

*This is a free translation of a Spanish language document which has been provided for purposes of convenience. In case of discrepancies, the Spanish version shall prevail. Gas Natural Fenosa shall not be responsible for any deviations between the translation and the Spanish language document.*

**GAS NATURAL SDG, S.A.**  
**ORDINARY GENERAL SHAREHOLDERS MEETING**  
**27 JUNE 2018**

---

**PROPOSED RESOLUTIONS**

**ONE.** Examination and approval, where applicable, of the Annual Accounts and Management Report of GAS NATURAL SDG, S.A. for the year ending 31 December 2017.

**Justification for and timing of the resolution:**

In compliance with article 164 of the Capital Companies Act, within six months following the end of the corresponding financial year, the General Meeting must approve the Annual Accounts and the Management Report, which were drafted by the Board of Directors on 6 February 2018.

**Proposed resolution:**

*1. Approve the Annual Accounts and the Management Report of GAS NATURAL SDG, S.A. for the financial year ended on 31 December 2017.*

**TWO.** Examination and approval, where applicable, of the Consolidated Annual Accounts and the Management Report of the Consolidated Group of GAS NATURAL SDG, S. A for the financial year ending 31 December 2017.

**Justification for and timing of the resolution:**

In applying the aforementioned article 164 and, moreover, in accordance with article 42 of the Commercial Code, the Consolidated Annual Accounts and the Management Report of the Group must be submitted for the approval of the General Meeting together with the Individual Annual Accounts and the Management Report of the Parent Company. The Consolidated Annual Accounts and the Management Report of the Consolidated Group were drafted by the Board of Directors during its meeting of 6 February 2018.

**Proposed resolution:**

*2. Approve the Consolidated Annual Accounts and the Management Report of the Consolidated Group of GAS NATURAL SDG, S.A. for the year ending 31 December 2017.*

**THREE. Examination and approval, where applicable, of the proposed distribution of net income for 2017.**

**Justification for and timing of the resolution:**

The Board of Directors submits for the approval of the General Meeting the proposal for the allocation of the net income for the 2017 financial year in accordance with the economic evolution of the Gas Natural Fenosa Group and the dividend policy communicated to the shareholders.

**Proposed resolution:**

**3. Approve the following distribution of the net income of GAS NATURAL SDG, S.A. for the 2017 financial year of €1,023,597,180.66, in accordance with the proposal of the Board of Directors, in the following manner:**

- Voluntary reserves..... €22,907,839.66
- Dividend..... €1,000,689,341.00

*Given the number of outstanding shares as of today's date (1,000,689,341), this means distributing a total gross dividend of € 1.00 per share.*

*On 27 September 2017, an advance payment of €330,227,482.53, amounting to €0.33 per share, was paid.*

*Schedule 5 July 2018 as the date on which the remaining amount of €670,461,858.47, amounting to €0.67 per share, will be settled.*

**FOUR. Transfer to the “Voluntary Reserves” account the amount of €81,486,060.58 from the “Goodwill Reserve” account.**

**Justification for and timing of the resolution:**

Final Provision Thirteen of Law No. 22/2015, on Auditing of Accounts, and the Sole Transitory Provision of Royal Decree No. 602/2016, which modifies the General Accounting Plan, establish that, as of 1 January 2016, the Goodwill Reserve will be reclassified as the company's Voluntary Reserves and will be available as of that date in the amount exceeding the goodwill reserve accounted for on the assets side of the balance sheet.

**Proposed resolution:**

**4. Transfer to the “Voluntary Reserves” account the amount of €81,486,060.58 from the “Goodwill Reserve” account.**

**FIVE.** Examination and approval, where applicable, of the Board of Directors' management during the 2017 financial year.

**Justification for and timing of the resolution:**

In accordance with the provisions of article 164 of the Capital Companies Act, the General Meeting shall meet to approve, as applicable, the management carried out by the Board of Directors during the 2017 financial year.

**Proposed resolution:**

*5. Approve the management carried out by the Board of Directors during the 2017 financial year.*

**SIX.** Amendment to the Articles of Association for the purpose of simplifying the wording and making improvements regarding corporate governance and technical matters. Approval of new consolidated text.

**6.1. Approval of the amendment to Article 1 (“Name”).**

**6.2. Approval of the amendment to Article 2 (“Corporate Purpose”) and approval of the new Article 3 (“Registered Office”). Consequent elimination of the current Articles 2, 3 and 4.**

**6.3. Approval of the new Articles 4 (“Share capital, shares and shareholders”) and 5 (“Preferential subscription right”). Consequent elimination of the current Articles 5 to 22.**

**6.4. Approval of the new Article 6 (“General Meeting”). Consequent elimination of the current Articles 23 to 40.**

**6.5. Approval of the new Articles 7 (“Board of Directors”) and 8 (“Delegation of powers: Board Committees”). Consequent elimination of the current Articles 41 to 43 and Articles 45 to 53.**

**6.6. Approval of the new Article 9 (“Directors’ Remuneration”). Consequent elimination of the current Article 44.**

**6.7. Approval of the new Articles 10 (“Financial Year”), 11 (“Statutory Reserve”), 12 (“Distribution of Dividends”) and 13 (“Other Provisions”). Consequent elimination of the current Articles 54 to 71, the Additional Provision, the Additional Provision Bis and the Transitory Article.**

**6.8. Approval, as a consequence of the previous resolutions, of a new Consolidated Text of the Articles of Association.**

### **Justification for and timing of the resolution:**

The justification for the following resolutions is reflected in the report issued by the Board of Directors and made available to shareholders on the occasion of the General Meeting, which is deemed to be reproduced here.

### **Proposed resolution:**

#### **6.1. Approval of amendment to Article 1 (“Name”).**

*In accordance with that set forth in the Board of Directors’ Report on the amendment to the Articles of Association, a proposal to amend Article 1 to state a new corporate name will be notified to the shareholders before being submitted for approval via a vote of the General Shareholders Meeting.*

#### **6.2. Approval of amendment to Article 2 (“Corporate Purpose”) and approval of the new Article 3 (“Registered Address”). Consequent elimination of the current Articles 2, 3 and 4.**

*Modify Article 2 of the Articles of Association and approve a new Article 3, whose content is drafted as follows (thus eliminating the current Articles 2, 3 and 4):*

##### **“Article 2: CORPORATE PURPOSE.**

*The Company’s purpose is:*

- 1. The business of gas, electricity and any other source of primary, industrial and commercial energy, in its various facets, and, in general, all kinds of direct, indirect, complementary or auxiliary activities related to the different sources of energy existing at any given moment.*
- 2. The production and commercialisation of electrical, electromechanical and electronic components and equipment.*
- 3. The design, development, implementation and operation of services related to information, management and business organisation (consulting).*
- 4. The research, development and operation of new technologies.*
- 5. The planning, study, design, execution, assembly, equipment purchase management, inspection and quality control, operation, overseeing, management and maintenance of both architectural and civil works in general, and of industrial facilities, water supplies, urban waste treatment, environment and new energy technologies, infrastructures and land, sea and air transport, including airports and railways, and any means of transportation, management of public services in the manner provided for by law, and management of communications networks,*

*telecommunications, gas distribution and hydrocarbons in general, as well as operations management and consulting for the development of works of this nature.*

6. *Energy planning, rationalisation of the use of energy and energy co-generation.*

7. *The purchase and sale of electrical appliances and gas appliances, as well as the maintenance thereof, which may involve specific repair and maintenance activities and, in general, the provision of services both to industry and to private individuals.*

8. *The research, development and operation of communications and information technology in all aspects thereof. The provision of services of an industrial nature and, especially, electricity, telecommunications, water, gas and hydrocarbon services.*

9. *The research, development and operation of industrial safety systems, both in the industrial and domestic spheres.*

10. *The provision of services related to the training and selection of human resources, as well as the transfer of specialised business knowledge.*

11. *Real-estate management, promotion and operations.*

*The above activities may be carried out totally or partially in an indirect manner in any of the forms permissible by law and, in particular, through the ownership of shares or interests in other entities with identical, similar, related or complementary activities.*

*Likewise, it may act as a Holding Company, thus being able to incorporate or participate in other entities, irrespective of their nature or purpose, by means of the subscription or acquisition and holding of shares, interests or any other stake derived from the same. Consequently, part of the corporate purpose entails the management and administration of securities representing the equity of entities, whether or not resident within Spanish territory, through the corresponding organisation of material and personal resources.*

**Article 3: REGISTERED ADDRESS.**

*The Company headquarters is at Avenida de San Luis No. 77, Madrid.*

*The Board of Directors may decide to transfer the head office to elsewhere within the national territory. It may also agree to the creation, closure or transfer of branches, agencies, regional offices, representative offices or other offices both in Spain and abroad.”*

