



**ARTICLES OF ASSOCIATION OF ALMIRALL, S.A.**

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### **CHAPTER I.- CORPORATE NAME, PURPOSE, TERM AND REGISTERED OFFICES**

#### **Article 1.- Company name**

The name of the Company is ALMIRALL, S.A. (hereinafter, the “**Company**”).

#### **Article 2.- Corporate purpose**

The Company's business purpose consists of:

- a) Purchasing, manufacturing, storing, marketing and brokering the sale of pharmaceutical products and specialities, and all kinds of raw materials used to prepare said pharmaceutical products and specialities.
- b) Purchasing, manufacturing, storing, marketing and brokering the sale of cosmetics, chemical and biotechnological products, and diagnostic products for humans and the veterinary, agrochemical and food sectors, as well as utensils, complements and accessories for the chemical, pharmaceutical and clinical industries.
- c) Research of chemical and pharmaceutical principles and products.
- d) Buying, selling, leasing, dividing and developing land and real estate; erecting constructions on such land and real estate and disposing of such constructions partially or completely or on a joint freehold basis.
- e) Providing prevention services for investee enterprises and companies pursuant to the terms of article 15 of Royal Decree 39/1997 of 17 January, which established the Rules for Prevention Services and associated regulations. These activities may be regulated and performed jointly with related and investee companies as established in article 21 of the aforesaid law. It is specifically noted that no administrative authorisation is required under the law for this activity. Pursuant to the terms of article 15 of RD 39/1997, this activity may be subcontracted to other specialised companies.
- f) Directing and managing the Company's interests in the share capital of other enterprises by organising the company's human and material resources accordingly.

The Company may perform some or all of the activities making up its corporate purpose either directly or indirectly through the ownership of shares, interests or rights in other companies or enterprises, which may or may not be legal persons, domiciled in Spain or abroad whose operations are similar or identical to the Company's.

**Article 3.- Registered offices**

The registered offices are located at Ronda del General Mitre, number 151 in Barcelona, which is the Company's administrative and management headquarters.

Notwithstanding the powers vested in the General Meeting by the Articles of Association, the Board of Directors may move the registered offices to a different address in the same city and may also create, eliminate or move factories, commercial or administrative offices, warehouses, agencies, regional offices or branch offices anywhere in Spain or abroad.

The company's website is: [www.almirall.com](http://www.almirall.com).

**Article 4.- Term**

The Company is founded for an indefinite period of time and its operations commenced on the date when the deed of incorporation was signed.

**TITLE II. - SHARE CAPITAL AND SHARES****Article 5.- Share capital and shares**

The Share Capital is twenty-five million seven hundred seventy-four thousand two hundred twenty-three euros and seventy-six cents (EUR 25,774,223.76). The capital is divided into 214,785,198 ordinary shares with a par value of EUR 0.12 each, all pertaining to the same class and series and numbered consecutively from number 1 through 214,785,198, inclusive. All of the shares are fully subscribed and paid in and they all entitle their holders to the same rights.

**Article 6.- Representation of the shares**

The shares are represented by account entries which are recorded in the corresponding accounting records. They are governed by the Stock Market Act and related provisions.

The legitimacy to exercise shareholders' rights, including the right to transfer the shares, is obtained by means of the entry in the accounting records, which proves the legitimate ownership of the shares and thereby enables the shareholder to demand that the Company recognise him/her as such. Such legitimacy can be accredited by exhibiting the certificates issued by the entity responsible for keeping the corresponding accounting records.

If the Company renders any service to the person named as the shareholder in the accounting records, it will be released from the corresponding obligation even if that person is not the beneficial owner of the shares, as long as the service was rendered in good faith and without gross negligence.

If the person who is authorised in the Company's accounting records to control the shares holds them under a fiduciary or similar arrangement, the Company may require him/her to reveal the identity of the beneficial owner of the shares and any transfers or liens on the shares.

**Article 7.- Non-voting shares**

The General Meeting may agree to issue a number of non-voting shares whose par value does not exceed that of one half of the paid in capital.

The owners of the non-voting shares will be entitled to receive the minimum dividend paid on each non-voting share, which must be agreed by the General Meeting; once the minimum dividend has been set, the shareholders without voting rights will be entitled to the same dividend as the ordinary shares.

**Article 8.- Shareholder status. Rights associated with shareholder status**

Share ownership confers upon the owner the status of shareholder and involves his/her acceptance of these Articles of Association and other resolutions validly passed by the governing bodies of the Company, whilst vesting him/her with the rights inherent to such status under the terms of the law and these Articles of Association.

According to the terms of the law, shareholders are vested with the following minimum rights:

- a) The right to participate in the company's earnings and the proceeds of liquidation.
- b) Preferred subscription rights to new share issues or convertible debentures.
- c) The right to attend and vote at the General Meeting as established in the Articles of Association and challenge, in accordance with the terms and in the cases and under the conditions established by Law, company resolutions.
- d) The owners of non-voting shares and shareholders who are in arrears in their payments are not entitled to vote.
- e) The right to information, as mandated by law.

**Article 9.- Co-ownership of shares**

The shares are indivisible. The co-owners of a share are jointly and severally liable to the Company for any obligations derived from shareholder status and must designate one person to represent them and exercise their rights as shareholders. The Company must be informed of that person's name. Co-owned shares must be entered in the accounting records, listing the names of all co-owners. The same rule applies to other situations of co-ownership of rights to shares.

**Article 10.- Usufruct of the shares**

In the case of shares held in usufruct, the status of shareholder resides in the bare owner but the usufructuary is entitled to receive all of the dividends which the Company agrees to pay during the usufruct. The usufructuary is obligated to allow the bare owner the exercise of his/her rights. The relationship between the usufructuary and the bare owner will be governed by the terms of the usufruct agreement or, in the absence thereof, the



terms of the Capital Companies Act and the Civil Code.

**Article 11.- Share pledges**

If the shares are pledged, the pledgor exercises the shareholder's rights.

The pledgee is obligated from the time the pledge is formed to allow the shareholder to exercise the rights inherent to his/her position as such and this circumstance must be noted in the pledge document.

If the shareholder fails to make outstanding disbursements, the pledgee may either make the disbursement or execute the pledge.

**Article 12.- Seizure of shares**

If possible, and provided that they are not incompatible with the specific terms of the seizure, the provisions of the preceding article will apply in the event that the shares are seized. .

**Article 13.- Share transfers**

Shares and the economic rights associated therewith, including preferred subscription rights, may be transferred freely as allowed by law.

New shares may not be transferred until the capital increase has been registered in the Companies Registry.

**Article 14.- Outstanding disbursements**

For partially paid in shares, the shareholder must pay the outstanding portion, either in cash or some other form, in the manner and by the deadline determined by the administration body.

Shareholders who are in arrears in the payment of outstanding disbursements may not vote. The value of their shares will be deducted from the share capital for quorum purposes.

If shares are transferred with an outstanding disbursement, the buyer will be jointly and severally liable for the payment, along with the previous transferors. The transferor's liability will last for three years from the transfer date.



### **TITLE III.- CAPITAL INCREASES AND REDUCTIONS**

#### **Article 15.- Capital increase**

The capital may be increased by issuing new shares or raising the par value of existing shares. In both cases, the capital increase may be charged to cash or non-cash contributions to the Company's equity, which may include credit balances owed by the Company, or to the profits or reserves reported on the last approved balance sheet. Capital increases may be funded partially from new contributions and partially from available reserves.

