to attend may be represented at general meetings by another person, even if the latter is not a shareholder.

The appointment and revocation of proxies, notification to the company, formalities, contents and limitations on representation and conflicts of interest of the proxy shall be governed by the applicable legal provisions, these Articles of Association, the Regulations of the General Meeting and any resolutions adopted by the Board.

This right to representation is without prejudice to the legal provisions established for family representation, general powers of attorney and proxy solicitations. In any case, no shareholder may have more than one proxy at any general meeting, although any ~~undertakings~~ intermediaries legitimately recognised as shareholders by virtue of the accounting record of the shares but acting on behalf of several ~~individuals~~ final beneficiaries may grant proxies for voting in favour of each of the ~~indirect holders~~ final beneficiaries or third parties designated by the latter, with no limit on the number of proxies that may be granted.”

**“Article 17: Presiding board. Information, discussion and voting. ~~Postal and electronic vote and proxy~~ Voting and proxies by remote means of communication prior to the General Meeting.**

1. The directors attending the general meeting shall form the Presiding Board. After drawing up the attendance list and declaring the meeting open, the Secretary shall read out the items on the agenda, which shall be duly debated. The Chairman shall speak first, followed by such persons as he may authorise, including the Chairs of the Board



*Committees whenever necessary or convenient in respect of the business on the agenda. The Chairman shall then grant the floor to such shareholders as may so request, directing the debate and ensuring that it stays within the confines of the agenda.*

*From the date of publication of the notice of call to the general meeting up to five days, inclusive, before the date scheduled for the general meeting on first call, shareholders may request in writing such information or explanations as they may consider necessary, or submit such written questions as they may deem fit, on the items on the agenda. Shareholders may also request, in writing within the same time, such explanations from the directors as they may consider necessary on the information accessible to the public supplied by the company to the National Securities Market Commission (CNMV) since the last General Meeting and explanations regarding the auditors' report. In these cases, the directors will be obliged to provide the information requested, in writing, up to the date of the General Meeting.*

*Valid requests for information, explanations or questions submitted in writing and the written answers given by the directors shall be published on the Company's website.*

*Whenever the information contemplated in a specific question is already available to all shareholders clearly, expressly and directly on the company's website in question-answer format, the directors may simply refer the shareholders to that information.*

*During the General Meeting, shareholders may orally request such information or explanations as they may deem fit on the items on the agenda or the publicly accessible information supplied by the company to the National Securities Market Commission since the date of the last general meeting and on the auditors' report. If it is not possible to respond at that time, the directors shall provide the requested information in writing within seven days after the end of the General Meeting. Infringement of the right to information contemplated in this paragraph will not be considered a ground for challenging the validity of the general meeting, although shareholders will be entitled to demand fulfilment of the obligation to provide information and redress of any damages they may have suffered as a result of that infringement.*

*Directors will not be obliged to provide any information requested in the terms of the preceding paragraphs if that information is unnecessary to protect shareholders' rights or if there are objective reasons to consider that it could be used for non-corporate purposes or that disclosure of the details requested could be detrimental to the interests of the company or any of its related companies. The information may not be denied if the request is backed by shareholders representing at least one-quarter of the capital.*

*The Chairman shall close the debate when he considers the business sufficiently debated and shall then put the proposed resolutions to a vote.*

*As a rule, resolutions shall be carried with the votes of a simple majority of the shareholders present and represented at the general meeting, considering a resolution passed when it obtains more votes for than against from the capital present and represented.*

*For a resolution on the increase or reduction of the capital or any other alteration of the Articles of Association, the issuance of debentures, suppression or restriction of the right of pre-emption over new shares, the conversion, merger or division of the company, the global transfer of assets and liabilities or moving the registered office to another country, if more than fifty per cent of the capital is present and represented at the general meeting the resolution will be passed by absolute majority. However, if the meeting is attended on second call by shareholders representing twenty-five per cent or more of the subscribed capital with voting rights but less than fifty per cent, the favourable vote of two thirds of the capital present or represented at the general meeting will be required.*

*Unless another system is established by the Presiding Board for any particular vote, all shareholders present or represented who do not expressly declare their abstention, vote against or blank vote will be deemed to vote for the resolutions, approval of which shall be evidenced by recording the votes against, blank votes and abstentions. However, when voting on business not included on the agenda, all shareholders present or represented who do not expressly declare their abstention, vote in favour or blank vote shall be deemed to vote against the resolution in question.*

2. ~~Postal and electronic vote and proxy~~ Voting and proxies by remote means of communication prior to the General Meeting

- a) *Shareholders entitled to attend and vote may vote on the resolutions proposed under the agenda by post or electronic means or any other form of remote communication, on the terms stipulated in the Regulations of the General Meeting and any provisions passed by the Board in development of or supplementing those Regulations.*

*The Board is authorised to develop and supplement the regulation set forth in the Regulations of the General Meeting taking account of the technical and legal bases that make it possible and duly guarantee the identity of the person exercising their voting right. In this case the Board shall decide when shareholders may start voting by remote communication, according to the state of and security offered by the available technical means.*