**6.3. Approval of the new Articles 4 (“Share capital, shares and shareholders”) and 5 (“Preferential subscription right”). Consequent elimination of the current Articles 5 to 22.**

*Approve the new Articles 4 and 5 of the Articles of Association, the content of which is as follows (thus eliminating the current Articles 5 to 22):*

**“Article 4.- SHARE CAPITAL, SHARES AND SHAREHOLDERS.**

1. *The share capital stands at €1,000,689,341 and is fully subscribed and paid up. The share capital is composed of 1,000,689,341 shares with a nominal value of €1.00, each one represented by accounting entries and belonging to the same class.*

2. *The Company may issue shares without voting rights. The holders of non-voting shares will be entitled to receive a minimum annual dividend of five per cent of the paid-up capital for each non-voting share. Once the minimum dividend has been agreed, the holders of the non-voting shares will be entitled to the same dividend as corresponds to the ordinary shares.*

3. *The shares represented by means of book entries are constituted as such by virtue of their registration in the corresponding accounting record, which will reflect the notices included in the deed of issue and whether or not they are fully paid up, where applicable. The shares will be registered shares for the purposes of those rules which so require, for which purpose the company will keep the corresponding book-register and will make use of the information services that the legally competent entity provides for the purposes of article 497 of the Capital Companies Act or any article that replaces it.*

4. *The shareholder has all the rights and obligations recognised by law and by these Articles of Association. The Board of Directors must adopt the necessary measures to facilitate the exercise thereof and compliance therewith.*

5. *The Company will recognise as shareholders those who appear to be shareholders in the entries of the corresponding book-entry records. The Company may access, in the terms legally provided, the data necessary for the full identification of its shareholders, including the addresses and means of contact to facilitate communication therewith.*

**Article 5: PREFERENTIAL SUBSCRIPTION RIGHT.**

*There will be no preferential subscription right in the cases provided for in the current regulations or when the same is eliminated by the General Meeting or by the Board of Directors when delegated by said Meeting.*

*In particular, it is understood that the exclusion is for reasons of the company's interest when, for example, it is necessary in order to acquire suitable assets for the conduct of the corporate purpose, bring about the incorporation of an industrial or technological partner and, in general, facilitate the carrying out of an operation that is desirable for the Company."*

**6.4. Approval of the new Article 6 ("General Meeting"). Consequent elimination of the current Articles 23 to 40.**

*Approve the new Article 6 of the Articles of Association, the content of which shall be as follows (thus eliminating the current Articles 23 to 40):*

**"Article 6: GENERAL MEETING.**

*1. The shareholders represented in the duly convened General Meeting will make general decisions, by a simple majority, on the matters falling within the competence of the Meeting. Accordingly, a motion will be deemed to have been adopted if the votes in favour of the capital present or represented exceed the votes against.*

*2. For the valid ratification at ordinary or extraordinary Shareholders' Meetings of bond issues, capital increases or decreases, the suppression or curtailment of preferential subscription rights over new issues of shares or convertible bonds and the transformation, merger, demerger, division or global transfer of assets and liabilities, the transfer of its headquarters abroad and in general any amendment to the Company's Articles of Association, the attendance of shareholders, in person or by proxy, holding at least fifty per cent (50%) of the subscribed voting rights will be necessary at first call. When the Meeting is convened at second call, the shareholders present or represented owning twenty-five per cent (25%) of the aforesaid capital shall suffice.*

*Resolutions that require certain or special majorities owing to mandatory legal provisions remain unaffected.*

*3. Shareholders with the right to attend may cast their vote on the proposals related to the agenda items by means of postal correspondence or electronic communication.*



*Votes by postal correspondence shall be made by sending the company a written document stating the vote in question, accompanied by the attendance card.*

*Votes by electronic communication shall be accepted if so agreed by the Board of Directors, provided that the conditions of security and suitability allow it, and will be communicated in the call to meeting notice in question. In said agreement, the Board will define the conditions applicable under which remote voting by means of electronic communication shall be deemed acceptable, in accordance with the Regulations of the General Shareholders Meeting.*

*4. Any shareholder may be represented at the General Meeting by any other person by notifying the company of the representation conferred in the terms established by the aforementioned Regulations of the Meeting.*

*5. The Meeting will be chaired by the Chair of the Board of Directors and, failing this, by the Vice-Chair and, in the event that there are several, by a Vice-Chair according to their order of precedence or, in the absence of all Vice-Chairs, by the oldest Director.*

*The Chair will be assisted by a Secretary, who will be the Secretary of the Board of Directors; in his or her absence, the role will be filled by the Deputy Secretary of the Board of Directors, if there is one, or, in the absence thereof, the youngest Director.”*

**6.5. Approval of the new Articles 7 (“Board of Directors”) and 8 (“Delegation of powers: Board Committees”). Consequent elimination of the current Articles 41 to 43 and Articles 45 to 53.**

*Approve the new Articles 7 and 8 of the Articles of Association, the content of which is as follows (thus eliminating the current Articles 41 to 43 and 45 to 53):*

**“Article 7: BOARD OF DIRECTORS.**

*1. The management, administration and representation of the Company in or out of court, and in all acts within the scope of the corporate purpose, correspond to the Board of Directors, which will act as a body, without prejudice to the delegations and powers it may confer, it being able to adopt resolutions on all kinds of matters that are not be attributed to the General Meeting by law or by the Articles of Association.*



*2. The Board of Directors will be composed of a minimum of eleven and a maximum of fifteen Directors. It is for the General Meeting to determine the number thereof, as well as to appoint and remove Directors.*

*3. The term of office of a Director shall be four years. At the end of the term for which they were appointed, the Directors may be re-elected indefinitely for periods of equal duration.*

*4. The Board will meet as many times as requested by the Chair or acting Chair, whether acting on his or her own initiative or when requested to do so by at least one-third (1/3) of the Directors. In the latter scenario, the Board must be convened within 10 days following receipt of the request. In any case, the provisions of article 246.2 of the Capital Companies Act shall apply. Meetings will usually take place at the registered office but may also be held in another location determined by the Chair.*

*Meetings of the Board of Directors may be held by videoconference, telephone conference or similar means, provided the possibility of interaction and debate is guaranteed. In such cases, the meeting of the Board of Directors shall be deemed to have been held at the registered office.*

*The call to meeting shall be sent by fax, email or any other electronic means to each of the Directors at least five days before the scheduled date of the meeting and shall include the agenda. If there is duly justified urgency, which must be made known to the Board at the beginning of the meeting, the Chair may convene a meeting provided that there is sufficient notice to allow the Directors to participate in the meeting.*

*Additionally, resolutions may be adopted in writing and without a meeting if no Director opposes the procedure, in accordance with the requirements and formalities established in the applicable regulations.*

*5. The Board of Directors will be deemed as validly constituted when more than half of the number of Directors set by the General Meeting are present or represented at the meeting.*

*Directors who cannot attend may delegate their representation to another Director, with or without voting instructions, provided that they inform the Chair or the Secretary.*

*6 The Board shall elect a Chair from among its Directors by means of a resolution requiring a vote in favour by two-thirds of the members of the Board when the position falls to an executive Director; otherwise, an absolute majority shall be required. Equal majorities—2/3 super majorities or absolute majorities—may appoint one or several Vice-Chairs, determining their order of precedence. In the event of the vacancy, absence or illness of the Chair, the first Vice-Chair, if there is one, shall act in his or her stead. Failing that, the other Vice-Chairs, in order of precedence, shall act as Chair; in their absence, it shall be the Coordinating Director, if there is one; if not, it shall be any Director nominated by the Board itself and, failing that, the oldest Director.*

*The Board is also responsible for electing a Secretary, who may or may not be a Director. The Board may also appoint a Deputy Secretary, who will assist the Secretary and replace him or her in the event of vacancy, absence or illness. Failing that, the Secretary shall be replaced by a Director as agreed by the attendees of the meeting, or by the youngest Director.*

*The Board of Directors may appoint as Honorary Chair a Director who has held the post of Chair of the Board and has ceased to hold office, in recognition of his or her achievements and dedication to the Company. The Honorary Chair will not be a member of the Board of Directors but may attend the meetings of the Board at the invitation of the Chair of the Board of Directors.*

*7 The Board will deliberate on the issues on the agenda and its resolutions will be adopted by an absolute majority of those present or represented at the meeting in question, unless an enhanced majority is provided for by law, these Articles of Association or the Regulations of the Board of Directors.*