When the entire capital increase is not fully subscribed by the established deadline, the capital will be increased only by the amount actually subscribed, unless otherwise stipulated in the relevant agreement.

#### **Article 16.- Authorised capital**

The General Meeting may empower the administration body with the authority to increase the share capital one or more times up to a specified amount, in increments to be decided by the administration body and within the legally established limits. The delegation of powers may include the authority to exclude preferred subscription rights.

The General Meeting may also empower the administration body with the authority to determine the date on which the agreement to increase the share capital should be put into effect and to establish any conditions not previously determined by the General Meeting.

#### **Article 17.- Suspension of preferred subscription rights**

When the General Meeting or the Board of Directors agrees to increase the share capital it may also decide to exclude, either totally or partially, the preferred subscription rights in the interests of the Company.

In particular, it may be in the interests of the Company to exclude preferred subscription rights if this is necessary to facilitate (i) the acquisition of assets by the Company (including shares or stock in other companies) required for pursuing its corporate purpose; (ii) the placement of new shares on capital markets in order to access sources of financing; (iii) capturing resources using placement techniques based on demand prospecting so as to maximise the share issue rate; (iv) the inclusion of an industrial or technological partner; (v) the implementation of share-based employee remuneration plans by delivering Company shares or options to employees; and (vi) generally speaking, any other transactions believed to be in the Company's interests.

#### **Article 18.- Capital reduction**

1. The capital may be decreased by lowering the par value of existing shares, by redeeming shares or by grouping them together to be swapped. The capital may be reduced for the purpose of redeeming investments, cancelling outstanding



disbursements, creating or increasing reserve funds or restoring the balance between share capital and equity.

2. If the capital is reduced by refunding shareholders' investments, part or all of the payments to shareholders may be made in kind, provided that all three of the conditions set out in article 58 bis are met simultaneously.

#### **TITLE IV.- DEBENTURES**

##### **Article 19.- Debenture issues**

The Company may issue debentures pursuant to the conditions and limits established by law.

##### **Article 20.- Convertible debentures**

Convertible and/or swappable debentures may be issued with a fixed exchange rate (determined or determinable) or with an adjustable exchange rate.

Preferred subscription rights to convertible debentures may be excluded under the legal and statutory rules that apply to the exclusion of preferred subscription rights to shares.

The General Shareholders' Meeting may delegate to the Board of Directors the authority to issue convertible and/or exchangeable obligations. It may also authorize the Board to determine the timing of the agreed issuance and to set any other conditions not provided for in the resolution of the General Shareholders' Meeting.

##### **Article 21.- Other securities**

The Company may issue promissory notes, warrants and/or negotiable securities other than those mentioned in the previous articles.

The General Meeting may authorise the Board of Directors to issue such securities. The Board of Directors may make use of such delegated authority one or more times over a maximum period of five years.

The General Meeting may also authorise the Board of Directors to determine the time when the securities should be issued and to set any conditions not previously agreed upon by the General Meeting, which must comply with the terms of the law.

The Company may also act as guarantor of the securities issued by its subsidiaries.



## **TITLE V.- REGIME AND ADMINISTRATION OF THE COMPANY**

### **Article 22.- Governing bodies**

The governing bodies of the Company are the General Meeting of Shareholders and the Board of Directors, each of which is entrusted with the powers assigned to it in these Articles of Association and which may be delegated in the manner and to the extent determined herein.

Any powers not specifically assigned to the General Meeting by law or in these Articles of Association may be exercised by the Board of Directors.

The legal and statutory regulation of these governing bodies is further developed in the General Meeting Regulations and the Board of Directors Regulations, which must be approved by a majority at the duly convened meetings of each one of these governing bodies.

## **SECTION I.- THE GENERAL MEETING**

### **Article 23.- The General Meeting**

The General Meeting of Shareholders, duly convened, represents all shareholders, all of whom will be bound by its decisions in relation to the matters falling under its jurisdiction, even dissenting shareholders and those who do not attend the meeting, notwithstanding their legal right to challenge such decisions.

The General Meeting is governed by the terms of the law, the Articles of Association and the General Meeting Regulations which supplement and further develop the legal and statutory rules in relation to the announcement, preparation for and holding of the General Meeting and the rights of shareholders to obtain information, attend, be represented and vote at the meetings. The Regulations of the General Meeting must be proposed by the Board of Directors and approved by the shareholders gathered at the General Meeting.

### **Article 24.- Types of general meetings**

General Meetings of Shareholders may be ordinary or extraordinary.

An Ordinary General Meeting must necessarily be held within the first six (6) months of each financial year to approve management's performance, the annual accounts for the financial year and the allocation of profits/losses, notwithstanding its authority to debate and resolve other agenda items. An Ordinary General Meeting may be validly held even when previously called or held out of term.

Any General Meeting other than the one referred to above will be considered an Extraordinary General Meeting and will be convened by the Board of Directors on its own initiative or at the request of shareholders who possess at least three percent of the share capital, indicating in the request the matters to be addressed at the Meeting.



## **Article 25.- General Meeting calls**

The General Meeting, whether ordinary or extraordinary, will be convened by the Board of Directors by means of a notice published in accordance with the provisions of the law and the Articles of Association at least one month prior to the date set for the meeting, except in cases where the law stipulates a different notice period, in which case the provisions of the law shall apply. The notice of the meeting shall be published in at least the following media: (i) in the Official Gazette of the Commercial Register or one of the newspapers with the widest circulation in Spain; (ii) on the Company's website; and (iii) on the website of the National Securities Market Commission.

The call must contain the name of the Company, the type of meeting, whether ordinary or extraordinary, the date, time and place of the meeting, the agenda containing the items to be addressed, the title of the person(s) making the announcement, and any other matters to be included pursuant to the terms of the General Meeting Regulations and the Capital Companies Act. The call may also include the date on which the meeting will be held on second call. There must be at least twenty-four hours between the first and second meeting times.

Shareholders representing at least three percent of the share capital may request that a supplement to the call of the General Meeting of Shareholders be published containing one or more additional agenda items, provided that the new items are accompanied by a justification or, if applicable, by a duly justified proposal of agreement. Under no circumstances will this right apply to the announcement of extraordinary general meetings. Such requests by shareholders must be received at the Company's registered offices no later than five days after the publication of the meeting announcement. The supplement to the meeting announcement must be published at least fifteen days prior to the scheduled meeting date. The failure to publish such a supplement by the deadline will be just cause for challenge of the Meeting.

Shareholders representing at least three percent of the share capital may, within the same time periods indicated above, present founded proposals of agreement on items already on the Agenda or to be added to the Agenda of the General Meeting. The Company will ensure that the proposals of agreement and accompanying documentation are made public to the rest of the shareholders in accordance with letter d), part 518 of the Capital Companies Act.

If the General Meeting, duly convened, cannot be held on the scheduled meeting date for whatever reason and no alternate date was indicated in the meeting announcement, a new announcement must be published with the same meeting agenda and the same call prerequisites within fifteen days of the originally scheduled meeting date and at least ten days in advance of the proposed meeting date.

The administration body must convene a General Meeting when requested to do so by one or more shareholders representing at least three percent of the share capital, indicating the matters to be addressed at the Meeting. In this case, the General Meeting must be convened within two months of the notarised request made to the Directors and the agenda must contain the matters included in the request.

Meetings that must be held by court order will be governed by the terms of the law.

