

**REGULATIONS OF THE BOARD OF DIRECTORS OF  
PUIG BRANDS, S.A.**

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*[English translation for information purposes only]*

*In case of discrepancy, the Spanish version shall prevail]*

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## REGULATIONS OF THE BOARD OF DIRECTORS

### CHAPTER I INTRODUCTION

#### 1 Article 1. Purpose

The purpose of these Regulations is to determine the principles of action of the Board of Directors and the Board Committees of PUIG BRANDS, S.A. (hereinafter, the "**Company**"), the basic rules for their organization and operation and the standards of conduct of their members, to achieve the greatest possible efficiency and transparency in the management of the Company (the "**Regulations**").

#### 2 Article 2. Scope of application

- 2.1** These Regulations will apply to the members of the Board of Directors (as well as to the secretary of the Board and, where applicable, the Vice-Secretary of the Board, whether or not they are Board members), to its delegated bodies and to the members of its Committees. Insofar as they are affected by them and they are applicable, they will also apply to the Senior Officers of the Company and its subsidiaries as well as any investees whose management is controlled by the Company. For the purposes of these Regulations: (i) the Company and the group of subsidiaries and investee companies in which the Company has management control will be referred to as "**PUIG**" and (ii) the "Senior Officers" or "Senior Management" members will be considered to be those executives who report directly to the Board of Directors, the delegated bodies of the Company and, in any case, those responsible for internal auditing, including the "General Auditor", as the highest authority responsible for the Company's internal auditing. Likewise, the Senior Officers will be those identified by the Board, at the proposal of the Chairman or the Chief Executive Officer (if different from the Chairman), following a report from the Appointments and Remuneration Committee.
- 2.2** The Board members, the members of Senior Management and the General Auditor, the latter two, insofar as it is applicable to them, are obliged to know, to comply with and to enforce compliance with the contents of these Regulations. The Secretary of the Board will deliver a copy of these Regulations to each of them.
- 2.3** These Regulations, and any amendments to them, will be notified to the Spanish National Securities Market Commission (CNMV) and will be registered in the Commercial Registry. Likewise, the Regulations will be available to shareholders and investors on the Company's corporate website, so that they may know the commitment assumed in this respect by the persons to whom these Regulations apply. In any case, the approval of the Regulations, as well as any amendments to them, will be carried out following a report to the General Shareholders' Meeting.

#### 3 Article 3. Interpretation

These Regulations supplement the provisions applicable to the Board of Directors as found in current commercial legislation and in the Company's by-laws and must be interpreted according to the general criteria for the interpretation of laws and according to the

corporate governance principles and recommendations for Spanish listed companies, taking into account, in particular, their fundamental spirit and purpose. Should doubts arise, the Board itself will be empowered to clarify their content.

#### **4 Article 4. Modification**

- 4.1** The Board of Directors is responsible for introducing amendments to these Regulations, according to the requirements set forth in this article.
- 4.2** The Chairman of the Board of Directors, the Chief Executive Officer (if different from the Chairman), one third (1/3) of the members of the Board or the majority of the members of the Audit and Compliance Committee may request the amendment of these Regulations when, in their opinion, circumstances make it appropriate or necessary.
- 4.3** The Audit and Compliance Committee must be informed of any proposed amendments.
- 4.4** The text of the proposal and the opinion of the Audit and Compliance Committee must be attached to the call notice of the Board of Directors' meeting at which the amendment is to be deliberated. The call will be made with the notice period stipulated in the Company's by-laws and in these Regulations as well as complying with the other formalities provided for in them.
- 4.5** To be valid, the amendment of the Regulations will require the approval of at least an absolute majority of the members of the Board.

### **CHAPTER II**

#### **COMPOSITION. COMPETENCE AND FUNCTIONS OF THE BOARD OF DIRECTORS**

#### **5 Article 5. Number of Board members**

According to the Company's by-laws, the Board of Directors will be formed of a minimum of five (5) and a maximum of fifteen (15) members. Determining the specific number of Board members will be the responsibility of the General Shareholders' Meeting.