*The meeting minutes will be approved, fully or partially, by the Board of Directors itself at the end of the meeting or at a later meeting. The minutes may also be approved by the Chair and two Directors attending the meeting of the Board to which the minutes refer, designated in each session by the Board itself.*

#### **Article 8: DELEGATION OF POWERS: BOARD COMMITTEES.**

*1. The Board of Directors may appoint one or several executive Directors and delegate to them, on a temporary or permanent basis, all or part of its functions, except those that, legally or by agreement of the General Meeting, are the exclusive jurisdiction of the General Meeting or cannot otherwise be delegated by the Board.*

*Additionally, the Board of Directors may create the Committees it considers necessary to assist it on a temporary or permanent basis and with delegated or merely informative functions. The delegation of powers shall require a vote in favour by two-thirds of the Board members. In any case, the Board of Directors must appoint an Audit Committee and an Appointments and Remuneration Committee.*

*2. The Company shall have an Audit Committee composed of at least three Directors. All the members of the Committee shall be non-executive Directors. The majority of its members shall be considered as Independent Directors and one of them shall be appointed owing to their knowledge and experience in accounting, auditing or both. From among these Independent Directors, the Board of Directors shall also elect a Chair of the Committee.*

*The aforementioned Committee shall have the powers provided for by law and those that may be entrusted to it by the Board of Directors in a general or specific capacity.*

*3. The Company shall have an Appointments and Remuneration Committee composed of at least three Directors. All the members of the Committee shall be non-executive Directors. At least two of its members shall be considered as Independent Directors. From among these Independent Directors, the Board of Directors shall also elect a Chair of the Committee.*

*The aforementioned Committee shall have the powers provided for by law and those that may be entrusted to it by the Board of Directors.*

*4. The Committees will meet as many times as is necessary to issue reports, whenever it is convened by its Chair or whenever it is requested by two of its members, and will adopt its decisions or recommendations by majority vote. The rules of operation established by the Regulations of the Board of Directors shall apply and, in the absence thereof, the operating rules of the Board of Directors shall apply, to the extent that their nature permits.”*

**6.6. Approval of the new Article 9 (“Remuneration of Directors”). Consequent elimination of the current Article 44.**

*Approve the new Article 9 of the Articles of Association, the content of which is as follows (thus eliminating the current Article 44):*

**“Article 9: DIRECTORS’ REMUNERATION**

1. *The remuneration to be received by the Directors for the exercise of non-executive functions will consist of a fixed emolument. Likewise, remuneration in shares or linked to shares may be established in the terms provided for by the legislation in force. Determination of each Director’s remuneration for the exercise of non-executive functions shall fall to the Board of Directors, which shall take into account for this purpose the functions and responsibilities attributed to each Director, membership of Board Committees and other objective circumstances that it may consider relevant. Payment of such remuneration will be compatible with the payment of additional remuneration derived from the exercise of executive or delegated functions.*

*The remuneration system established must be aimed at promoting the long-term profitability and sustainability of the Company and incorporate the necessary precautions to avoid taking on excessive risks and rewarding unfavourable results.*

2. *The Directors’ remuneration for the exercise of executive or delegated functions shall consist of a fixed emolument, a variable emolument, payment in shares or linked to their evolution, savings and retirement plans, compensation for termination, non-competition agreements and insurance, and shall feature an in-kind remuneration system similar to that of the management team. Payment of such remuneration will be compatible with the payment of remuneration derived from the exercise of non-executive functions.*

*Variable remuneration for Directors with executive or delegated functions will be linked to the achievement of specific objectives aligned with value creation. Likewise, the variable remuneration system may be structured as remuneration with short-, medium- and long-term objectives in order to encourage greater commitment to achieving the Company’s objectives in those time horizons. Remuneration may also be made in the form of shares or linked to shares in the terms established by the legislation in force.*

*The Board of Directors will determine the remuneration for Directors with executive functions and the terms and conditions of the contract that will be entered into between the Director and the Company subject to these Articles of Association and the remuneration policy approved by the General Meeting.*

3. *The Directors’ remuneration policy will be approved by the General Shareholders Meeting in the manner and within the terms established by the regulations in force.*

4. *The Company will subscribe and pay the premium corresponding to a civil liability insurance policy under which the Directors of the Company, including the executive Directors, will be insured for the liabilities they may incur during the performance of the activities inherent in their roles, except in the case of fraud:*

**6.7. Approval of the new Articles 10 (“Financial Year”), 11 (“Statutory Reserve”), 12 (“Distribution of Dividends”) and 13 (“Other Provisions”). Consequent elimination of the current Articles 54 to 71, the Additional Provision, the Additional Provision Bis and the Transitory Article.**

*Approve the new Articles 10, 11, 12 and 13 of the Articles of Association, the content of which is as follows (thus eliminating the current Articles 54 to 71, the Additional Provision, the Additional Provision Bis and the Transitory Article):*

**“Article 10: FINANCIAL YEAR.**

*The financial year will begin on 1 January and end on 31 December of each year.*

**Article 11: STATUTORY RESERVE.**

*A figure equal to two per cent of the annual profits will be used to invest in the statutory reserve fund until the latter amounts to at least ten per cent of the share capital. When, owing to the accumulation of successive deposits, the statutory reserve fund reaches ten per cent of the share capital, this investment shall cease to be obligatory, unless otherwise proposed by the Board of Directors and agreed by the General Meeting. However, should it disappear or diminish, two per cent of the annual profits will be used again to replenish it until its full restitution.*

**Article 12: DISTRIBUTION OF DIVIDENDS.**

*The General Meeting may agree that the dividend be fully or partially paid in kind, provided that:*

- (i) the assets or securities subject to distribution are homogeneous;*
- (ii) they are admitted for trading on an official market—at the time when the agreement is effective—or they are duly guaranteed by the Company to obtain liquidity within a maximum period of one year; and*
- (iii) they are not distributed at a lower value than they hold in the balance sheet of the Company.*

*Likewise, the General Shareholders Meeting may agree to shareholder remuneration programmes based on the reinvestment of dividends in new shares, in stock repurchase programmes, in the provision of bonus shares with the power to*

*repurchase rights to free assignment or on other equivalent formulas, all prior to adoption of any capital increase or reduction agreements that may be applicable.*

**Article 13: OTHER PROVISIONS**

*The Company may act on behalf of other individuals or legal entities before the Public Authorities or any third party.”*

**6.8. Approval, as a consequence of the previous resolutions, of a new Consolidated Text of the Articles of Association**

*Approve, as a consequence of the previous resolutions, a new Consolidated Text of the Articles of Association, which is attached as **Annex I**.*

**SEVEN. Approval of new Regulations of the General Shareholders Meeting.**

**Justification for and timing of the resolution:**

The justification for and timing of the resolution is reflected in the report issued by the Board of Directors made available to shareholders on the occasion of the General Meeting, which is deemed to be reproduced here.

**Proposed resolution:**

*7. To approve new Regulations of the General Shareholders Meeting in order to adapt its wording to the Consolidated Text of the Articles of Association, approval of which is proposed under item 6.8 of the Agenda, and to simplify the content thereof, repealing its previous text.*

*The text of the Regulations of the General Shareholders Meeting submitted for approval by the General Meeting is attached as **Annex II**.*

**EIGHT. Determination of the number of members of the Board of Directors.**

**Justification for and timing of the resolution:**

The General Shareholders Meeting held on 23 June 2003 established seventeen as the number of members of the Board of Directors. This number exceeds by two the maximum established in Recommendation No. 13 of the Code of Good Governance of Listed Companies.

To simplify the functioning of the Board of Directors, and in line with the recommendations of the Code of Good Governance of Listed Companies, it is proposed to establish as twelve the number of members of the Board of Directors.

**Proposed resolution:**

**8.** *Within the minimum and maximum number determined in the Articles of Association, establish as twelve the number of members of the Board of Directors of the Company.*

**NINE. Re-election, ratification and, where appropriate, appointment of members of the Board of Directors.**

**9.1. Confirmation and appointment as a Director of Mr Francisco Reynés Massanet.**

**9.2. Confirmation and appointment as a Director of Rioja Bidco Shareholdings, S.L.U.**

**9.3. Confirmation and appointment as a Director of Theatre Directorship Services Beta S.à.r.l**

**9.4. Re-election as a Director of Mr Ramón Adell Ramón.**

**9.5. Re-election as a Director of Mr Francisco Belil Creixell.**

**9.6. Appointment as a Director of Mr Pedro Sainz de Baranda Riva.**

**9.7. Appointment as a Director of Mr Claudio Santiago Ponsa.**

**Justification for and timing of the resolution:**

Bearing in mind that the Board of Directors has been reduced to 12 members, as well as the various co-option appointments, resignations and terminations of mandate, and in view of the different proposals made, it falls to the General Meeting to re-elect, confirm and, where appropriate, appoint certain Directors. The re-elections, confirmations and nominations being proposed have the proposals and/or mandatory reports of the Appointments and Remuneration Committee and the Board of Directors, texts that have been made available to the shareholders along with the rest of the documentation related to the General Meeting from the date on which it was convened.