**Article 26.- Place and time of the General Meeting**

The General Meeting will be held at the location indicated in the announcement, which must be in the city where the Company's registered offices are located.

The shareholders may agree to extend the General Meeting for one or more days in a row if the directors or a number of shareholders representing at least one-fourth of the share capital in attendance proposes such an extension. Regardless of the number of sessions involved in a single General Meeting, just one set of minutes is drafted covering all of the sessions. The General Meeting may also be temporarily suspended as provided for in the Regulations.

**Article 27.- Constitution**

The ordinary or extraordinary General Meeting will be validly convened on first call when the shareholders present or represented account for at least twenty-five percent of the paid-in share capital with voting rights and on second call with any percentage of capital in attendance.

However, in order for the ordinary or extraordinary General Meeting to validly resolve on motions to issue debentures, increase or decrease the share capital, transform, merge or spin-off the company or otherwise amend the Articles of Association, the shareholders present or represented at the Meeting on first call must account for at least fifty percent of the paid-in share capital with voting rights. On second call, twenty-five percent of the share capital will suffice.

Shareholders entitled to attend the meeting who cast their votes remotely, as provided for in Article 32.- below, will be considered present for the purposes of constituting the General Meeting in question.

The Meeting will not be affected by any absences that occur once the meeting has been constituted.

**Article 28.- Universal General Meeting**

A General Meeting may be validly convened to debate and resolve on any matter as long as 100% of the share capital is in attendance and the shareholders unanimously agree to hold the meeting.

**Article 29.- Attendance rights**

Shareholders may attend the General Meeting regardless of the number of shares they possess provided that their legitimacy as shareholders is evidenced prior to the meeting date. Such legitimacy will be evidenced by means of the corresponding attendance card in his or her name or another document which, in accordance with the law, accredits him/her as a shareholder. The document must indicate the number, class and series of shares owned by the shareholder and the number of votes he/she may cast.

In order to attend the General Meeting, the shares must be registered in the shareholder's name in the corresponding accounting records at least five days before the date of the



General Meeting and the shareholder must be in possession of the attendance card or another document which, in accordance with the law, accredits the fact that he/she is a shareholder.

The members of the Board of Directors must attend all General Meetings, although the fact that a director is unable to attend will not preclude the Meeting from being constituted.

The Chairman of the General Meeting may authorise company directors, managers and technical personnel and anyone else with an interest in the company's performance to attend the Meeting, as well as being entitled to extend an invitation to any other people he deems appropriate.

When the Board of Directors so agrees and this is foreseen in the General Meeting call, the shareholders may attend the General Meeting by remote means that duly guarantee the identity of the shareholder or its representative. The Board of Directors will develop in the call the procedure to exercise the shareholders' rights by such means.

### **Article 30.- Representation at meetings**

Notwithstanding the ability of legal entity shareholders to attend the meeting through their authorised representatives, any shareholder who is entitled to attend the General Meeting may be represented by a proxy, who may or may not be a shareholder. Proxies must be issued in writing or using any remote mode of communication allowed by the administration body which duly guarantees the identities of both the proxy and the principal. A separate proxy must be issued for each General Meeting according to the terms and scope established in the Capital Companies Act and the General Meeting Regulations.

The Chairman of the General Meeting or person(s) he designates will be authorised to determine the validity of the proxies granted and ensure that all attendance requirements are met.

The terms of the preceding paragraphs will not apply when the proxy is the spouse, a descendant or ancestor of the principal or when the proxy holds a general power of attorney executed in a public deed authorising him/her to administer all of the principal's assets in Spain.

The proxy may be revoked at any time and the personal attendance of the principal at the Meeting will be construed as a revocation.

### **Article 31.- Right to information**

Starting on the date on which the announcement of the General Meeting is published and up to and including the fifth day before the scheduled meeting date, shareholders may submit written requests to the Board of Directors for information or clarification of the agenda items or ask any questions they may have.



In addition, up to the fifth day before the scheduled meeting date, the shareholders may ask the Board of Directors in writing for clarification regarding the information available to the public that has been reported to the CNMV since the last General Meeting and regarding the auditor's opinion.

Up to the date of the General Meeting, the Board of Directors is obligated to provide the requested information in writing.

During the General Meeting, shareholders may verbally request any information or clarifications they require regarding the agenda items or the public information reported to the CNMV since the last General Meeting or regarding the auditor's opinion of the accounts. The Board of Directors is obligated to provide the information on the spot; if this is not possible, it must be provided in writing within seven days of the General Meeting.

The Directors are obligated to provide the requested information described in the previous paragraphs unless this information is unnecessary for the shareholders' rights exercise, or objective grounds to consider that the shareholder may use the information for extra-social purposes exist, or the publicity of the information damages the Company or to linked companies.

The valid requests for information, clarifications or questions made in writing, as well as the written answers given by the directors, will be included in the company's website.

In case prior to the question posed, the info requested is available, in a clear, express and direct way, for the shareholders in the company's web site under the format question-answer, the directors may simply refer in their answer to that information provided in the aforementioned format.

### **Article 32.- Distance voting**

The shareholders who are entitled to attend the General Meeting may cast their votes on the proposed agreements contained on the agenda, regardless of the type of General Meeting, using the following methods:

- (i) By post: enclosing the attendance and voting card issued by the entity or entities in charge of keeping the account entries, duly completed and signed.
- (ii) Other modes of distance voting: shareholders may cast their votes with a legally recognised electronic signature or any other type of guarantee deemed appropriate by the Board of Directors to ensure the authenticity and identity of the shareholder casting the vote, as provided for in the General Meeting Regulations.

Votes cast using any of the methods referred to above will only be valid if received by the Company within twenty-four hours of the day immediately prior to the date of the General Meeting on first call. Otherwise, the vote will not be counted.

Pursuant to the terms of the General Meeting Regulations, the Board of Directors may further develop the preceding provisions, establishing the rules, measures and procedures in keeping with the state of the art for voting methods and the electronic execution of proxies, which must in all cases comply with the rules issued for such purposes. The rules implemented pursuant to the terms of this section will be published on the Company's website.



Personal attendance at the General Meeting by the shareholder or his/her proxy will constitute a revocation of any votes cast by mail or electronically.

**Article 33.- Chair of the General Meeting**

The General Meeting will be chaired by the Chairman of the Board of Directors or by the Vice President in his absence. If there are several Vice Presidents, the order will be as established by the Board of Directors when they were appointed; in the absence of the Chairman and Vice President, the meeting will be chaired by a member of the Board of Directors appointed by the shareholders themselves.

The Chairman will be assisted by a Secretary, an Assistant Secretary or both. The Secretary of the Board of Directors will serve as the meeting Secretary or, in his/her absence, the Assistant Secretary will do so. In their absence, the Secretary will be elected by the shareholders in attendance and may not be a shareholder, in which case he/she will have a voice but no vote.

**Article 34.- Deliberations and passage of agreements**

The Chairman will lead the deliberations on the agenda items and direct the debate so that the meeting takes place in an orderly fashion. To this end, the Chairman will be duly empowered to maintain order and discipline, including the power to expel anyone who disturbs the meeting and to interrupt the session momentarily so as to restore order. The Chairman may, even if present at the Meeting, ask the Secretary or a member of the Board of Directors to lead the debate in the Meeting.

Shareholders may request information as discussed in Article 31.- above.