#### **6 Article 6. Characteristics of the Board members**

- 6.1** The Board of Directors must ensure that the processes for selecting its members favor diversity in terms of age, gender, disability and professional training and experience, and that they are not undermined by implicit biases that may give rise to discrimination. In particular, it must favor the recruitment of a sufficient number of female board members to achieve a balanced presence of women and men on the Board.
- 6.2** In addition to the conditions required by law and in the Company's by-laws, the persons appointed as Board members must meet the conditions set forth in these Regulations, and will formally undertake to comply with the obligations and duties set forth in them, at the time of taking office.
- 6.3** In exercising its powers of appointment, the General Shareholders' Meeting will weigh the existence, within the Board of Directors, of the following three (3) categories of Board members:

- (A) Independent Board members, understood as those who, not being members of the Puig family (as defined in section 6.6 of this article), are appointed on the basis of their personal and professional qualifications and may perform their duties without being conditioned by their relationships or previous links with the Company or with PUIG, its significant shareholders or its Senior Officers. Independent Board members must simultaneously meet the following requirements:
- (i) They have not worked as employees or Executive Board members (as defined below) at the companies of PUIG, unless three (3) or five (5) years, respectively, have passed since the termination of that relationship.
  - (ii) They do not receive from the Company, or in general from PUIG, any amount or benefit for any item other than Board member remuneration, unless the amounts are immaterial.
  - (iii) They are not, nor have they been during the preceding three (3) years, a shareholder of the external auditor or the party responsible for the audit report, whether it concerns the audit during said period of the Company or of any other PUIG company.
  - (iv) They are not executive board members or senior officers of another company in which an Executive Board member or Senior Officer of the Company is an external board member.
  - (v) They do not currently maintain, nor have they maintained during the last year, a significant business relationship with the Company or with any company of PUIG, either in their own name or as a significant shareholder, board member or senior officers of an entity that maintains or has maintained such relationship. Business relationships will be considered to be those involving a supply of goods or services, including financial, advisory or consultancy services.
  - (vi) They are not significant shareholders, executive board members or senior officers of an entity that receives, or has received during the last three (3) years, significant donations from the Company or from PUIG. Those who are merely trustees of a foundation that receives donations will not be considered to be included in this section.
  - (vii) They are not spouses, persons connected by a similar marriage-like relationship, or relatives up to the second degree of an Executive Board member or Senior Officer of the Company.
  - (viii) They have been proposed for appointment or re-election by the Appointments and Remuneration Committee.
  - (ix) They have not been Board members for a continuous period of more than 12 years.
  - (x) They have not been found, with respect to any significant shareholder or a shareholder represented on the Board, to be subject to any of the cases indicated in sections (i), (v), (vi) or (vii). In the case of the kinship relationship indicated in section (vii), the requirement must be met not only with respect to the shareholder, but also with respect to its proprietary board members in the investee company.

Proprietary Board members (as defined below) who lose such status as a result of the sale of their shareholding by the shareholder they represented, may only be re-elected as Independent Board members when the shareholder they represented up to that time has sold all of its shares in the Company.

A Board Member with a shareholding in the Company may qualify as independent if he or she meets all the conditions stated in this article and the shareholding in question is immaterial.

- (B) Proprietary Board members, understood as those who own a shareholding greater than or equal to that legally considered to be a significant shareholding or those who have been appointed due to their status as shareholders, even if their shareholding does not reach that amount, as well as those who represent the shareholders indicated above. The members of the Puig Family (as defined in article 6.6) will be considered Proprietary Board members, unless they are Executive Board members.
- (C) Executive Board members will be those who perform senior management functions in the Company or PUIG, regardless of their legal relationship with them. If they are members of the Puig Family (as defined in article 6.6), their status as Executive Board members will prevail.

**6.4** If there is any Board member who cannot be a Proprietary or Independent Board member ("**Other External Board Members**"), this circumstance will be indicated when appointing that Board member, together with any relationship, past or present, either with PUIG, its Senior Officers, the members of the Board of Directors of the Company, the Puig Family or shareholders holding a significant interest in the capital of the Company.

**6.5** The Proprietary Board members and Independent Board members will make up a large majority of the Board, and the number of executive Board members will be the minimum necessary. In particular, the Board of Directors will include an adequate number of Independent Board members, who must in any case represent at least one third (1/3) of the total number of Board members.

**6.6** In addition, the percentage of Proprietary Board members over the total number of Non-Executive Board members may not be greater than the proportion existing between the share capital that such Proprietary Board members represent and the rest of the share capital. In any case, and without prejudice to the above, the number of Board members who are members of the Puig Family (defined as direct descendants, by a blood relationship, of Mr. Antonio Puig Castelló, together with their respective spouses who are not separated, either judicially or de facto), if any, will always be equal to or less than half (1/2) of the total number of Board members.

**6.7** To be eligible for appointment as a Board member, the appointee must be at least thirty (30) years old.

## **7 Article 7. Powers of the Board of Directors. Catalog of non-delegable matters**

**7.1** The Board of Directors may not make decisions or resolutions whose authorization is subject to the approval of the General Shareholders' Meeting, as established by law or in the Company's by-laws.