**Proposed resolutions:**

**9.1.** *Confirm the co-option appointment of FRANCISCO REYNÉS MASSANET made by the Board of Directors on 6 February 2018 under the provisions of article 529 decies of the Capital Companies Act and appoint as Director of the Company for the statutory term*



of four (4) years FRANCISCO REYNÉS MASSANET, whose personal circumstances shall be recorded in the certificate issued and entered in the Mercantile Registry of Madrid.

*The status held by the Director FRANCISCO REYNÉS MASSANET on the Board of Directors will be the same as that which he held as Executive Director.*

FRANCISCO REYNÉS MASSANET will accept his position at the Shareholders' meeting.

**9.2.** *Confirm the co-option appointment of RIOJA BIDCO SHAREHOLDINGS, S.L.U., represented by JAVIER DE JAIME GUIJARRO, made by the Board of Directors on 17 May 2018 under the provisions of article 529 decies of the Capital Companies Act and appoint as Director of the Company for the statutory term of four (4) years RIOJA BIDCO SHAREHOLDINGS, S.L.U., represented by JAVIER DE JAIME GUIJARRO, whose circumstances shall be recorded in the certificate issued and entered in the Mercantile Registry of Madrid.*

*The status held by the Director RIOJA BIDCO SHAREHOLDINGS, S.L.U. on the Board of Directors will be the same as that which it held as Proprietary Director.*

RIOJA BIDCO SHAREHOLDINGS, S.L.U. will accept the position at the Shareholders' meeting.

**9.3.** *Confirm the co-option appointment of THEATRE DIRECTORSHIP SERVICES BETA S.à.r.l., represented by JOSÉ ANTONIO TORRE DE SILVA LÓPEZ DE LETONA, made by the Board of Directors on 17 May 2018 under the provisions of article 529 decies of the Capital Companies Act and appoint as Director of the Company for the statutory term of four (4) years THEATRE DIRECTORSHIP SERVICES BETA S.à.r.l., represented by JOSÉ ANTONIO TORRE DE SILVA LÓPEZ DE LETONA, whose personal circumstances shall be recorded in the certificate issued and entered in the Mercantile Registry of Madrid.*

*The status held by the Director THEATRE DIRECTORSHIP SERVICES BETA S.à.r.l. on the Board of Directors will be the same as that which it held as Proprietary Director.*

THEATRE DIRECTORSHIP SERVICES BETA S.à.r.l. will accept the position at the Shareholders' meeting.

**9.4.** *Re-elect as Director of the Company for the statutory term of four (4) years RAMÓN ADELL RAMÓN, whose personal circumstances shall be recorded in the certificate issued and entered in the Mercantile Registry of Madrid.*

*The status held by the Director RAMÓN ADELL RAMÓN on the Board of Directors will be the same as that which he held as Independent Director.*

RAMÓN ADELL RAMÓN will accept his position at the Shareholders' meeting.

**9.5.** *Re-elect as Director of the Company for the statutory term of four (4) years FRANCISCO BELIL CREIXELL, whose personal circumstances shall be recorded in the certificate issued and entered in the Mercantile Registry of Madrid.*

*The status held by the Director FRANCISCO BELIL CREIXELL on the Board of Directors will be the same as that which he held as Independent Director.*

FRANCISCO BELIL CREIXELL will accept his position at the Shareholders' meeting.

**9.6.** *Appoint as Director of the Company for the statutory term of four (4) years PEDRO SAINZ DE BARANDA RIVA, whose personal circumstances shall be recorded in the certificate issued and entered in the Mercantile Registry of Madrid.*

*The status held by the Director PEDRO SAINZ DE BARANDA RIVA on the Board of Directors will be the same as that which he held as Independent Director.*

PEDRO SAINZ DE BARANDA RIVA will accept his position, either at the Shareholders' meeting or after said meeting.

**9.7.** *Appoint as Director of the Company for the statutory term of four (4) years CLAUDIO SANTIAGO PONSÁ, whose personal circumstances shall be recorded in the certificate issued and entered in the Mercantile Registry of Madrid.*

*The status held by the Director CLAUDIO SANTIAGO PONSÁ on the Board of Directors will be the same as that which he held as Independent Director.*

CLAUDIO SANTIAGO PONSÁ will accept his position, either at the Shareholders' meeting or after said meeting.

## **TEN. Remuneration Policy.**

### **10.1. Amendment to the remuneration policy for the Directors of GAS NATURAL SDG, S.A. for the 2018, 2019 and 2020 financial years.**

#### **Justification for and timing of the resolution:**

The justification for and timing of the resolution is based on the Reports issued by the Board of Directors and by the Appointments and Remuneration Committee made available to shareholders at the General Shareholders Meeting, which are deemed to be reproduced here.

#### **Proposed resolution:**

*10.1. Amend the remuneration policy for the Directors of GAS NATURAL SDG, S.A. for the 2018, 2019 and 2020 financial years, the new text of which has been made available to the shareholders along with the rest of the documentation relating to the General Meeting from the date on which it was convened. The Appointments and Remuneration Committee gave a favourable opinion of this policy at its meeting of 21 May 2018.*

### **10.2. Confirmation of the application of the remuneration policy for the Directors of GAS NATURAL SDG, S.A. for the 2015–2018 financial years.**

#### **Justification for and timing of the resolution:**

Law No. 31/2014 incorporated important changes to emoluments for members of the Board of Directors of listed companies. Among them, article 529.19.1 of the Capital Companies Act, in the wording established by Law No. 31/2014, states that the remuneration policy of Directors must be approved by the General Shareholders Meeting at least once every three years. The General Shareholders Meeting held in April 2017 approved the remuneration policy applicable to the Company for the years 2018–2020.

Since the approval of the aforementioned policy in April 2017, relevant circumstances have arisen that make it advisable to amend the same before the expiry of the period for which it was initially approved. In addition, it must not be forgotten that it falls to the Board of Directors, subject to a report of the Appointments and Remuneration Committee, to periodically review the policy with the aim of keeping it aligned with the circumstances of the Company and the best market practices. For this reason, and in view of the approval of a new 2018–2022 Strategic Plan for the Company and the proposed reorganisation of the Board of Directors, the Board has proposed to the General Shareholders Meeting to amend the 2018–2020 Remuneration Policy.

Moreover, the effects of recent Supreme Court ruling No. 98/2018, of 26 February, on the interpretation of the Capital Companies Act as regards the remuneration of directors, must be taken into account, since it requires that the Articles of Association establish the system of remuneration for all Directors, including those who perform executive functions, and that the General Shareholders Meeting must approve the maximum annual amount of the remuneration of the Directors, including the remuneration corresponding to executive

functions (including possible compensation) and not only those derived from mere membership of the Board of Directors or any of its bodies.

However, it is true that the aforementioned judgement disagrees with the interpretation used in usual corporate practice and that endorsed by the General Directorate of Registries and Notaries and the lower courts. It is also true that the ruling was only handed down with regard to unlisted companies. It should be noted that, in compliance with the provisions of the Articles of Association and the Remuneration Policy approved by the General Shareholders Meeting, the Company has acted with full transparency regarding the remuneration of its Directors, reporting in detail and on time to the shareholders and the rest of the market in its Annual Remuneration Report the total amount of remuneration to its Directors, including remuneration for the exercise of executive or delegated functions. However, to the extent that the new interpretation by the Supreme Court can be considered as a means of strengthening the authority of the General Meeting, the Board deems it appropriate to submit for its consideration a resolution explicitly stating that, had the Meeting known the new legal interpretation at the time it approved the previous policies, it would have established the maximum remuneration ceiling in such a way that the remuneration for the Directors would have covered both non-executive, executive and delegated functions.