All shareholders must be allowed to speak at least once during the deliberations of the agenda items, although the Chairman, in the exercise of his powers, is authorised to take measures to keep order such as limiting the amount of time attendees have to speak, determining the order in which they speak or closing the list of speakers.

Once a matter has been sufficiently debated, it will be put to a vote by the Chairman. The Chairman is responsible for determining the voting system and directing the voting process, which must comply with the rules developed in the General Meeting Regulations.

Each share with voting rights present or represented at the General Meeting carries the right to one vote. Shareholders with voting rights may vote electronically, by post or using any other distance communication method determined by the administration body on the occasion of the call for each General Meeting in accordance with the terms of the General Meeting Regulations which duly guarantees the identity of the shareholder casting the vote.

The agreements of the General Meeting will be passed with the majorities foreseen in the Companies Act in each case.

**Article 35.- Meeting minutes**

The minutes of the General Meeting may be approved by the shareholders at the end of the meeting and signed by the Chairman or Secretary or within fifteen days by the Chairman and two supervisors, one representing majority shareholders and the other representing minority shareholders. The minutes approved in either one of these ways will be enforceable as of the date on which they are approved. The minutes will be transcribed into the Company's Minutes Book or otherwise kept as permitted by law.

Certifications of the minutes will be issued by the Secretary or the Assistant Secretary to the Board of Directors with the approval of the Chairman or the Vice President and the agreements will be set down in a public instrument by the persons authorised to do so according to these Articles of Association and the Companies Registry Regulations.

The administration body may invite a notary public to be present to take the meeting minutes and will be required to do so when shareholders representing at least one percent of the share capital request the presence of a notary public at least five days before the meeting date. In both cases, the document prepared by the notary will serve as the meeting minutes.

**SECTION II.- THE ADMINISTRATION BODY****Article 36.- Board of Directors**

The Company will be administered by a Board of Directors.

The Board of Directors will be governed by the terms of the applicable laws and by these Articles of Association. The Board of Directors will further develop and supplement these provisions by drafting the Board of Directors Regulations, of which the General Meeting will be informed once approved.

**Article 37.- Composition of the Board of Directors**

The Board of Directors will be composed of at least five (5) but no more than fifteen (15) members, to be decided by the General Meeting.

The number of board members will be determined by the General Meeting. To this end, the number of Board members may be determined directly by express agreement or indirectly by filling vacancies or appointing new members, up to the maximum limit indicated above.

The General Meeting must strive to ensure that, to the extent possible, the composition of the Board of Directors is such that the external or non-executive directors represent the majority compared to the executive directors, with the presence of independent directors as well.

The definitions of the different categories of directors will adhere to the Laws applicable at any given time.

In the case that an external director cannot be considered proprietary or independent, the company will disclose this circumstance and the links that person maintains with the



company, its senior officers or shareholders.

To this end, directors who perform management functions for the Company or any member company of its Group will be understood as executive directors.

The Board will also strive to ensure, to the extent possible, that a majority of the external directors is composed of owners or representatives of owners of significant stable stakes in the Company's capital (proprietary directors) and persons of recognised prestige with no ties to the executive staff or significant shareholders (independent directors).

The Board must explain the classification of each Director to the General Meeting of Shareholders responsible for appointing or ratifying the Directors.

If the Chairperson is an executive director, the Board of Directors shall necessarily appoint, with the abstention of the executive Directors, a lead Director from among the independent Directors, who shall, in particular, have the authority to request the calling of a board meeting or the inclusion of new items on the agenda of a board meeting already convened, to coordinate and bring together the non-executive Directors and, where appropriate, to lead the periodic evaluation of the Chairperson of the Board of Directors

#### **Article 38.- Term of office**

Directors will be appointed for a term of two years, at the end of which they may be re-elected one or more times for terms of the same maximum duration.

The appointment of directors will expire when, upon expiry of the aforementioned term, a General Shareholders' Meeting has been held or the statutory period for holding the Ordinary General Shareholders' Meeting has elapsed.

If a vacancy arises during the term for which the directors were appointed, the Board may appoint by co-optation the person to fill it until the next General Shareholders' Meeting is held. Directors appointed by co-optation may be confirmed in their posts at the first General Shareholders' Meeting held following their appointment. If the vacancy to be filled by co-optation arises after the General Shareholders' Meeting has been convened but before it is held, the Board of Directors may appoint a director who may in turn hold office until the subsequent General Shareholders' Meeting is held.

The director who resigns from his/her post or steps down for any reason may not be a director or officer in any company with an analogous corporate purpose for two years. The Board of Directors, at its discretion, may waive or reduce this limitation for outgoing directors.

#### **Article 39.- Positions of the Board of Directors**

The Board of Directors will appoint a Chairman and one or more Vice Presidents who will stand in for the Chairman in the case of vacancy, absence or illness, in the order determined by the Board. The Board will also appoint a Secretary. The person appointed as Chairman or Vice President must be a member of the Board of Directors. The Secretary of the Board need not be a director, in which case he/she will have a voice but no vote.



The Board of Directors may also, at its discretion, appoint an Assistant Secretary who need not be a director.

**Article 40.- Powers of the Board of Directors**

The Board of Directors is responsible for representing, directing and administering the Company in and out of court in all matters included within the scope of the corporate purpose and all of the actions required by law, by these Articles of Association and the Regulations of the Board of Directors, notwithstanding the actions specifically reserved for the General Meeting.

**Article 41.- Powers of representation**

The Board of Directors, acting collegiately, is responsible for representing the Company in and out of court.

The Secretary of the Board and the Assistant Secretary, if there is one, have the powers of representation necessary to have the agreements of the General Meeting and the Board of Directors notarised and registered.

The powers of representation of the delegated bodies will be governed by the terms of the delegation agreement. Unless otherwise indicated, it will be understood that the powers of representation are vested in the managing directors jointly and severally and if the delegated body is an executive committee the powers are vested in the Chairman.

**Article 42.- Board of Directors meetings**

The Board of Directors will meet as frequently as required to perform its functions and at least once a quarter, adhering to the dates and agenda items established at the beginning of the year. Each director may propose additional agenda items as long as the request is made at least five days before the scheduled meeting date. The Board will meet as convened by the Chairman as required for the smooth operation of the Company and at the request of at least two directors or the independent lead Director in which case the Meeting will be convened by the Chairman to be held within fifteen days of receiving the request.

If the Chairman is asked to call a meeting and fails to do so, without just cause, within one month of the request, directors accounting for at least one-third of the members of the Board may call a meeting, stipulating the agenda, to be held in the city where the Company's registered offices are located.

The call for ordinary meetings will be sent by certified letter, fax, telegram or e-mail and will be authorised with the signature of the Chairman or the Secretary or Assistant Secretary, by order of the Chairman. The call must be sent at least three days before the meeting date.

The call must include the agenda and be accompanied by any relevant information, duly prepared and summarised.

The above notwithstanding, the Board of Directors may be validly convened without the



need for advance notice if all members are present or represented and they unanimously agreed to hold the meeting and address the proposed agenda items.

The Board may also pass motions by written vote without the need to hold a meeting, as provided for in the Capital Companies Act. Additionally, the meetings of the Board of Directors may be held being the attendants in different places interconnected by means of remote communication systems that enable, in real time, (i) the recognition and identification of the attendants to the meeting, (ii) the permanent communication amongst the members and (iii) the issuance of the members' vote. Such meetings will be deemed held in the social domicile. The members of the Board of Directors present in any of the interconnected places will be deemed as attending the same and sole meeting of the Board of Directors.