- 7.2** The Board of Directors must effectively assume the powers of supervision, management, control and representation of the Company attributed to it by law and by the Company's by-laws and it must ensure that the approval of the Company's strategy and the organization required for its implementation is at the core of its mission, as well as supervising and monitoring the achievement of the targets set by Senior Management, while at the same time respecting the Company's corporate purpose and interests.
- 7.3** The Board will perform its duties with singleness of purpose and independence of judgment, will treat all shareholders in the same position equally and will be guided by the Company's interests, understood as the achievement of a profitable and sustainable business in the long term, thereby ensuring its continuity and the maximization of the Company's economic value. In pursuing the corporate interest, in addition to respecting the laws and regulations and ensuring that its conduct is based on good faith, ethics and respect for commonly accepted customs and good practices, it will endeavor to reconcile its own corporate interest with the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, as well as the impact of the Company's activities on the community as a whole and on the environment.
- 7.4** Those matters that cannot be delegated by law or according to the Company's by-laws may not be delegated. In this sense, the following matters, which are established as a formal catalog of non-delegable matters, reserved to its exclusive jurisdiction, may not be delegated and will be the responsibility of the Board of Directors, which must adopt the relevant resolutions to be approved in each case according to the law and the Company's by-laws:

(A) The Company's general policies and strategies, and in particular:

- (i) The strategic or business Plan, as well as the annual management targets and budget;
- (ii) The investment and financing policy;
- (iii) The dividend and shareholder remuneration policy;
- (iv) The definition of the structure of PUIG;
- (v) The corporate governance policy;
- (vi) The corporate social responsibility policy;
- (vii) The Senior Officers remuneration policy;
- (viii) The performance evaluation of Senior Officers;
- (ix) The risk control and management policy, as well as the periodic monitoring of internal information and control systems. The risk control and management policy must, as a minimum, identify the following:
  - The different types of financial and non-financial risks (including, among others, operational, technological, legal, social, environmental, political and reputational risks, including those related to corruption) faced by the Company, including among the financial or economic risks those of a tax, contingent liability and other off-balance sheet nature;

- A risk control and management model based on different levels, which will have a specialized risk committee where the sector regulations provide for it or it is considered appropriate;
  - Setting of the level of risk that the Company considers acceptable;
  - The measures in place to mitigate the impact of identified risk events should they occur; and
  - The reporting and internal control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance-sheet risks.
- (x) The treasury stock policy according to the law and the Company's by-laws.
- (B) The following decisions:
- (i) At the proposal of the Chairman or the Chief Executive Officer (if different from the Chairman) of the Company and after receiving the opinion of the Appointments and Remuneration Committee, the appointment and possible dismissal of Senior Officers, as well as the establishment of the basic conditions of their contracts, including their remuneration.
  - (ii) Those relating to the remuneration of the Board members (including Executive Board members) for their functions and other conditions of their contracts, all according to the Company's by-laws and the remuneration policy approved by the General Shareholders' Meeting following a report from the Appointments and Remuneration Committee.
  - (iii) Investments or transactions of any kind which, due to their large size or special characteristics, are of a strategic nature, unless their approval corresponds to the General Shareholders' Meeting according to the provisions of the law or the Company's by-laws.
  - (iv) The creation or acquisition of holdings in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity could impair the transparency of PUIG.
  - (v) Unless they are within the competence of the General Shareholders' Meeting or may be delegated according to the law, decisions regarding transactions considered to be related-party transactions by law and these Regulations ("**related-party transactions**"), after hearing the Audit and Compliance Committee.
  - (vi) Approve the Company's Internal Code of Conduct and its subsequent amendments, the Annual Report on Corporate Governance and the Annual Report on Remuneration of Board members.
- (C) All other matters in which the decisions, according to the law or the Company's by-laws, are the exclusive responsibility of the Board of Directors without the possibility of delegation.

**7.5** In duly justified and legally permitted cases of urgency, the delegated bodies may adopt decisions on the above matters, which must be ratified at the first meeting of the Board following the adoption of the decision.

## **8 Article 8. Exercise of the Board of Directors' duties**

- 8.1** The Board of Directors is responsible for carrying out all acts necessary to execute the corporate purpose, according to the law and the Company's by-laws.
- 8.2** The Board's delegation of powers to any of its members, within the limits allowed by law, even if it is with the approval of the General Shareholders' Meeting, will not deprive the Board of such powers.
- 8.3** The Board of Directors will perform its functions according to the principle of balance between powers and responsibilities. The Board members and Committees to which the Board delegates powers will also be subject to this principle.
- 8.4** The Board of Directors will establish such mechanisms as may be appropriate, sufficient or necessary to supervise the decisions adopted by any of its members, delegates, legal representatives or Committees.
- 8.5** The Board of Directors will be accountable to the General Shareholders' Meeting for its management.