*The company shall publish on its web site all rules and regulations and any amendment thereof passed by the Board in development of and supplementing the Regulations of the General Meeting, pursuant to this provision, and the time specified by the Board as from which shareholders may vote by means of remote communication for General Meetings.*

*Shareholders entitled to attend General Meetings who vote by means of remote communication in pursuance of this article shall be counted as present for establishing the quorum of the relevant general meeting.*

- b) *The provisions of (a) above will also be applicable to the granting of proxies for General Meetings by post, electronic means or any other form of remote communication~~postal, electronic or any similar means of communication~~.*

- c) *Personal attendance of the General Meeting by a given shareholder will annul any vote cast by the same shareholder by postal or electronic correspondence. Similarly, personal attendance by the represented shareholder will also revoke a proxy granted by electronic correspondence or any other form of remote communication contemplated in the Regulations of the General Meeting.*”

**“Article 17.bis: Online attendance of ~~g~~General ~~m~~Meetings**

1. *The company may enable the attendance of general meetings by simultaneous and online means that duly guarantee the identity of the attendee, and electronic voting during the general meeting, to the extent that this is technically possible and if so resolved by the Board of Directors. In this case, the dates, forms and manners of exercising the shareholders’ rights established by the Board of Directors to enable adequate procedure of the General Meeting~~the general meeting to be conducted in an orderly fashion~~ shall be indicated in the notice of call.*

*In particular, the Board of Directors may decide that the anyone planning to attend the general meeting online, as permitted by law, shall send the Company before the general meeting is convened the text of any contributions and proposed resolutions they intend to make or submit.*

*In pursuance of the law, the Articles of Association and the Regulations of the General Meeting, the Board of Directors shall establish such procedures as it may deem fit for this form of attending general meetings.*

*2. Whenever so permitted by law, the General Meeting may be held exclusively online and, therefore, with no physical attendance by shareholders, their representatives or, where appropriate, Board members.*

*General Meetings held exclusively online shall comply with the applicable provisions of law and the Articles of Association, and the rules of procedure established in the Regulations of the General Meeting. It will be essential in all cases for the identity and legitimate rights of the shareholders and their representatives to be duly guaranteed. Moreover, it must be possible for all those attending to participate effectively in the meeting by any of the forms of remote communication indicated in the notice of call, both to exercise in real time their rights to speak, information, proposal and vote and to follow the contributions by others attending by those means, taking account of the state of technology and circumstances of the Company, all in accordance with the applicable legal provisions.*”

**“Article 22: Remuneration**

*Remuneration of all the Board members for their duties as such (that is, for their supervisory and other non-executive duties) shall comprise: (i) a fixed annual allocation; and (ii) fees for attending meetings of the Company’s corporate bodies. Both the fixed annual allocation for the Board as a whole and the amount of attendance fees shall be determined by the General Meeting and shall remain in force until a resolution is passed to change them. The Board of Directors, subject to a report by the Nomination and Remuneration Committee, shall set the individual remuneration of each director for their duties as such~~shall distribute each year among its members the fixed sum established by the general meeting~~, taking into account the positions held by the directors on the Board, their membership of Board committees and any other objective circumstances that the*

Board may consider appropriate, within the confines of the Articles of Association and the Remuneration Policy. The Board shall also decide on the timing of payments.

The directors' remuneration shall in any case be reasonably aligned with the importance of the company, its economic situation from time to time and the market standards of comparable companies. The remuneration system established shall focus on promoting the long-term yield and sustainability of the company and shall contemplate such precautions as may be necessary to avoid excessive exposure to risk or rewarding unfavourable results.

The remuneration policy for directors shall comply with all applicable provisions on the remuneration system in the articles of association and shall be approved by the general meeting ~~at least every three years~~ as a separate item on the agenda, applicable for a period of up to three years. This notwithstanding, a proposal for a new Directors' remuneration policy shall be submitted to the General Meeting of Shareholders prior to the end of the last year of application of the previous policy, and the General Meeting may decide that the new policy will be applicable from the date of its approval and for the following three years. Any amendment or replacement of the policy during that time will require prior approval by the General Meeting in accordance with the procedure established for its approval.

In addition, Regardless of the nature of their legal relationship with the company, directors with executive duties in the company shall be entitled to remuneration for the performance of such duties ~~on the terms established by the board of directors in accordance with the remuneration policy for directors in place from time to time.~~ That remuneration will consist of one or several of the following items: (i) fixed annual allocation; (ii) variable remunerations linked to different indicators, both financial and non-financial; (iii) benefits from pension or welfare systems; and (iv) indemnity in the event of removal or any other form of termination of their legal relationship with the Company not due to any breach by the director, exclusivity agreements, post-contract no competition agreements or similar. The Board shall determine the individual remuneration of each director for the performance of any executive duties they may have within the confines of the remuneration policy and in accordance with the terms of their contracts, subject to a report by the Nomination and Remuneration Committee.