**Proposed resolution:**

**10.2.**

- 1) *Confirm the annual global maximum amount for the performance of the functions of the Directors, in their capacity as such, for the years 2015, 2016 and 2017, as an amount that includes, in addition to the fixed emolument for membership of the Board of Directors and its Committees and for positions on the same, other amounts accrued in the aforementioned financial years by the Chief Executive Officer for carrying out executive or delegated functions within the terms set out in the corresponding Annual Remuneration Reports.*
- 2) *Confirm in full the payment of the total annual remuneration received for all services by the Directors of the Company, for the exercise of both non-executive and executive or delegated functions, in the years 2015, 2016, 2017 and 2018 in the terms set out in the corresponding Annual Remuneration Reports.*

**ELEVEN. Consultative vote in relation to the Annual Report on the remuneration of the members of the Board of Directors.**

**Justification for and timing of the resolution:**

Article 541 of the Capital Companies Act establishes that the Board of Directors must draft and publish an annual report on remuneration of the Directors that shall be submitted annually to a vote, in an advisory capacity and as a separate item on the Agenda, by the Ordinary General Shareholders Meeting, for which purpose the Board of Directors, in its

meeting of 21 May 2018, following a proposal from the Appointments and Remuneration Committee, updated the Report that was published along with the annual accounts in February, including the information available at the time of convening the General Meeting.

**Proposed resolution:**

*11. Approve the Annual Report on the remuneration of the Directors of GAS NATURAL SDG, S.A. approved by the Board of Directors at its meeting of 21 May 2018, the text of which has been made available to the shareholders along with the rest of the documentation relating to the General Meeting from the date on which it was convened.*

**TWELVE Information on the amendment to the Regulations on the structure and functioning of the Board of Directors of GAS NATURAL SDG, S.A. and its Committees.**

In accordance with article 528 of the Capital Companies Act, the General Shareholders Meeting is notified of the amendments made to the Regulations on the structure and functioning of the Board of Directors of GAS NATURAL SDG, S.A. and its Committees, as agreed during the sessions of the Board of Directors of 6 March 2018 and 21 May 2018.

1. At the session of 6 March 2018, article 5 of the Regulations of the Board was amended in order to revise the materiality thresholds of the matters that may be the subject of delegation.
2. At the session of 21 May 2018, the Regulations of the Board were substantially amended in order to simplify their content. Such simplification will take effect at the end of this General Shareholders Meeting when the new Articles of Association and the new Regulations of the General Shareholders Meeting enter into force.

In order to avoid unnecessary repetition, these amendments and their justification are included in the reports that the Board of Directors has made available to the shareholders with the call to the General Meeting.

**THIRTEEN Delegation of powers to enhance, develop, execute, interpret, correct and formalise the resolutions adopted by the General Meeting.**

**Justification for and timing of the resolution:**

The practical effectiveness of several of the resolutions adopted at the General Shareholders Meeting depends on the execution of certain formalities, and as such the delegation of powers to the Board of Directors and to the persons named is proposed.

**Proposed resolution:**

**13.**

- 1) *Delegate to the Board of Directors, with express powers of substitution to the Director or Directors deemed pertinent or to the Secretary of the Board of Directors, as many powers, as wide ranging as may be necessary by law, as are considered necessary for the purpose of enhancing, developing, executing, interpreting, correcting and formalising any of the resolutions adopted by the General Meeting, being able to carry out as many amendments and additions as may be necessary or appropriate for the effectiveness and good purpose of said resolutions and, in particular, of those derived from the amendment of the Articles of Association.*
- 2) *Delegate to and empower the Chair of the Board of Directors, the Secretary of the Board of Directors and the Deputy Secretary of the Board of Directors, with the scope that may be required by law, so that any one of them can individually sign as many private documents and execute before a notary of their choosing as many public documents as may be necessary or appropriate to execute the previous resolutions and register the same in the corresponding registers, with express rights of rectification, without altering the scope, nature or content thereof.*

**Madrid, 21 May 2018.**

**The Board of Directors of GAS NATURAL SDG, S.A.**

## ANNEX I

### CONSOLIDATED TEXT OF THE ARTICLES OF ASSOCIATION

#### **Article 1: NAME.**

The Company is called "\*\*\*\*\*". It was incorporated on 28 January 1843, before the Notaries Public of Barcelona José Manuel Planas y Compte and Jaime BurgueroI, for an indefinite period.

#### **Article 2: CORPORATE PURPOSE.**

The Company's purpose is:

1. The business of gas, electricity and any other source of primary, industrial and commercial energy, in its various facets, and, in general, all kinds of direct, indirect, complementary or auxiliary activities related to the different sources of energy existing at any given moment.
2. The production and commercialisation of electrical, electromechanical and electronic components and equipment.
3. The design, development, implementation and operation of services related to information, management and business organisation (consulting).
4. The research, development and operation of new technologies.
5. The planning, study, design, execution, assembly, equipment purchase management, inspection and quality control, operation, overseeing, management and maintenance of both architectural and civil works in general, and of industrial facilities, water supplies, urban waste treatment, environment and new energy technologies, infrastructures and land, sea and air transport, including airports and railways, and any means of transportation, management of public services in the manner provided for by law, and management of communications networks, telecommunications, gas distribution and hydrocarbons in general, as well as operations management and consulting for the development of works of this nature.
6. Energy planning, rationalisation of the use of energy and energy co-generation.
7. The purchase and sale of electrical appliances and gas appliances, as well as the maintenance thereof, which may involve specific repair and maintenance activities and, in general, the provision of services both to industry and to private individuals.
8. The research, development and operation of communications and information technology in all aspects thereof. The provision of services of an industrial nature and, especially, electricity, telecommunications, water, gas and hydrocarbon services.
9. The research, development and operation of industrial safety systems, both in the industrial and domestic spheres.



10. *The provision of services related to the training and selection of human resources, as well as the transfer of specialised business knowledge.*
11. *Real-estate management, promotion and operations.*

*The above activities may be carried out totally or partially in an indirect manner in any of the forms permissible by law and, in particular, through the ownership of shares or interests in other entities with identical, similar, related or complementary activities.*

*Likewise, it may act as a Holding Company, thus being able to incorporate or participate in other entities, irrespective of their nature or purpose, by means of the subscription or acquisition and holding of shares, interests or any other stake derived from the same. Consequently, part of the corporate purpose entails the management and administration of securities representing the funds of entities, whether or not resident within Spanish territory, through the corresponding organisation of material and personal resources.*

### **Article 3: REGISTERED ADDRESS.**

*The Company headquarters is at Avenida de San Luis No. 77, Madrid.*

*The Board of Directors may decide to transfer the head office to elsewhere within the national territory. It may also agree to the creation, closure or transfer of branches, agencies, regional offices, representations or offices both in Spain and abroad.*

### **Article 4: SHARE CAPITAL, SHARES AND SHAREHOLDERS.**

1. *The share capital stands at €1,000,689,341 and is fully subscribed and paid up. The share capital is composed of 1,000,689,341 shares with a nominal value of €1.00, each one represented by accounting entries and belonging to the same class.*

2. *The Company may issue shares without voting rights. The holders of non-voting shares will be entitled to receive a minimum annual dividend of five per cent of the paid-up capital for each non-voting share. Once the minimum dividend has been agreed, the holders of the non-voting shares will be entitled to the same dividend as corresponds to the ordinary shares.*

3. *The shares represented by means of book entries are constituted as such by virtue of their registration in the corresponding accounting record, which will reflect the notices included in the deed of issue and whether or not they are fully paid up, where applicable. The shares will be registered shares for the purposes of those rules which so require, for which purpose the company will keep the corresponding book-register and will make use of the information services that the legally competent entity provides for the purposes of article 497 of the Capital Companies Act or any article that replaces it.*

4. *The shareholder has all the rights and obligations recognised by law and by these Articles of Association. The Board of Directors must adopt the necessary measures to facilitate the exercise thereof and compliance therewith.*

5. *The Company will recognise as shareholders those who appear to be shareholders in the entries of the corresponding book-entry records. The Company may access, in the terms legally provided, the data necessary for the full identification of its shareholders, including the addresses and means of contact to facilitate communication therewith.*

#### **Article 5: PREFERENTIAL SUBSCRIPTION RIGHT.**

*There will be no preferential subscription right in the cases provided for in the current regulations or when the same is eliminated by the General Meeting or by the Board of Directors when delegated by said Meeting.*

*In particular, it is understood that the exclusion is for reasons of the company's interest when, for example, it is necessary in order to acquire suitable assets for the conduct of the corporate purpose, bring about the incorporation of an industrial or technological partner and, in general, facilitate the carrying out of an operation that is desirable for the Company.*

#### **Article 6: GENERAL MEETING**

1. *The shareholders represented in the duly convened General Meeting will make general decisions, by a simple majority, on the matters falling within the competence of the Meeting. Accordingly, a motion will be deemed to have been adopted if the votes in favour of the capital present or represented exceed the votes against.*