## **9 Article 9. Representative functions**

- 9.1** The Board of Directors holds the power of representation of the Company under the terms established by law and in the Company's by-laws.
- 9.2** The Committees and the members of the Board to whom the power of representation has been delegated will promptly inform the Board of all acts performed in execution of their power of representation that exceed the scope of the ordinary administration of the Company.

## **10 Article 10. Specific functions related to the Annual Financial Statements and the Management Report**

- 10.1** The Board of Directors will draw-up the Annual Financial Statements and the Management Report – which will include, where appropriate, the statement of non-financial information – , both individual and consolidated, in such a way that they give a true and fair view of the assets, financial position and results of the Company and of PUIG, according to the law, having previously received the opinion of the Audit and Compliance Committee. In any case, the Company may not draw-up an abridged balance sheet and statement of changes in equity or an abridged income statement. The Chief Financial Officer, with the approval of the Chairman, if the latter has executive powers, and, if not, with the approval of the Company's Chief Executive Officer, will certify the said financial statements in advance to confirm their completeness and accuracy.
- 10.2** After having heard the Audit and Compliance Committee, the Board of Directors may request any clarifications that it considers appropriate.
- 10.3** The Board of Directors will ensure, in particular, that the above accounting documents are drafted in clear and precise terms to enable the proper understanding of their contents. To this end, they will include any comments that may be useful for such purposes.
- 10.4** Twice a year, the Board of Directors will monitor the evolution of the Company's Financial Statements.

### **CHAPTER III**

#### **RELATIONS OF THE BOARD OF DIRECTORS**

##### **11 Article 11. Relations with shareholders**

- 11.1** The Board of Directors will seek to enhance the Company's communication with its shareholders according to the applicable regulations.
- 11.2** Any decisions and resolutions that require the approval of the shareholders will be submitted to approval at the General Shareholders' Meeting, according to the law, the Company's by-laws and the regulations of the General Shareholders' Meeting.

##### **12 Article 12. Information provided to shareholders on the occasion of General Shareholders' Meetings**

- 12.1** The Board of Directors will make available to shareholders, prior to each General Shareholders' Meeting, all information required by law, by the Company's by-laws or by the regulations of the General Shareholders' Meeting, and will respond to requests for information or clarifications or questions put forward by the shareholders under the terms established in the above provisions.
- 12.2** The Board of Directors will adopt such measures as may be appropriate to facilitate the effective exercise by the General Shareholders' Meeting of its functions according to the law, the Company's by-laws and the regulations of the General Shareholders' Meeting.

##### **13 Article 13. Relations with auditors**

- 13.1** All relations between the Board of Directors and the auditor will be channeled through the Audit and Compliance Committee.
- 13.2** The Board of Directors will refrain from proposing the hiring of those auditing firms in which the fees expected to be paid by the Company or the companies of PUIG, for all items, are higher than ten percent (10%) of the auditing firm in question's revenues in Spain, during the immediately preceding fiscal year.
- 13.3** The Board of Directors will endeavor to draw-up the definitive financial statements and submit them to the General Shareholders' Meeting in such a way that they receive no limitation or qualification from the auditor in the audit report, and the Audit and Compliance Committee will seek to ensure that this is so. However, in exceptional cases in which qualifications are received, the Chairman of the Audit and Compliance Committee and the auditors will clearly explain to the shareholders the content and scope of such limitations or qualifications.

### **CHAPTER IV**

#### **APPOINTMENT AND REMOVAL OF BOARD MEMBERS**

##### **14 Article 14. Appointment of Board members**

- 14.1** The members of the Board of Directors of the Company will be appointed by the General Shareholders' Meeting or, in the event of an early vacancy, by the Board of Directors itself

by cooptation. The Board member appointed by the Board of Directors by cooptation need not necessarily be a shareholder of the Company.