#### **Article 43.- The sessions**

The Board Meeting will be deemed validly constituted when one-half plus one of its members are present or represented by another Board member. Proxies must be granted in writing and must be Board members (the non-executive Board members only may be represented by other non-executive members); a separate proxy must be issued for each Board meeting, addressed to the Chairman.

Agreements will be passed by absolute majority of those in attendance, except in those cases where the law or these Articles of Association require a reinforced majority. In the event of a tie, the Chairman will cast the deciding vote.

Minutes will be kept of all Board of Directors meetings, which will be signed by at least the Chairman and the Secretary or Assistant Secretary and transcribed or filed, in accordance with the law, in a special Minutes Book.

The minutes will be approved by the Board of Directors at the end of the meeting or at a subsequent meeting.

#### **Article 44.- Performance of duties. Evaluation**

The members of the Board of Directors will perform their duties with the diligence of an orderly businessman and loyal representative. The directors and, to a greater extent, the independent directors, will contribute at all times to the strategic vision and concepts, criteria and innovative measures required for the optimum development and evolution of the Company's business.

The directors shall kept secrecy on the information, data, reports or background to which they have had access as per the performance of their duties, even after ceasing their positions, unless otherwise allowed or required by Law.

The Board shall make an annual evaluation of its performance and of the performance of its commissions, and propose, on the basis of the result of this evaluation, an action plan which corrects the deficiencies found. The result of the evaluation will be included in the minutes of the meeting or will be attached thereto.



#### **Article 45.- Director remuneration**

The remuneration of the directors as such will consist of a fixed quarterly amount.

The members of the Board of Directors will also be paid fees for each Board Meeting and Commission meeting they attend.

Directors may be compensated with shares, stock options or remuneration linked to the price of the shares. The application of this kind of remuneration will require an agreement of the General Meeting of Shareholders. This agreement must indicate the maximum number of shares that may be delivered in each exercise, the price of exercising stock options, the value of the shares used as a reference and the duration of this form of remuneration.

The aggregate maximum sum of the annual remuneration of the directors as such shall be approved by the Shareholders Meeting, and will remain in effect until it is modified. The determination of the exact amount to be paid within this maximum, as the distribution of the amount among the directors, will be decided by the Board.

The Company is authorised to take out civil liability policies for directors, as well as life insurances.

The remuneration referred to in this article shall be compatible with and independent from any salaries, wages, indemnities, pensions, contributions to pension funds, life insurance, compensation in the form of shares or stock options or other forms of compensation payable to some or all of the members of the Board of Directors who perform executive functions, regardless of the nature of their relationship with the Company – whether a regular or executive working relationship or a commercial or services relationship, which must be compatible with their positions as members of the Board of Directors. The Board of Directors shall fix the amount of the remuneration of the Board members for the development of executive functions and the terms and conditions of their contracts with the company, in accordance with articles 248 and 529 octodecies of the Companies Act and the remuneration policy in effect at any given time.

### **SECTION III.- BOARD'S DELEGATED BODIES**

#### **Article 46.- Board's delegated bodies**

Without detriment to the empowerments that may be conferred to any person, the Board may appoint among its members one or several Managing Directors or Executive Committees, determining the content, limits and modalities of the delegation. The Board shall not delegate the faculties foreseen in article 249bis of the Companies Act or those foreseen in article 529ter of the said Act.

In order for their appointments to be valid, the members of the Board who are appointed to occupy these positions must receive the favourable vote of two-thirds of the Board members and their appointments will not take effect until registered in the Companies Registry.

The Board may set up specialized Commissions, determining its composition, members and functions. Notwithstanding this, the Board must set up at least an Audit Commission



and one, or two separate, Nominations and Remuneration Commissions, composed as, and with the minimum functions, foreseen in the Companies Act. The minutes of the commissions shall be available for the Board members.

**Article 47.- Audit and Sustainability Commission. Composition, responsibilities and operation**

1. The Board of Directors will set up an Audit and Sustainability Commission according to the following rules:
  - a) The Audit and Sustainability Commission will be composed of a minimum of three directors, all of them being non-executive directors and most of them being independent directors. All members of the Commission, particularly its President, will be chosen based on their experience and knowledge in accounting, auditing or risk management matters, both financial and non-financial. The members shall be appointed by the Board. Considered overall, the members of the Commission will hold the appropriate technical knowledge, taking into account the sector of activity of the audited company.
  - b) The Chairman of the Audit and Sustainability Commission must be an independent director and must be replaced every four years. The Chairman may subsequently be re-elected one (1) year after stepping down.
  - c) The Commission shall appoint a Secretary, who may not be a director. The Secretary shall attend the meetings of the Commission with the right to speak but not to vote, unless he/she is a director.
2. Notwithstanding any other functions that may be assigned to it by these Regulations, the Articles of Association and the Law, the basic functions of the Audit and Sustainability Commission consist of:

2.1. General

- Reporting to the Board of Directors prior to the Board taking decisions on all the subjects foreseen in the Laws, the Articles of Association and these Regulations, and in particular on:
  - (i) The financial information that the Company must disclose periodically. The Audit and Sustainability Commission should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, it may consider the legitimacy of the external auditor to conduct a limited review.
  - (ii) Creating or acquiring shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
  - (iii) Related-party transactions.
- Monitoring compliance with the company's internal codes of conduct and corporate governance rules and ensuring that the corporate culture is aligned with its purpose and values.

- Being informed about the corporate and structural modification transactions that the Company plans to carry out for its analysis and previous report to the Board of Directors about its conditions and accounting impact and, specially, if it is the case, about the exchange equation proposed.
- Supervising the compliance of related-party transactions legal provisions. In particular the Commission will take care of the communication of the information on these transactions to the market, in accordance with the regulations in effect.
- Reporting to the General Shareholders Meeting on questions raised by the shareholders on matters falling under its jurisdiction, and in particular, on the audit's result, explaining how this audit has contributed to the integrity of the financial information and the function that the commission has developed in this process.

## 2.2. Financial and non-financial information and financial statements

- Supervising the process of elaboration and presentation of the mandatory financial information, and submit recommendations and proposals to the Board of Directors, addressed to safeguard its integrity.
- Being familiar with the financial reporting process and the Company's internal control systems; verifying the appropriateness and integrity of these systems; and checking the appointment or replacement of the persons responsible for them.
- Checking the financial information that all listed companies must disclose periodically to the market and supervisory bodies.
- Monitoring the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information.
- Monitoring and evaluating the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks related to the company and, where appropriate, to the group – including operating, technological, legal, social, environmental, political and reputational risks or those related to corruption – reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- Reviewing the Company's accounts and ensuring compliance with all legal requirements and the correct application of generally accepted accounting principles, for which the direct collaboration of the internal and external auditors will be required.

## 2.3. External Auditors

- Establishing the relevant relationships with the external auditor in order to receive information on those questions that may imply a threaten to its independence, for the Commission's revision, as well as any others related to the audit development process, and where the case may be, the authorization

of the services different from those prohibited ones, in the terms foreseen in articles 5, section 4, and 6.2b) of the EU Regulations 537/14, of 16 April and in what is not foreseen in section 3 Chapter IV of Act 22/2015, of 20 July, on Audit, on the independence regime, as well as other communications foreseen in the audit regulations and rules.