2. *For the valid ratification at ordinary or extraordinary Shareholders' Meetings of bond issues, capital increases or decreases, the suppression or curtailment of preferential subscription rights over new issues of shares or convertible bonds and the transformation, merger, demerger, division or global transfer of assets and liabilities, the transfer of its headquarters abroad and in general any amendment to the Company's Articles of Association, the attendance of shareholders, in person or by proxy, holding at least fifty per cent (50%) of the subscribed voting rights will be necessary at first call. When the Meeting is convened at second call, the shareholders present or represented owning twenty-five per cent (25%) of the aforesaid capital shall suffice.*

*Resolutions that require certain or special majorities owing to mandatory legal provisions remain unaffected.*

*3. Shareholders with the right to attend may cast their vote on the proposals related to the agenda items by means of postal correspondence or electronic communication.*

*Votes by postal correspondence shall be made by sending the company a written document stating the vote in question, accompanied by the attendance card.*

*Votes by electronic communication shall be accepted if so agreed by the Board of Directors, provided that the conditions of security and suitability allow it, and will be communicated in the call to meeting notice in question. In said agreement, the Board will define the conditions applicable under which remote voting by means of electronic communication shall be deemed acceptable, in accordance with the Regulations of the General Shareholders Meeting.*

*4. Any shareholder may be represented at the General Meeting by any other person by notifying the company of the representation conferred in the terms established by the aforementioned Regulations of the Meeting.*

*5. The Meeting will be chaired by the Chair of the Board of Directors and, failing this, by the Vice-Chair and, in the event that there are several, by a Vice-Chair according to their order of precedence or, in the absence of all Vice-Chairs, by the oldest Director.*

*The Chair will be assisted by a Secretary, who will be the Secretary of the Board of Directors; in his or her absence, the role will be filled by the Deputy Secretary of the Board of Directors, if there is one, or, in the absence thereof, the youngest Director.*

#### **Article 7: BOARD OF DIRECTORS.**

*1. The management, administration and representation of the Company in or out of court, and in all acts within the scope of the corporate purpose, correspond to the Board of Directors, which will act as a body, without prejudice to the delegations and powers it may confer, it being able to adopt resolutions on all kinds of matters that are not be attributed to the General Meeting by law or by the Articles of Association.*

*2. The Board of Directors will be composed of a minimum of eleven and a maximum of fifteen Directors. It is for the General Meeting to determine the number thereof, as well as to appoint and remove Directors.*

*3. The term of office of a Director shall be four years. At the end of the term for which they were appointed, the Directors may be re-elected indefinitely for periods of equal duration.*

*4. The Board will meet as many times as requested by the Chair or acting Chair, whether acting on his or her own initiative or when requested to do so by at least one-third (1/3) of the Directors. In the latter scenario, the Board must be convened within 10 days following receipt of the request. In any case, the provisions of article 246.2 of the Capital Companies Act shall apply. Meetings will usually take place at the registered office but may also be held in another location determined by the Chair.*

*Meetings of the Board of Directors may be held by videoconference, telephone conference or similar means, provided the possibility of interaction and debate is guaranteed. In such cases, the meeting of the Board of Directors shall be deemed to have been held at the registered office.*

*The call to meeting shall be sent by fax, email or any other electronic means to each of the Directors at least five days before the scheduled date of the meeting and shall include the agenda. If there is duly justified urgency, which must be made known to the Board at the beginning of the meeting, the Chair may convene a meeting provided that there is sufficient notice to allow the Directors to participate in the meeting.*

*Additionally, resolutions may be adopted in writing and without a meeting if no Director opposes the procedure, in accordance with the requirements and formalities established in the applicable regulations.*

*5. The Board of Directors will be deemed as validly constituted when more than half of the number of Directors set by the General Meeting are present or represented at the meeting.*

*Directors who cannot attend may delegate their representation to another Director, with or without voting instructions, provided that they inform the Chair or the Secretary.*

*6. The Board shall elect a Chair from among its Directors by means of a resolution requiring a vote in favour by two-thirds of the members of the Board when the position falls to an executive Director; otherwise, an absolute majority shall be required. Equal majorities—2/3 super majorities or absolute majorities—may appoint one or several Vice-Chairs, determining their order of precedence. In the event of the vacancy, absence or illness of the Chair, the first Vice-Chair, if there is one, shall act in his or her stead. Failing that, the other Vice-Chairs, in order of precedence, shall act as Chair; in their absence, it shall be the Coordinating Director, if there is one; if not, it shall be any Director nominated by the Board itself and, failing that, the oldest Director.*

*The Board is also responsible for electing a Secretary, who may or may not be a Director. The Board may also appoint a Deputy Secretary, who will assist the Secretary and*

*replace him or her in the event of vacancy, absence or illness. Failing that, the Secretary shall be replaced by a Director as agreed by the attendees of the meeting, or by the youngest Director.*

*The Board of Directors may appoint as Honorary Chair a Director who has held the post of Chair of the Board and has ceased to hold office, in recognition of his or her achievements and dedication to the Company. The Honorary Chair will not be a member of the Board of Directors but may attend the meetings of the Board at the invitation of the Chair of the Board of Directors.*

*7. The Board will deliberate on the issues on the agenda and its resolutions will be adopted by an absolute majority of those present or represented at the meeting in question, unless an enhanced majority is provided for by law, these Articles of Association or the Regulations of the Board of Directors.*

*The meeting minutes will be approved, fully or partially, by the Board of Directors itself at the end of the meeting or at a later meeting. The minutes may also be approved by the Chair and two Directors attending the meeting of the Board to which the minutes refer, designated in each session by the Board itself.*

#### **Article 8: DELEGATION OF POWERS: BOARD COMMITTEES.**

*1. The Board of Directors may appoint one or several executive Directors and delegate to them, on a temporary or permanent basis, all or part of its functions, except those that, legally or by agreement of the General Meeting, are the exclusive jurisdiction of the General Meeting or cannot otherwise be delegated by the Board. Additionally, the Board of Directors may create the Committees it considers necessary to assist it on a temporary or permanent basis and with delegated or merely informative functions. The delegation of powers shall require a vote in favour by two-thirds of the Board members. In any case, the Board of Directors must appoint an Audit Committee and an Appointments and Remuneration Committee.*

*2. The Company shall have an Audit Committee composed of at least three Directors. All the members of the Committee shall be non-executive Directors. The majority of its members shall be considered as Independent Directors and one of them shall be appointed owing to their knowledge and experience in accounting, auditing or both. From among these Independent Directors, the Board of Directors shall also elect a Chair of the Committee.*

*The aforementioned Committee shall have the powers provided for by law and those that may be entrusted to it by the Board of Directors in a general or specific capacity.*

*3. The Company shall have an Appointments and Remuneration Committee composed of at least three Directors. All the members of the Committee shall be non-executive Directors. At least two of its members shall be considered as Independent Directors. From among these Independent Directors, the Board of Directors shall also elect a Chair of the Committee.*

*The aforementioned Committee shall have the powers provided for by law and those that may be entrusted to it by the Board of Directors.*

*4. The Committees will meet as many times as is necessary to issue reports, whenever it is convened by its Chair or whenever it is requested by two of its members, and will adopt its decisions or recommendations by majority vote. The rules of operation established by the Regulations of the Board of Directors shall apply and, in the absence thereof, the operating rules of the Board of Directors shall apply, to the extent that their nature permits.*

#### **Article 9: DIRECTORS' REMUNERATION**

*1. The remuneration to be received by the Directors for the exercise of non-executive functions will consist of a fixed emolument. Likewise, remuneration in shares or linked to shares may be established in the terms provided for by the legislation in force. Determination of each Director's remuneration for the exercise of non-executive functions shall fall to the Board of Directors, which shall take into account for this purpose the functions and responsibilities attributed to each Director, membership of Board Committees and other objective circumstances that it may consider relevant. Payment of such remuneration will be compatible with the payment of additional remuneration derived from the exercise of executive or delegated functions.*

*The remuneration system established must be aimed at promoting the long-term profitability and sustainability of the Company and incorporate the necessary precautions to avoid taking on excessive risks and rewarding unfavourable results.*

*2. The Directors' remuneration for the exercise of executive or delegated functions shall consist of a fixed emolument, a variable emolument, payment in shares or linked to their evolution, savings and retirement plans, compensation for termination, non-competition agreements and insurance, and shall feature an in-kind remuneration system similar to that of the management team. Payment of such remuneration will be compatible with the payment of remuneration derived from the exercise of non-executive functions.*