- 14.2** Proposing the appointment or re-election of the members of the Board of Directors is the responsibility of the Appointments and Remuneration Committee, in the case of Independent Board members and it is the responsibility of the Board of Directors itself in all other cases. These proposals must in all cases be accompanied by a report from the Board of Directors assessing the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the General Shareholders' Meeting or those of the Board itself. The proposal for appointment or re-election of any non-independent board member must also be preceded by a report from the Appointments and Remuneration Committee.
- 14.3** The persons appointed to the Board of Directors must be persons of acknowledged good reputation, solvency, technical competence and experience.
- 14.4** The Company will keep the following information on its Board members up to date:
- A. Professional and biographical information.
  - B. Other boards of directors to which the person belongs as a member.
  - C. Indication of the category of Board member to which they belong, detailing, in the case of Proprietary Board members, the shareholder with which they are related.
  - D. Date of their first appointment as a Board member of the Company and, if applicable, the dates of any renewals of their office.
  - E. Shares, units ("*participaciones sociales*") or quotas of the companies of PUIG and/or options on them, if any, held by the Board member.
- 14.5** The Secretary of the Board of Directors will provide each new Board member with a copy of the Company's by-laws, these Regulations, the regulations of the General Shareholders' Meeting, the Company's Internal Code of Conduct and other regulations governing the operation of the Company, as well as the latest annual financial statements and management reports, both individual and consolidated, approved by the General Shareholders' Meeting and the audit reports relating to them. Board members will also be provided with the identification details of the current auditors and their contact persons.
- 14.6** Each Board member must sign a receipt for the documentation referred to in the preceding paragraph, promising to take immediate note of that documentation and to faithfully fulfill his or her obligations as a Board member.
- 14.7** In addition, the Company will provide new Board members with sufficient information on the Company, as well as regarding its corporate governance rules, without prejudice to specific training or refresher courses, when circumstances make this advisable.

## **15 Article 15. Appointment of Independent Board members**

The persons appointed as Independent Board members must meet the conditions set forth in paragraph (A) of article 6.3 of these Regulations.

## **16 Article 16. Term of office.**

- 16.1** Board members will hold office for the term established in the Company's by-laws.

- 16.2** Any Board member who terminates his or her term of office or who, for any other reason, ceases to hold its office, may not render services to another entity that is a competitor of PUIG for a period of two (2) years. The General Shareholders' Meeting, if it considers it appropriate, may exempt the outgoing Board member from this obligation or shorten the term according to the legal requirements.

## **17 Article 17. Re-election of Board Members**

- 17.1** Proposals for the re-election of Board Members will be made by the Appointments and Remuneration Committee, in the case of Independent Board members and in all other cases they will be made by the Board itself. These proposals must be accompanied by the reports referred to in article 14.2.
- 17.2** Prior to any re-election of Board members, the General Shareholders' Meeting must assess the quality of the work and time dedicated to the proposed Board members' positions during the preceding term of office.
- 17.3** Independent Board members may not be re-elected for a term exceeding twelve (12) years in total.

## **18 Article 18. Removal of Board members**

- 18.1** Board members will cease to hold office when the term for which they were appointed expires, or when so decided by the General Shareholders' Meeting in exercise of the powers granted to it by law or in the Company's by-laws.
- 18.2** Board members must place their office at the Board of Directors' disposal, and tender their resignation, if the Board considers it appropriate, in the following cases:
- A. When they cease to hold the positions, offices or functions associated with their appointment as Executive Board members.
  - B. In the case of Proprietary Board members, when the shareholder whose interests they represent fully transfers or reduces, in due proportion, the shareholding it had in the Company.
  - C. In the case of Independent Board members, when they are affected by any of the circumstances that cause them to lose their independent status, according to the law.
  - D. When they are subject to any of the grounds of incompatibility or disqualification provided by law.
  - E. When the Board itself so requests it by a majority of at least two thirds (2/3) of its members.
  - F. When their continued presence on the Board may harm the interests, credit or reputation of the Company. Board members must report any cases in which they appear as a suspect in a criminal investigation, as well as any subsequent procedural developments.
- 18.3** Board members who adopt resolutions on matters which, according to the law or the Company by-laws, are the exclusive competence of the General Shareholders' Meeting, or who do not follow the instructions that, according to the law and the Company by-laws, are given to the Board of Directors by the General Shareholders' Meeting, must immediately resign from their posts and tender their resignation. Should the Board member in question

fail to comply with this obligation, the Chairman of the Board must call a Board of Directors meeting as soon as possible to decide on the calling of a General Shareholders' Meeting that will include as an item of the agenda, among others, the removal of the Board member or Board members who have failed to comply with the obligations contained in this article 18.3. All of the above is without prejudice to any legal actions that may be applicable according to the law.

Likewise, a Board member who fails to comply with the provisions of the preceding paragraph will forfeit all rights to any compensation due to his or her resignation or termination, as well as any amounts or benefits to which he or she would be entitled or that would otherwise have accrued as a consequence of the termination of the relationship with the Company.