In any case, the Commission shall receive on an annual basis from the external auditors a declaration on their independence with regard to the entity or entities directly or indirectly linked to it, as well as detailed and individualized information on additional services of any kind rendered and the fees received from these entities by the external auditors or by entities linked to it in accordance with the audit activity's regulations.

- Receiving regular information from the external auditor on the progress and findings of the audit programme, and checking that senior management are acting on its recommendations.
- Ensuring the independence of the external auditor and to that end: (i) ensuring that the Company notifies the CNMV when there is a change of auditor, including a statement on the existence of any disagreements with the outgoing auditors and, if applicable, the content of such disagreements; (ii) ensuring that the Company and the auditors abide by the laws regarding the provision of services other than auditing, the concentration limits of the auditor's business and all other laws intended to guarantee the independence of the auditors; and (iii) examining the circumstances surrounding the resignation of the auditors should this occur.
- In the case of groups, urging the group's auditor to take on the audit of all member companies.
- Monitoring that the remuneration of the external auditor does not compromise his working quality or his independence.
- Ensuring that the external auditor annually holds a meeting with the Board of Directors in order to inform about his work and the development of the accounting situation and risks of the Company.
- Proposing to the Board of Directors the external auditors' selection, appointment, re-election and replacement, being the commission responsible for the selection process, in accordance with articles 16, sections 2, 3 and 5, and 17.5 of the EU Regulations 537/14, of 16 April, as well as the contractual conditions with these auditors, and getting regularly from the auditor information on the audit plan and its execution, besides preserving its independence in the exercise of its duties.
- Supervising the fulfilment of the audit agreement, ensuring that the auditor's opinion of the Annual Accounts and the primary contents of the audit report are clearly and precisely written; evaluating the results of each audit.
- Issuing on an annual basis and prior to the issuance of the audit report, a report expressing the opinion on whether the auditor's or audit companies' independence is compromised or not. This report shall contain in any case the

motivated assessment on any and all the additional rendered services referred to in lit. e) of art. 529. Quaterdecies 4 of the Companies Act, on an individual and aggregate basis, which are different from legal audit and in connection with the independence regime or with the audit activity's regulations.

#### 2.4. Internal audit

- Supervising the efficiency of the internal control of the company, the internal audit system and the management of risks system, including tax risks, as well as discussing with the external auditor the significant weaknesses of the internal control system detected in the development of the audit, this without infringing its independence. To such purpose, and if it is the case, the commission may submit recommendations or proposals to the Board of Directors and the corresponding term for its follow-up.
- Monitoring the independence and efficacy of the unit that assumes the internal audit function; proposing the selection, appointment and removal of the head of internal audits; proposing the department's budget; approving or making a proposal for approval to the Board of the priorities and the annual work programme of the internal audit unit, thereby ensuring that its activity is basically focused towards relevant risks for the Company (including reputational risks); receiving regular feedback on its activities; and verifying that senior management are acting on the findings and recommendations of its reports.
- In general, ensuring that the internal control policies and systems established are applied effectively in practice.

#### 2.5. Risk Management

- Supervising the risk management and control policies that have an impact on the achievement of corporate objectives.
- Reviewing internal control and risk management systems on a regular basis to ensure that the main risks are properly identified, managed and disclosed.
- Regarding risk management and risk policies:
  - (a) Identifying the different types of risks (including operational, technological, financial, legal and reputational risks, and risks relating to corruption) to which the company is exposed, with the inclusion of contingent liabilities and other off-balance-sheet risks under financial or economic risks.
  - (b) Identifying the level of risk the Company considers acceptable.
  - (c) Identifying the measures in place to mitigate the impact of the identified risks should they occur.
- Identifying the internal reporting and control systems to be used to control and manage the aforementioned risks, including contingent liabilities and off-balance-sheet risks.



- Assuming the responsibility of the follow-up and details of the Model of Prevention and Management of Criminal Risks, within the terms established at all times by the Model.

## 2.6. Sustainability

- Periodically evaluating the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- Ensuring the company's environmental and social practices are in accordance with the established strategy and policy.
- Monitoring and evaluating the company's interaction with its stakeholder groups.

## 2.7. Other functions

- Examining the fulfilment of the Internal Conduct Regulations, these Regulations and the general rules of governance of the Company and proposing improvements as necessary.
- Establishing and supervising a mechanism whereby staff can report, confidentially and, if it is possible and necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.
- Receiving information and, if applicable, issuing reports on the disciplinary actions to be taken against the Company's executive management staff.

3. The Audit and Sustainability Commission will normally meet quarterly to review the periodic financial information to be forwarded to the stock market authorities and the information to be approved by the Board of Directors and included in the annual public documentation.

The Commission may also meet at the request of any Committee member and as convened by the Chairman. A meeting must be convened any time the Board or the Chairman of the Board requests that a report be issued or a proposal adopted and, in any event, as needed for the Commission to properly discharge its functions. The meetings of the Commission may be held being the attendants in different places interconnected by means of remote communication systems that enable, in real time, (i) the recognition and identification of the attendants to the meeting, (ii) the permanent communication amongst the members and (iii) the issuance of the members' vote. Such meetings will be deemed held in the social domicile. The members of the Commission present in any of the interconnected places will be deemed as attending the same and sole meeting of the Commission.

4. The Audit and Sustainability Commission must report on its activities and work performed to the first meeting of the plenary Board of Directors following a meeting. Moreover, the Commission must keep minutes of its meetings, copies of which must be provided to all Board members. The Audit and Sustainability Commission must prepare an annual report on its activities, highlighting the main

incidents, if any, that may have arisen in connection with its assigned functions. In addition, at the Audit and Sustainability Commission's discretion it may include in its report proposals to improve the Company's rules of governance. The report of the Audit and Sustainability Commission must be included in the Company's Annual Corporate Governance Report and made available to shareholders and investors on the corporate website.

The Board of Directors must deliberate on the Commission's proposals and reports.

5. The Audit and Sustainability Commission may request the presence of any member of the Company's executive staff or other personnel and may even ask them to appear without any other executive being present.

These staff members must appear at the meeting of the Audit and Sustainability Commission upon request and must collaborate with the Audit and Sustainability Commission and share with it any information they are asked to provide. The Commission may also request the presence of the auditors at its meetings.

6. In order to more effectively discharge its duties, the Audit and Sustainability Commission may seek the advice of external experts on an as-needed basis.
7. The Company must have an internal audit function in place under the supervision of the Audit and Sustainability Commission to ensure the proper operation of internal reporting and control systems. The head of internal audits should present an annual work plan to the Audit and Sustainability Commission for approval and must report directly to the Audit and Sustainability Commission on its implementation, including any incidents or scope limitations arising out of such implementation, the results and monitoring of its recommendations. An activity report must be submitted at the end of each year.

**Article 47bis.- Nominations and Remuneration Commission.**  
**Composition, responsibilities and operation**

1. The Board of Directors will set up a Nomination and Remunerations Commission according to the following rules:
  - a) The Nomination and Remunerations Commission will be composed of at least three members who will be external directors (at least 2 of them shall be independent) to be appointed by the Board of Directors, notwithstanding the fact that executive directors or officers may attend commission meetings at the specific request of the Commission. The members of the Nomination and Remunerations Commission will be chosen based on their knowledge, skills and experience in light of the Commission's functions. Any board member may ask the Commission to take into consideration potential candidates to fill vacancies on the Board.
  - b) The Chairman of the Nomination and Remunerations Commission must be an independent, non-executive director.
  - c) The Commission shall appoint a Secretary, who may not be a director. The Secretary shall attend the meetings of the Commission with the right to speak but not to vote, unless he/she is a director.