The relationship between the Company and its executive directors shall be set down in a contract, which must be approved by the Board in the manner and with the majorities stipulated in law.

In addition and independently of the remuneration contemplated in the preceding paragraphs, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the Company's shares or those of any other companies in its Group. Nevertheless, the use of those remuneration systems shall be decided by the General Meeting, in the form and on the terms and conditions stipulated in law.

If the executive directors waive the remuneration to which they are entitled for their duties as directors (that is, for their supervisory and other non-executive duties), the fixed remuneration that would correspond to them will not be distributed among the remaining directors.

The company shall also take out liability insurance for its directors.”

***“Article 28: Executive Committee, Audit and Compliance Committee, Nomination and Remuneration Committee and other Committees***

*1. The Executive Committee shall have no fewer than three nor more than seven members, including the Chair.*

*The Executive Committee shall be presided by the Chairman of the Board, assisted by the Secretary of the Board. The rules of substitution established for the Board shall also be applicable to the Chair and Secretary of the Executive Committee.*

*2. An Audit and Compliance Committee shall be set up within the Board, with no fewer than three nor more than five members appointed by the Board. All the members of this Committee shall be non-executive directors, at least the majority shall be independent directors and one of whom will be appointed on the basis of their experience and expertise in accounting, auditing or both. Moreover, between them the Committee members shall have the necessary technical expertise on the business sector in which the company operates.*

*The Board shall appoint one of the independent directors on the Audit and Compliance Committee to chair that committee. The Committee Chair shall be replaced every four years and will become eligible for re-election one year after their retirement as such. In the event of absence or temporary unavailability of the Chair, they shall be substituted by a member of the Committee provisionally so nominated by the Board, or otherwise by the oldest Committee member.*

*The Audit and Compliance Committee shall meet with the frequency stipulated in the Regulations of the Board, and as and when called by its Chair, whenever so decided by at least two of its members or at the request of the Board. Committee meetings shall be held at the registered office or wheresoever else may be decided by the Chair and indicated in the notice of call, and shall be quorate when attended, in person or by proxy, by the majority of its members. Resolutions shall be carried with the votes in favour of the majority of members attending the meeting. In the event of a tie, the Chair, or acting Chair, shall have the casting vote. The Secretary of the Committee shall be appointed by the Board and shall issue minutes of the resolutions adopted, which shall be reported to the Board.*

*The Audit and Compliance Committee shall have the powers assigned to it by law, the Articles of Association and the Regulations of the Board. The Regulations of the Board may develop and complete the Committee’s powers and the rules for its organisation and procedure, in accordance with the relevant provisions of law and the Articles of Association.*

*3. A Nomination and Remuneration Committee shall also be set up within the Board, with no fewer than three nor more than five members appointed by the Board. All the members of this Committee shall be non-executive directors and at least two of them shall be independent directors.*

*The Board shall appoint one of the independent directors on the Nomination and Remuneration to chair that committee. In the event of absence or temporary unavailability of the Chair, they shall be substituted by a member of the Committee provisionally so nominated by the Board, or otherwise by the Committee member designated by the Committee for the specific meeting.*



*The Nomination and Remuneration Committee shall meet with the frequency stipulated in the Regulations of the Board, and as and when called by its Chair, whenever so decided by at least two of its members or at the request of the Board. Committee meetings shall be held at the registered office or wheresoever else may be decided by the Chair and indicated in the notice of call, and shall be quorate when attended, in person or by proxy, by the majority of its members. Resolutions shall be carried with the votes in favour of the majority of members attending the meeting. In the event of a tie, the Chair, or acting Chair, shall have the casting vote. The Secretary of the Committee shall be appointed by the Board and shall issue minutes of the resolutions adopted, which shall be reported to the Board.*

*The Nomination and Remuneration Committee shall have the powers assigned to it by law, the Articles of Association and the Regulations of the Board. The Regulations of the Board may develop and complete the Committee's powers and the rules for its organisation and procedure, in accordance with the relevant provisions of law and the Articles of Association.*

4. *The Regulations of the Board shall also contemplate the existence of a Strategy and Investment Committee, on which any director may sit."*

***"Article 34: Approval of the Accounts. Application of Profit/Loss***

*The annual accounts shall be approved by the General Meeting of Shareholders.*

*Once the general meeting has been called, any shareholder may obtain from the Company, forthwith and free of charge, copies of the documents that are to be laid before the general meeting for approval, and of the management report and auditors' report, if appropriate. This right shall be stated in the notice of call.*

*The general meeting shall resolve on the application of the profit/loss for the year, as shown on the approved balance sheet and in pursuance of prevailing legislation.*

*The general meeting may decide on the distribution in cash or in kind of dividends against profits or, as the case may be, against the share premium or other unrestricted reserves. In the event of a distribution in kind, the assets or securities to be distributed shall be homogenous and have adequate liquidity.*

*This regulation will also be applicable to the refund of contributions in a reduction of capital.*

***The Board may also distribute interim dividends, both in cash and in kind, on the terms established in this article and in the law.***

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