**18.4** The Board of Directors will not propose the removal of Independent Board members without just cause, as determined by the Board of Directors following a report from the Appointments and Remuneration Committee. In particular, just cause will be considered to exist when the Independent Board member takes on new positions or assumes new obligations that prevent the Board member from devoting the necessary time to the performance of the functions inherent to the position of Board member, fails to comply with the duties inherent to his or her position or is affected by any of the circumstances that could cause the Board member to lose his or her independent status, according to the provisions of the applicable legislation.

**18.5** If, due to resignation or for any other reason, a Board member ceases to hold office before the end of his or her term of office, the Board member must explain the reasons in a letter to be sent to all the members of the Board of Directors, unless he or she reports them at a meeting of the Board and they are recorded in the minutes. Without prejudice to the disclosure of the reason for the resignation in the Annual Report on Corporate Governance, to the extent that it is relevant to investors, the Company will publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the Board member.

## **19 Article 19. Nature of the resolutions of the Board of Directors on this matter**

In accordance with these Regulations and the provisions of the law, Board members subject to proposals that affect them in their capacity as director, such as the appointment or revocation of their position on the Board of Directors, or others of similar importance, will not abstain from participating in the deliberations and voting that refer to them. In all other cases, the Board members must abstain from participating in the deliberation and voting of resolutions or decisions in which they or a related party has a direct or indirect conflict of interest.

## **CHAPTER V DUTIES OF THE BOARD MEMBER**

## **20 Article 20. General obligations of the Board member**

**20.1** Board members must comply with the duties imposed by the laws and the Company's by-laws, the regulations of the Board of Directors and any other regulations governing the

operation of the Company, in a spirit of loyalty to the corporate interest. The function of the Board member is to guide and control the management of the Company to achieve a profitable and sustainable long-term business that favors its continuity and, over time, the maximization of the Company's economic value.

**20.2** In the performance of their duties, all Board members will act with the care of a responsible businessperson and a loyal representative, and will be under obligation, in particular, to:

- A. Remain informed of and adequately prepare the meetings of the Board of Directors and of the delegated bodies to which it belongs; to this end, they must obtain the necessary information about their legal obligations.
- B. Attend the meetings of the bodies of which they are a member and actively participate in the deliberations, to ensure that their opinion effectively contributes to the decision-making process. In the unavoidable event that Board members are unable to attend the meetings to which they have been called, they may delegate their representation to another Board member and, if necessary, provide instructions to the Board member to whom they have conferred their representation.
- C. Clearly express their opposition when they consider that any proposed decision submitted to the Board may be contrary to the corporate interest. In particular, Independent Board members and other Board members who are not affected by the potential conflict of interest must clearly express their opposition in the case of decisions that may be detrimental to shareholders not represented on the Board or to the Company. When the Board adopts significant or repeated decisions about which the Board member has expressed serious reservations, the Board member must draw the appropriate conclusions and, if the Board member chooses to resign, will explain the reasons in a letter addressed to all the members of the Board.
- D. Attend the General Shareholders' Meetings (unless it is a meeting with the character of universal that is held without having been called by the Board members).
- E. Perform any specific task assigned by the Board of directors that is reasonably included in their time commitment.
- F. Request that the persons authorized to call meetings call an extraordinary meeting of the Board or include in the Agenda of the first meeting to be held any items that they consider appropriate.
- G. Communicate to the Board of Directors any conflict of interest, whether direct or indirect, that they may have with the Company. In the event of such a conflict, the affected Board member will abstain from intervening in the transaction affected by the conflict, unless otherwise provided by law.
- H. Inform the Board of Directors of any situations of direct or indirect conflict of interest in which the Board member, or any person related to the Board member, is or has been involved with respect to the interests of PUIG, under the terms established by the legislation in force at any given time.

Board members must inform the Chairman of the Board of their other professional obligations, in the event they may interfere with the time dedication required for the performance of their duties.

The Secretary of the Board will be responsible for collecting and keeping the information communicated by the Board members under this article, for the appropriate legal purposes.

- 20.3** In any case, Board members must dedicate the time and effort necessary to perform their duties effectively.

**21 Article 21. Duty of confidentiality of the Board Member**

- 21.1** Board members will keep secret the deliberations of the Board of Directors and of the Committees or bodies of which they are members and, in general, will refrain from disclosing any information to which they have had access in the performance of their duties.
- 21.2** An exception is made for those situations in which the law requires their communication, in which case, the disclosure of the information must comply with the provisions of the law.

**22 Article 22. Non-competition obligation**

- 22.1** The Board member may not hold office or provide services in entities competing with PUIG. The General Shareholders' Meeting, if it considers it appropriate and according to the Spanish law, may waive this limitation for the Board member concerned.
- 22.2** Persons who, in any way, have interests contrary to those of the Company, will be removed from office at the request of any shareholder and by resolution of the General Shareholders' Meeting.