2. Notwithstanding any other functions assigned to it by the Board of Directors, the basic responsibilities of the Nomination and Remunerations Commission include:
  - Formulating and reviewing the criteria for determining the composition of the management staff of the Company and its subsidiaries and for selecting candidates.
  - Evaluating the necessary balance of skills, knowledge and experience on the Board. To such purpose the Commission will define the roles and capabilities required of the candidates to fill each vacancy; deciding on the time and dedication necessary for them to properly perform their duties.
  - Establishing a target of representation for the less represented gender in the Board, and preparing guidelines on how to get this target.
  - Proposing the appointment of independent Board members for their designation by the Board via co-optation or by the Shareholders Meeting. Proposing the re-election or separation of these Board members by the Shareholders Meeting.
  - Informing the proposals of appointment of the remaining Board members for their designation by the Board via co-optation or by the Shareholders Meeting. Proposing the re-election or separation of these Board members by the Shareholders Meeting.
  - Informing the proposals of appointment and separation of high executives and the basic conditions of their contracts.
  - Reporting and proposing to the Board of Directors on the appointment and resignation of directors and officers and any candidacies put forward by the CEO for the Board's approval.
  - Reporting to the Board on gender diversity matters and director qualifications.
  - Making proposals to the Board of Directors on the remuneration policy for directors, general managers or those who perform executive functions under the direct dependence of the Board, executive commissions or the CEO, and on the individual compensation of executive directors and other contractual conditions, taking care of their observance.
  - Examining or arranging the succession of the chairman and of the CEO, making recommendations to the Board so the handover proceeds in a planned and orderly manner.
  - Overseeing the observance of the remuneration policies established by the Company and the transparency of the remuneration policy.
  - Reporting on transactions that involve or could involve a conflict of interest.
3. The Nomination and Remunerations Commission will ordinarily meet once every three months. The Commission may also meet as convened by the Chairman. A meeting must be convened any time the Board or the Chairman of the Board requests that a report be issued or a proposal adopted and as needed for the Commission to properly discharge its duties. The meetings of the Commission may be held being the attendants in different places interconnected by means of remote communication systems that enable, in real time, (i) the recognition and identification of the attendants to the meeting, (ii) the permanent communication



amongst the members and (iii) the issuance of the members' vote. Such meetings will be deemed held in the social domicile. The members of the Commission present in any of the interconnected places will be deemed as attending the same and sole meeting of the Commission. The Commission must report on its activities and work performed to the first meeting of the plenary Board of Directors following a meeting. Moreover, the Commission must keep minutes of its meetings, copies of which must be provided to all Board members. The Commission should consult with the Chairman and the CEO, especially on matters relating to executive directors and senior officers. The Board of Directors will debate the proposals and reports submitted by the Commission.

4. In order to more effectively discharge its duties, the Nomination and Remunerations Commission may seek the advice of external experts on an as-needed basis.

#### **Article 47ter.- Derma Commission**

1. In addition, a Derma Commission will be incorporated within the Board of Directors, in accordance with the following rules:
  - a) The Derma Commission will be composed of a minimum of 3 Board Members that will be appointed by the Board itself. Other Board members and company's executives may attend the meetings if the members of the Commission so expressly agree. The members of the Derma Commission will be appointed taking into consideration their knowledge, skills and expertise as well as the competences of the Commission.
  - b) The President will be appointed and removed by the Board of Directors.
  - c) The Commission shall appoint a Secretary, who may not be a director. The Secretary shall attend the meetings of the Commission with the right to speak but not to vote, unless he/she is a director.
2. Without detriment to other functions that the Board of Directors may entrust to this Commission, the Derma Commission shall check, debate and promote the strategy of the company in the derma field, the activities related to the implementation of this strategy and the key projects in the derma area not only in R&D but also in business development, in order to propose the debate and approval, if it is the case, of these projects by and within the Board of Directors.
3. The Derma Commission will ordinarily meet once every three months. The Commission may also meet as convened by the Chairman. A meeting must be convened any time the Board or the Chairman of the Board requests that a report be issued or a proposal adopted and as needed for the Commission to properly discharge its duties. The meetings of the Commission may be held being the attendants in different places interconnected by means of remote communication systems that enable, in real time, (i) the recognition and identification of the attendants to the meeting, (ii) the permanent communication amongst the members and (iii) the issuance of the members' vote. Such meetings will be deemed held in the social domicile. The members of the Commission present in any of the interconnected places will be deemed as attending the same and sole



meeting of the Commission.

The Commission must keep minutes of its meetings, copies of which must be provided to all Board members.

The Board of Directors will debate the proposals and reports submitted by the Commission.

4. In order to more effectively discharge its duties, the Derma Commission may seek the advice of external experts on an as-needed basis.

#### **Article 47 quater.- Governance Commission. Composition, powers and operation**

1. A Governance Commission shall also be established within the Board of Directors in accordance with the following rules:
  - a) The Governance Commission shall be composed of at least three (3) directors nominated by the Board of Directors, all of whom shall be independent and/or other external directors, without prejudice to the attendance of other Directors of other categories or senior officers if expressly resolved by the members of this Commission. The members of the Governance Commission shall be appointed with due regard to their knowledge, skills and experience, as well as the functions of the Commission. The Coordinating Director, if any, shall be a member of the Corporate Governance Commission.
  - b) The Chairman of the Governance Commission shall necessarily be an independent director elected from among the members of the Commission. The Coordinating Director, if appointed, shall chair the Governance Commission.
  - c) The Commission shall appoint a Secretary, who need not be a director. The Secretary shall attend meetings of the Commission with the right to speak but not to vote, unless he/she is a Director.
2. Without prejudice to any other functions delegated to it by the Board, the Governance Commission shall advise and assist the Coordinating Director in the discharge of his/her duties, having the following core functions:
  - Advising to the Coordinating Director in relation to the possible convening of the Board, as well as regarding the introduction of new items on the agenda of any meeting of the Board that has already been convened.
  - Advising and assisting the Coordinating Director in coordinating and meeting with Non-Executive Directors and in communicating to the competent bodies of the Company the matters of concern he/she receives from them.
  - Advising and assisting the Coordinating Director in conducting, where appropriate, a periodic assessment of the performance of the Chairman of the Board of Directors when the Company's Chairman is an executive director, identifying potential conflicts of interest or situations of lack of transparency.
  - Informing and assisting the Coordinating Director in contacting investors and shareholders to ascertain their views in order to reach an opinion on their concerns and, in particular, in relation to the corporate governance of the Company.



