

## **AUDIT, CONTROL AND SUSTAINABILITY COMMITTEE**

The Audit, Control and Sustainability Committee is regulated by the Article 24 of the Regulation of the Board:

### **“Article 24: Audit, Control and Sustainability Committee**

- 24.1. An audit and control Committee shall be set up within the Board, which shall be called the Audit, Control and Sustainability Committee with no fewer than three nor more than five directors. All the members of this Committee shall be non-executive directors and at least the majority shall be independent directors. On the whole, they will be appointed on the basis of their experience and expertise in accounting, auditing and financial and/or non-financial risk management, or any one of these areas. Also on the whole, the members of the Audit, Control and Sustainability Committee shall have technical expertise in the economic sector in which the company operates.
- 24.2. The Board shall appoint one of the independent directors on the Audit, Control and Sustainability Committee to chair that committee, subject to a report by the Nomination and Remuneration Committee. The Committee Chairman shall be replaced every four years and will become eligible for re-election one year after his retirement as such. The Chairman of the Audit, Control and Sustainability Committee will be appointed on the basis of their experience and expertise in accounting, auditing and financial and/or non-financial risk management, or any one of these areas.
- 24.3. The Audit, Control and Sustainability Committee shall meet as and when called by its Chairman, or at the request of two of its members and at least once every three months. It shall also meet whenever so required by law or when the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties.
- 24.4. The Audit, Control and Sustainability Committee shall have the following powers, in addition to those assigned to it by law, regulations or the Articles of Association:
- a) Supervise, assess and promote internal control of the company and the financial and/or non-financial risk management systems (including operating, technological, legal, social, environmental, political, reputational and corruption risks) and submit recommendations to the Board for a decision on the risk management and control policy, including tax risks, specifying at least:
    - The types of financial and non-financial risk to which the company is exposed.
    - The risk level that the company considers acceptable.
    - The measures for mitigating the impact of identified risks, should they actually occur.

- The control and reporting systems used to control and manage those risks.
- b) Supervise and promote the policies, procedures and systems used for drawing up and controlling the company's financial and non-financial information, checking the services performed in this regard by the Internal Audit Department, the Financial Department and the Management Committee and making sure they are correctly distributed throughout the Group.
- c) Receive the information sent regularly to the Stock Exchange Councils, issue prospectuses and any public financial information offered by the Company and, in general, all information prepared for distribution among shareholders, ensuring the existence of internal control systems that guarantee the transparency and truth of the information.
- d) Ensure that (i) the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be authorised for issue in accordance with current legislation give a true and fair view of the equity, financial position and results of the Company and make sure that any interim financial statements are drawn up according to the same accounting principles as the annual accounts, considering the possibility of asking the external auditors to make a limited audit if necessary; and (ii) the Board of Directors endeavours to submit the annual accounts to the General Meeting with an unqualified auditors' report.

In this respect, it shall also see that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the company's annual accounts, supervising the policies and procedures established to ensure due compliance with applicable legal provisions and internal regulations. The Committee shall, through its Chairman, obtain information and collaboration from both the Internal Audit Manager and the External Auditors to perform these duties.

- e) Establish regular contact with the External Auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the External Auditors in accordance with prevailing auditing standards and legislation.
- f) Be informed of the decisions adopted by the senior management according to recommendations made by the External Auditors in connection with the audit.
- g) Implement a confidential whistle-blowing channel accessible to all Group employees and other persons related with the Company and a protocol for establishing priority, processing, investigating and solving any issues reported through that channel according to their importance and nature, paying special attention to those involving possible falsehood or misrepresentation in financial or accounting documents and possible fraud.
- h) Supervise compliance with the internal codes of conduct and corporate governance rules, including the policies approved by the Board of Directors,

which are supervised by the Audit, Control and Sustainability Committee. In particular, oversee the implementation of and compliance with the internal regulations and codes applicable to the risk management and control systems in general and the financial reporting process in particular.

- i) Submit to the Board, to be tabled at the General Meeting, proposals for the selection, appointment, re-appointment and replacement of the company's External Auditors and their terms of contract, the scope of their commission and the renewal or revocation of their engagement. The Committee shall ensure the independence of the External Auditors and the existence of a discussion procedure enabling the External Auditors, the Internal Audit Department and any other expert to inform the company of any significant weaknesses in its internal control detected while checking the annual accounts or any other processes in which they have worked. The Committee shall issue an annual report, prior to issuance of the auditor's report, expressing an opinion on the independence of the External Auditors and any supplementary services they may have provided. It shall also inform the Board on the proposal for appointment of the Internal Audit Manager and approve each year the internal audit work plan and monitor its implementation.
- j) Oversee Related Party Transactions and report to the Board or the General Meeting, as the case may be, prior to their approval, on any related party transactions that are to be submitted for approval, supervising whatever internal procedure, if any, the company may have established for transactions whose approval has been delegated.

24.5. The Audit, Control and Sustainability Committee shall also report to the General Meeting on any issues raised by shareholders concerning matters within its competence.”

The current composition of the Audit, Control and Sustainability Committee is as follows:

- Elena Segura Quijada, Chairman - External Independent
- Doña Meritxell Batet Lamaña - Externa Independiente
- Mercedes Costa García - External Independent
- Javier Fernández Alonso - External Proprietary
- Jordi Xuclà Costa - External Proprietary
- Luis Peña Pazos - Non-member Secretary

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