**23 Article 23. Conflicts of interest and related-party transactions**

- 23.1** Board members must abstain from intervening in deliberations affecting matters in which they or a related party (in the terms of article 23.2 below) have a direct or indirect conflict of interest. In this sense, they must abstain from voting in any related decisions, unless otherwise provided by law.
- 23.2** The following persons will be considered to be related to a Board member:
- A. The spouse or de facto partner of the Board member or a person with whom such Board member is related, by blood or affinity, up to and including the 4<sup>th</sup> degree.
  - B. A company or entity in which the Board member has, directly or indirectly, including through an intermediary, a shareholding that gives that Board member a significant influence or where the Board member holds a position in the management body or in the Senior Management of such company or its parent company. Significant influence is presumed to be conferred by any shareholding equal to or greater than 10% of the share capital or of the voting rights or by virtue of which it has been possible to obtain de jure or de facto representation on the company's management body.
  - C. The shareholders represented by the Board member on the management body.
  - D. Any other person who may be considered a related party according to law.
- 23.3** The Board member must inform the Board of Directors, with sufficient notice, of any situation that may involve a conflict of interest with PUIG.

- 23.4** The transactions that the Company or any of the companies of PUIG carries out with Board members, or with persons related to them (in the terms of article 23.2 above) or with shareholders, which are considered to be related-party transactions according to the law, must be authorized by the Board of directors or the General Shareholders' Meeting, depending on the case, once the opinion of the Audit and Compliance Committee has been received.

In any case, it must be verified that the authorized transaction is not detrimental to the corporate assets or, if applicable, that it has been executed on an arm's length basis and through a transparent process.

- 23.5** The authorization must necessarily be decided upon by the General Shareholders' Meeting when it concerns a related-party transaction whose amount or value is equal to or exceeds ten (10) percent of the corporate assets according to the last consolidated annual balance sheet approved by the Company. When the General Shareholders' Meeting is called to decide on a related-party transaction, the shareholder concerned will be deprived of the right to vote, except in those cases in which the proposed resolution has been approved by the Board of Directors without a vote against by the majority of the Independent Board members. However, where applicable, the rule regarding shifting the burden of proof provided for in article 190.3 of Legislative Royal Decree 1/2010, of July 2, 2010, approving the Consolidated Text of the Companies Act ("**Spanish Companies Act**") will apply.

- 23.6** The Board of Directors will have the authority to approve all other related-party transactions other than those provided for in article 23.5 above, and may not delegate such authority.

Despite the above, the Board of Directors may delegate the approval of the following related-party transactions, which will also not require a prior report from the Audit and Compliance Committee: (i) those entered into between the Company and the companies of PUIG within the scope of the ordinary management and on an arm's length basis; and (ii) those entered into under contracts whose standard conditions are applied en masse to a large number of customers, are made at prices or rates generally established by whoever acts as supplier of the goods or service in question, and whose amount does not exceed zero point five percent (0.5%) of the net revenues of the Company, according to the latest consolidated—or, failing that, individual—financial statements of the Company approved by the General Shareholders' Meeting. If it approves this delegation, the Board of Directors must establish an internal procedure of information and periodic control in relation to these transactions in which the Audit and Compliance Committee must participate, to verify the fairness and transparency of these transactions and, if applicable, their compliance with the legal criteria applicable to the above exceptions.

- 23.7** Board members affected, or Board members representing or related to the shareholder affected, by the related-party transaction in question may not exercise or delegate their voting rights and must remain absent from the meeting room while the Board deliberates and votes on the transaction. By way of exception, Board members who represent or are related to the majority shareholder of the Company (currently Puig, S.L. or entities related to it that may hold a total or partial interest in the future), must not abstain in the transactions of the Company and the companies of PUIG, without prejudice to the fact that, in such cases, if their vote has been decisive for the adoption of the resolution, the rule regarding shifting the burden of proof will apply in terms similar to those set forth in article 190.3 of the Spanish Companies Act.

- 23.8** The Company will report the transactions referred to in this article in the cases and to the extent provided by law.

**24 Article 24. Use of the Company's information**

Board members may not use non-public information of the Company for private purposes.

**25 Article 25. Business opportunities. Use of corporate assets**

- 25.1** Board members may not take advantage of any business opportunity being studied by any of the companies of PUIG for their own benefit, unless the companies of PUIG have previously withdrawn from the study or execution of that opportunity without having been influenced by the Board member wishing to take advantage of the opportunity. Taking advantage of the business opportunity must also be authorized by the Board, following a report from the Audit and Compliance Committee.