- Analysing and reviewing governance evaluations made by external agents (e.g. proxy advisors) and recommending appropriate measures to the Board of Directors.
  - Holding meetings and maintaining a direct and fluid dialogue with the areas of the Company in charge of Compliance and Governance, in order to identify potential areas of improvement and proposing appropriate measures to the Board of Directors.
  - Informing and assisting the Coordinating Director in coordinating any succession plans for the Chairman, without prejudice to the functions assigned to the Nominations and Remuneration Committee.
  - Advising and assisting the Coordinating Director in connection with chairing the Board in the absence of the Chairman and the Vice Presidents, if any.
3. The Governance Commission shall generally meet quarterly. It shall also meet whenever convened by its Chairman, who shall do so whenever the Board or its Chairman requests the submission of a report or the adoption of proposals and in any case whenever it is appropriate to properly discharge its duties. Meetings of the Commission may be held in different locations connected by means of remote communication systems that allow the recognition and identification of the participants, permanent communication between them, discussion and voting, all in real time. Such meetings shall be deemed to have been held at the registered office. Members of the Commission attending at any of the connected locations shall be deemed for all purposes to be in attendance at the same and only meeting of the Commission.
- The Commission shall also keep minutes of its meetings. A copy of such minutes shall be sent to all members of the Board.
- The Board shall consider the proposals and reports submitted to it by the Commission.
4. In order to best perform its duties, the Governance Commission may seek the advice of external experts whenever it deems it necessary to discharge its duties properly.

## **TITLE VI. ANNUAL CORPORATE GOVERNANCE REPORT AND CORPORATE WEBSITE**

### **Article 48.- Annual corporate governance report**

The Board of Directors will prepare an annual corporate governance report which will be debated and approval simultaneously with each year's annual accounts, the contents and structure of which will comply with the applicable laws at any given time.

### **Article 49.- Corporate website**

The Company will make all of relevant corporate governance information available on its corporate website. The content and structure of the Company's website will adhere to the legal requirements and any other provisions applicable to corporate websites



at any given time.

## **TITLE VII.- BALANCE SHEETS**

### **Article 50.- Financial year**

The financial year will run from the first of January through the thirty-first of December each year.

### **Article 51.- Accounting records**

The Company must keep orderly accounting records that are suitable for the nature of its business, and that make it possible to track its operations chronologically and to prepare inventories and balance sheets.

The accounting records must be authenticated by the Companies Registry in the district where the Company's registered offices are located.

### **Article 52.- Annual Accounts**

The administration body will have three (3) months from the end of the financial year to prepare the annual accounts, the directors' report, which will include where relevant the state of non-financial information, and the proposed allocation of profits (losses) along with the consolidated annual accounts and directors' report, where applicable.

Once the General Meeting is announced, shareholders are entitled to obtain the documents to be presented to the shareholders for their approval along with the auditor's opinion, immediately and free of charge. This will be explicitly mentioned in the meeting announcement.

### **Article 53.- Contents of the annual accounts**

The annual accounts comprise the balance sheet, the income statement, the statement of change in equity, the cash flow statement and the notes to the financial statements. These documents, which form a single unit, must be written clearly so as to show a true image of the Company's equity, financial situation and results, as mandated by law, and must be signed by the Company's directors.

The balance sheet must list the Company's assets and liabilities separately, specifying the amount of shareholders' equity. The structure of the balance sheet must comply with the terms of the applicable accounting laws.

The income statement must show the income and expenses for the year separately and the structure must comply with the terms of the applicable accounting laws.

The notes to the financial statements complete and supplement the information shown on the balance sheet and the income statement. The notes to the financial statement must contain the information stipulated in the Capital Companies Act and other applicable legal provisions.

**Article 54.- Directors' report**

The directors' report must contain, at least, an accurate reflection of the evolution of the Company's business and financial situation, as well as information on the most important events that have occurred since the close of the balance sheet, forecasts, the Company's research and development activities, and acquisitions of treasury stock, as established by law.

**Article 55.- Auditors**

The annual accounts and the directors' report must be reviewed by the auditors if there is an obligation to have the accounts audited. The auditors will have at least one month from the date on which they receive the accounts from the Company to prepare their report.

The auditor will be appointed by the General Meeting before the end of the financial year to be audited for an initial period of not less than three years and not more than nine, to be counted from the first day of the financial year to be audited, notwithstanding the terms of the laws governing the accounting profession with regard to extensions.

The General Meeting may appoint one or more individuals or legal entities to act jointly.

When the designees are individuals, the General Meeting must appoint both auditors and replacements.

The General Meeting may not, without just cause, revoke the auditors' appointment before the end of the term for which they were appointed or before they have completed the work they were originally entrusted to perform.

**Article 56.- Approval of the annual accounts**

The annual accounts and directors' report must be approved by the Ordinary General Meeting of Shareholders, which will also resolve on the allocation of the profits (losses) for the financial year based on the closing balance sheet.

**Article 57.- Filing of the annual accounts**

Within one month of the annual accounts being approved, the Company directors will file them with the Companies Registry by presenting a duly signed certificate of the agreements passed by the shareholders to approve the accounts, the allocation of profits (losses) and the consolidated accounts, if any, along with a copy of each set of accounts. The directors' report, which will include where relevant the state of non-financial information, and the auditor's opinion must also be filed with the Companies Registry.

**Article 58.- Allocation of profit (loss)**

The General Meeting may allocate the amount of profit it deems pertinent to voluntary or other reserves, as permitted by law, once all mandatory reserves have been funded and all other legal requirements have been met. The excess, if any, will be distributed to shareholders as dividends in proportion to their percentage of ownership of the share



capital. The General Meeting will decide the date on which the dividends shall be paid.

Dividends that remain unclaimed five years after the payment date will prescribe and revert to the Company.

In general, once the legal requirements have been met, dividends can only be paid out of the fiscal year profits or freely available reserves if the value of the net equity is more than the share capital or will not fall below the value of the share capital as a result of the dividend payment.

If losses have been incurred in previous fiscal years which cause the Company's net equity to dip below the share capital limit, the profits will be used to offset those losses.

#### **Article 58bis.- In kind dividends**

The General Meeting may decide that part or all of the dividend be an in kind payment, provided that:

- (i) the property or securities distributed to the shareholders are homogeneous;
- (ii) they are traded on a regulated stock market at the time the agreement's comes into force or the Company guarantees their liquidity within a period that does not exceed one year and
- (iii) the value assigned to the distributed securities by the Company is not lower than the carrying value on the balance sheet.

#### **Article 59.- Interim dividends**

The General Meeting or Board of Directors may agree to distribute interim dividends, pursuant to the legal limitations and requirements.

### **TITLE VIII.- DISSOLUTION AND LIQUIDATION**

#### **Article 60.- Grounds for dissolution**

The Company will be dissolved:

- a) By agreement of the General Meeting of Shareholders passed in accordance with the terms of these Articles of Association in a meeting specifically convened for this purpose; and
- b) Any of the other circumstances enumerated in the Capital Companies Act.

#### **Article 61.- Liquidation**

The liquidation period begins once the Company has been dissolved, except in the event of the merger or total spin-off, or any other situation of total assignment of the assets and liabilities.

At the same General Meeting in which it is resolved to dissolve the Company, the basis



for the liquidation will be determined and an uneven number of liquidators will be appointed by the General Meeting to handle the liquidation process.

As soon as the liquidation of the Company is declared, the powers of representation of the administration body and its ability to enter into new agreements or assume new obligations will cease and the legally-established functions will be assumed by the liquidators.

The liquidation process, the division of the Company's proceeds and the cancellation of the Company in the Companies Registry will be governed by the provisions of the applicable laws.

During the liquidation process, the powers of the General Meeting will remain unchanged, particularly the power to approve the liquidation accounts and the final balance sheet.

#### **TITLE IX.- INCOMPATIBILITIES**

##### **Article 62.- Prohibitions and incompatibilities**

Anyone who is incompatible according to the terms of Law 5/2006 of 10 April, other special laws and/or article 213 of the Capital Companies Act may not be officers or directors of the Company.