*Variable remuneration for Directors with executive or delegated functions will be linked to the achievement of specific objectives aligned with value creation. Likewise, the variable remuneration system may be structured as remuneration with short-, medium- and long-term objectives in order to encourage greater commitment to achieving the Company's objectives in those time horizons. Remuneration may also be made in the form of shares or linked to shares in the terms established by the legislation in force.*

*The Board of Directors will determine the remuneration for Directors with executive functions and the terms and conditions of the contract that will be entered into between the Director and the Company subject to these Articles of Association and the remuneration policy approved by the General Meeting.*

*3. The Directors' remuneration policy will be approved by the General Shareholders Meeting in the manner and within the terms established by the regulations in force.*

*4. The Company will subscribe and pay the premium corresponding to a civil liability insurance policy under which the Directors of the Company, including the executive Directors, will be insured for the liabilities they may incur during the performance of the activities inherent in their roles, except in the case of fraud.*

**Article 10: FINANCIAL YEAR.**

*The financial year will begin on 1 January and end on 31 December of each year.*

**Article 11: STATUTORY RESERVE.**

*A figure equal to two per cent of the annual profits will be used to invest in the statutory reserve fund until the latter amounts to at least ten per cent of the share capital. When, owing to the accumulation of successive deposits, the statutory reserve fund reaches ten per cent of the share capital, this investment shall cease to be obligatory, unless otherwise proposed by the Board of Directors and agreed by the General Meeting. However, should it disappear or diminish, two per cent of the annual profits will be used again to replenish it until its full restitution.*

**Article 12: DISTRIBUTION OF DIVIDENDS.**

*The General Meeting may agree that the dividend be fully or partially paid in kind, provided that:*

*(i) the assets or securities subject to distribution are homogeneous;*



- (ii) they are admitted for trading on an official market—at the time when the agreement is effective—or they are duly guaranteed by the Company to obtain liquidity within a maximum period of one year; and*
- (iii) they are not distributed at a lower value than they hold in the balance sheet of the Company.*

*Likewise, the General Shareholders Meeting may agree to shareholder remuneration programmes based on the reinvestment of dividends in new shares, in stock repurchase programmes, in the provision of bonus shares with the power to repurchase rights to free assignment or on other equivalent formulas, all prior to adoption of any capital increase or reduction agreements that may be applicable.*

### **Article 13: OTHER PROVISIONS**

*The Company may act on behalf of other individuals or legal entities before the Public Authorities or any third party*

## **ANNEX II**

### **REGULATIONS OF THE GENERAL SHAREHOLDERS MEETING**

#### **Article 1: PURPOSE.**

*The purpose of this Regulation is to regulate prior and contemporary actions that are necessary and/or appropriate for the convening and holding of the General Meetings of the Company, with the aim of guaranteeing both the proper conduct thereof and respect for the political rights of the shareholders, in accordance with legal provisions and the Company's Articles of Association.*

#### **Article 2: CALL TO THE GENERAL MEETING.**

*The Ordinary General Meeting must meet during the first six months of each year, without prejudice to the provisions regarding the validity of the call and/or the holding of said Meeting outside that timeframe. Said Meeting, in addition to the matters that it is obliged to approve, if applicable, may also decide on any other matter that appears on its agenda.*

*Likewise, the Board of Directors will convene an Extraordinary General Meeting whenever it deems appropriate for the company's interests. It must be convened whenever so requested by shareholders who hold at least three per cent of the share capital, who must state in the request the matters to be discussed at the Meeting. In such a case, the Extraordinary General Shareholders Meeting must be convened to be held within the legally permitted period. The Directors will draw up the agenda and must include the matters that were the subject of the Meeting request.*

*Shareholders representing at least three per cent of the share capital may, within the timeframe and in line with the legal formalities, request that a supplement be published to the call to the Ordinary General Meeting.*

*Likewise, the shareholders representing at least three per cent of the share capital may, within the timeframe and in line with the legal formalities, present substantiated proposals for resolutions on matters already included or that should be included on the agenda of the convened meeting.*

*The Directors may require the presence of a Notary to take the minutes of the General Meeting and are obliged to do so whenever so requested, at least five days before the*

*Meeting, by shareholders representing at least one per cent of the share capital. In both cases, the notarial minutes shall be considered as the minutes of the Meeting.*

**Article 3: CALL TO MEETING NOTICE.**

*The General Meeting must be convened by the Board of Directors of the Company by means of a duly published notice that will contain, in addition to as many points as may legally be required, any others that may be deemed appropriate.*

**Article 4: RIGHT OF INFORMATION.**

*The Board of Directors may empower any of its members, its Secretary or Deputy Secretary to respond on behalf of the Board to requests for information made by the shareholders.*

*Responses to shareholders will be made in writing, unless, owing to the nature of the information required, it is not appropriate or proximity to the date of the Meeting does not allow it, in which case the responses will be provided during the course of the meeting. Valid requests for information or clarification, or questions made in writing and the responses in turn provided in writing by the Board of Directors will be published on the Company's website.*

**Article 5: RIGHT OF ATTENDANCE.**

*Shareholders who hold any number of shares may attend the General Shareholders Meeting, provided that they are registered in the corresponding accounting record five days prior to the Meeting and that they have the corresponding nominative attendance card, which will be issued either by the entities participating in the body that manages said accounting record or directly by the Company itself.*

*The Board of Directors may, by giving notice thereof in each call notice, exchange issued attendance cards with other standardised attendance registration documents issued by the Company in order to facilitate the preparation of the list of attendees, the exercise of voting rights and other rights inherent to the status of shareholder. Registration of attendance cards will begin one hour before the Meeting is scheduled to commence.*

*The Chair of the General Meeting may authorise the attendance of the employees of the Company or of any other person deemed appropriate, although the Board may revoke said authorisation.*

**Article 6: REPRESENTATION.**

*The right to attend the General Meeting may be delegated to any person by notifying the Company of the representation conferred.*

*Said representation must be conferred in writing or by means of remote communication in the manner established in the call to the General Meeting, which may include postal correspondence, electronic mail or any other means of electronic communication accepted by the Company for such purposes to guarantee the identity of both the shareholder granting the representation and the representative appointed thereby and the security and integrity of the content of the remote communication.*

*The representation must be received by the Company by midnight of the day before the start of the General Shareholders Meeting at the first or second call, as applicable, although the Board of Directors may reduce this period by announcing this in the same manner as it announced the call to meeting notice.*

*In all cases, the representation must be conferred specifically for each Meeting, except as provided for in article 187 of the Capital Companies Act.*

*If the representation has been validly granted in accordance with the law and these Regulations, but instructions for the exercise of the vote or doubts about the recipient or scope of the representation are not included, it will be understood, unless otherwise expressly indicated by the shareholder, that the delegation: (i) is made in favour of the Chair of the Board of Directors; (ii) refers to all agenda items included in the call to meeting notice; (iii) is to vote in favour of all the proposals made by the Board of Directors in relation to the agenda items included in the call to meeting notice; and (iv) extends to the agenda items not included in the call to meeting notice that may be dealt with by the General Shareholders Meeting in accordance with the law, regarding which the representative will vote in the manner that her or she considers most favourable to the interests of the represented party, within the framework of the company's interests.*

*The call to meeting notice will establish the rules regarding how to deal with possible conflicts of interest that may arise should the representation be entrusted to a member of the Board of Directors.*

*The Board of Directors is empowered to implement the foregoing provisions.*

**Article 7: HOLDING OF THE GENERAL MEETING.**

*The General Meeting will be held at the place indicated in the call to meeting notice.*

*If the Meeting is held in separate rooms, the necessary audiovisual methods will be made available to ensure the unity of the meeting.*

**Article 8: THE CHAIRMANSHIP, BUREAU AND ORGANISATION OF THE GENERAL MEETING**

*The Meeting will be chaired by the Chair of the Board of Directors and, failing this, by the Vice-Chair and, in the event that there are several, by a Vice-Chair according to their order of precedence or, in the absence of all Vice-Chairs, by the oldest Director.*

*The Chair will be assisted by a Secretary, who will be the Secretary of the Board of Directors; in his or her absence, the role will be filled by the Deputy Secretary of the Board of Directors, if there is one, or, in the absence thereof, the youngest Director.*

*The Bureau of the General Meeting will be formed of the Chair, the Secretary and the remaining members of the Board of Directors. Directors who are unable to attend the Meeting will inform the Chair of the Board of Directors thereof in advance, providing a justified reason.*

*In relation to the organisation of the General Meeting, the Chair is responsible for the duties established by law and in the Articles of Association and, in general, for exercising all the functions necessary for the proper organisation of the meeting, including interpreting the provisions of these Regulations, which may include: leading the meeting; accepting new proposed resolutions in relation to items on the agenda; ordering deliberations; ceding the floor to shareholders who so request and withdrawing it or not ceding it when he or she considers that a matter has been debated sufficiently or does not constitute an agenda item; indicating the time and establishing, in accordance with the Regulations of the General Shareholders Meeting, the voting system or procedure; deciding on the suspension or limitation of political rights and, in particular, the voting rights of shares, in accordance with the law and these Articles of Association; approving the system of scrutinising and counting the votes; announcing the result of votes; temporarily suspending, proposing the extension of and closing the General Shareholders Meeting; and, in general, exercising all the powers, including those of order and discipline, that may be necessary for the proper conduct of the Meeting.*

**Article 9: CONSTITUTION.**

*In the place and on the day scheduled for the General Shareholders Meeting and starting one hour before arranged start time of the meeting (unless otherwise stated in the call to meeting notice), the shareholders or those persons who validly represent them may present to the personnel responsible for registering shareholders, their respective attendance or delegation cards and, where appropriate, the documents corroborating their representation. Attendance and delegation cards shall not be accepted for persons who arrive after the time scheduled for the start of the General Meeting. In such cases, attendance at the Meeting of the shareholder or representative will be allowed but will not be recorded on the List of Attendees.*

*The General Meeting will be deemed as validly constituted at the first call provided that shareholders holding the minimum percentage of subscribed capital with voting rights, as provided for in each case by the law or the Articles of Association, are present or represented.*

*The register of shareholders present or represented at the Meeting will be performed manually, by means of optical reading systems or through any other technical means that may be considered appropriate. Once the process of registering attendance and delegation cards has been completed, and if a sufficient quorum exists, the General Meeting Bureau will be constituted and the list of attendees will be drawn up and signed by the Secretary of the General Meeting with the approval of the Chair. If a sufficient quorum is not reached, the Chair will inform the attendees and notify them of the second call to meeting.*

*Once the Bureau has been constituted and the list of attendees drawn up, the General Meeting will begin, with the session being opened by the Chair. Next, the Secretary will read the data resulting from the list of attendees, outlining the number of shareholders with voting rights who are present or represented at the meeting, the number of shares corresponding to each and the percentage of capital they represent, stating whether the necessary legal requirements have been met so that the Chair can declare the General Shareholders Meeting to be validly constituted.*

*Once the Meeting has been constituted by the Chair, the attending shareholders may express to the Notary, so the latter may duly record them in the minutes of the Meeting, any reservation or protest they may have about the valid constitution of the Meeting or about the information on the list of attendees previously read out by the Secretary.*

#### **Article 10: STATEMENTS BY SHAREHOLDERS.**

*Once the General Meeting has been constituted, the Chair will invite the shareholders who wish to speak to the Meeting to identify themselves to the Secretary—or to the personnel appointed thereby for such purpose—by submitting their attendance card or completing the document provided for this purpose. If they request that their statement be recorded verbatim in the minutes of the Meeting, they must provide it in writing, at that moment, to the Secretary, so that the latter can compare it to delivery when the shareholder later delivers his or her speech.*

*Once the Chair has presented the reports that he or she deems appropriate and, in any case, before any vote takes place on the items on the agenda, the shareholders will have the right to speak in the order in which they are called by the Secretary.*

*In exercising his or her powers to organise the structure of the Meeting, and without prejudice to any other actions, the Chair:*

- (I) may ask the participants to clarify aspects that may not have been understood or may not have been sufficiently explained during their statement;*
- (II) may call to order the participating shareholders to limit their statements to matters within the remit of the Meeting and to refrain from making inappropriate statements or from exercising their rights in an abusive or obstructive manner;*
- (III) may announce to the speakers that the time allowed for their speech is nearing its end so that they may adjust their speeches and, if they persist in the conduct described in the previous section, may withdraw their speaking rights; and*
- (IV) will reply to or decide who should reply to the statements made.*

#### **Article 11: VOTING ON PROPOSED RESOLUTIONS.**

*Once the shareholders' statements have been made and the replies have been provided by the Chair or by the person designated thereby, the resolutions proposed in respect of the agenda items or of any other items that may not be required by law to be on the agenda, including, where applicable, those proposed by the shareholders during the course of the meeting, shall be put to the vote.*

*It will not be necessary for the Secretary to read in extenso the resolutions; an extract shall suffice, provided that the reading covers all the points submitted to a vote and that the entire text has been made available to the shareholders.*



*Unless otherwise provided by the Chair, the process of adopting resolutions will be carried out following the agenda provided in the call to meeting notice. First to be put to the vote will be the proposed resolutions that the Board of Directors has in each case drafted and then, if applicable, those drafted by other proponents will be voted on. In any case, once a proposed resolution has been approved, all others relating to the same matter that are incompatible with it, and thus no longer appropriate to be submitted to a vote, will automatically be cancelled. Where proposals have been made regarding matters about which the General Meeting can decide without their being included on the agenda, the Chair will decide the order in which they will be put to the vote.*

*Voting on the proposed resolutions referred to in the preceding paragraph will be carried out in accordance with the following procedure:*

*(i) Voting on proposed resolutions related to matters on the agenda or that have not been covered by the Board of Directors will be carried out by means of a negative deduction system. For this purpose, all shares present or represented will be considered as votes in favour, minus: 1) votes corresponding to the shares of holders or their representatives who have informed the Secretary—or the staff appointed by him or her for this purpose—of their departure from the session prior to the vote in question; 2) votes against; and 3) abstentions.*

*(ii) Voting on proposed resolutions related to matters not on the agenda or regarding proposals not prepared by the Board of Directors will be carried out by means of a positive deduction system. For this purpose, all shares present or represented will be considered as votes against, minus: 1) votes corresponding to the shares of holders or their representatives who have informed the Secretary—or the staff appointed by him or her for this purpose—of their departure from the session prior to the vote in question; 2) votes in favour; and 3) abstentions.*

*(iii) The communications or statements to the Secretary—or to the staff appointed by him or her for this purpose—envisaged in the two preceding paragraphs may be carried out individually for each of the proposed resolutions or jointly for several or for all of them, by stating to the Secretary the identity and capacity—i.e. shareholder or representative—of the person making them, the number of shares to which they refer and the direction of the vote or, where appropriate, the abstention therefrom.*

*(iv) Notification of the departure from the session of a shareholder to the Secretary—or the staff appointed by him or her for this purpose—must be made by the shareholder or their representative, indicating the number of shares owned or represented and noting the agenda item preceding the vote from which departure from the Meeting occurs.*

*For the adoption of resolutions relating to items not on the agenda, the shares of those shareholders who participated in the Meeting by means of remote methods of voting prior*

*to the holding of the Meeting will not be considered as present or represented shares. Likewise, for the adoption of any of the resolutions referred to in article 526 of the Capital Companies Act or others in which the Act provides for any prohibition of voting, those shares for which the right to vote cannot be exercised owing to the application of the corresponding rule will not be considered as present or represented shares.*

*In the call to meeting notice, the Board of Directors may establish early voting or remote voting systems during the holding of the Meeting, provided that they allow for the verification, with the necessary guarantees and reliability, of the identity and capacity—i.e. shareholder or representative—of the voters, the number of shares with which they are voting and the direction of the vote.*

*Notwithstanding the foregoing, if the Chair deems it to be more appropriate, he or she may establish any other voting system that may secure the votes in favour necessary to obtain a certain proposal and enable the result of the voting to be recorded in the minutes, such as a written ballot by means of ballot papers provided during the Meeting, for which purpose the tables and systems provided for recording attendance, or the electronic means that may be available depending on the state of the technology may be used to allow for a vote with the characteristics of those of a General Meeting.*

*For the purpose of the smooth running of the Meeting, an individualised vote will not be necessary when, by acclamation or a show of hands, the direction of the vote is clearly expressed. This shall not prevent the inclusion of the contrary vote of shareholders who so request, for the purpose of challenge or for any reason.*

#### **Article 12: ADOPTION OF RESOLUTIONS, PROCLAMATION OF THE RESULT AND CLOSURE OF THE GENERAL MEETING.**

*Apart from cases in which the law or the Articles of Association require a higher majority, the resolutions will be approved by a simple majority of the shareholders present or represented at the Meeting, and a resolution will be deemed as adopted when it obtains more votes in favour than against of the share capital present or represented.*

*The Chair will declare the resolutions provisionally approved when he or she has proof of the existence of sufficient votes in favour, without prejudice to any statements made by attending shareholders to the Secretary regarding the direction of their vote.*

*It is for the Chair to declare the session closed.*

*The resolutions approved and the result of the votes will be published in full on the company's website within five days of the closure of the General Meeting.*