- 25.2** For the purposes of the preceding paragraph, a business opportunity means any possibility of making an investment or commercial transaction which arose or became known in connection with the Board member's holding of the office of Board member of the Company, or the use of resources and information provided to or obtained by the Board member from PUIG, or under circumstances reasonably leading to the conclusion that the third party's offer was in fact directed at PUIG.

- 25.3** Board members may not make use of the assets of PUIG, nor use their position in the Company to obtain an economic benefit, unless they have paid adequate consideration. For the purposes of this article 25.3:

- A. Use of corporate assets means the use by the Board member of the corporate assets of PUIG for exclusively private purposes or for purposes unrelated to the corporate interest.
- B. Adequate consideration means the arm's length price that would be paid if the economic benefit were acquired by a third party outside the Company.

**26 Article 26. Indirect transactions**

Board members will be in violation of their duties of loyalty to PUIG if, being aware of them in advance, they allow or fail to disclose the existence of transactions carried out by individuals or legal entities in which any of the circumstances defined in article 23 of these Regulations are present, where they have not been subject to the conditions and controls provided for in the preceding articles.

**27 Article 27. Duties of information of the Board member**

- 27.1** Board members must inform the Board of Directors, through the Chairman of the Board, of the following matters:

- A. The direct or indirect shareholding that both they and their related parties (in the meaning of article 23.2) hold in the share capital of the Company, any change to that shareholding and any transaction on or in relation to the share capital of the Company that is directly or indirectly carried out by the Board members or the persons related to them, provided that such transaction must be reported according to the law.

- B. All offices and positions held, services rendered and activities performed in other companies or entities, as well as any other professional obligations. In particular, before accepting any position as board member or executive in another company or entity, the Board member must consult with the Appointments and Remuneration Committee. An exception is made to the above restriction where it involves the majority shareholder (currently Puig, S.L.) or those entities that are considered to be financial vehicles of one or several branches of the Puig Family, as well as any companies in which the latter hold an interest and which in turn hold an interest in the majority shareholder.
- C. Significant changes in their professional situation that affect the status or condition on which basis they were appointed as a Board member.
- D. In general, any fact or situation that may be relevant to their performance as a Board member of the Company or that may, in any other way, harm the Company's reputation or credit.
- E. In particular, Board members will be obliged to report any cases in which, if applicable, they appear as a suspect in a criminal investigation, as well as any subsequent procedural developments.

Having been informed or having otherwise become aware of any of the situations mentioned in paragraphs D and E above, the Board will examine the case as soon as possible and will decide whether or not to take any action, following a report from the Appointments and Remuneration Committee and in view of the specific circumstances. These actions may include opening an internal investigation, requesting the resignation of the Board member or proposing his or her removal to the General Shareholders' Meeting. Where appropriate, such information will be included in the Annual Report on Corporate Governance, according to legal requirements, unless there are special circumstances that justify not doing so, which must be recorded in the minutes.

## **CHAPTER VI**

### **BOARD MEMBER'S RIGHT TO INFORMATION**

#### **28 Article 28. Powers and rights of information and inspection**

- 28.1** To perform their duties, each Board member may obtain information on any aspect of the Company and, as far as possible, of the companies forming part of PUIG, whether domestic or foreign. For these purposes, they may examine the documentation they consider necessary, make contact with the heads of the departments concerned and visit the relevant facilities.
- 28.2** To avoid interfering with the ordinary management of PUIG, exercising the right to receive information will be channeled through the Chairman of the Board of Directors, who will respond to the requests made by the Board members, providing them with the requested information directly or indicating the proper contact persons at the appropriate level of the organization.
- 28.3** If the request for information has been denied, delayed or defectively fulfilled, the requesting Board member may repeat his or her request before the Audit and Compliance

Committee, which, after hearing the Chairman and the requesting Board member, will decide the appropriate course of action for the above purposes.

- 28.4** The information requested may only be denied when, in the opinion of the Chairman and the Audit and Compliance Committee, it is unnecessary or harmful to the Company's interests. Such refusal will not be appropriate when the request has been supported by the majority of the members of the Board.
- 28.5** Board members will be informed on a periodic basis of material changes in shareholdings and of the opinion that significant shareholders, investors and rating agencies have on the Company.

## **29 Article 29. Expert advice**

- 29.1** To assist them in the performance of their duties, Board members may request the hiring, at the Company's expense, of legal, accounting, financial or other expert advisors. The hiring must necessarily deal with specific problems of a certain complexity and importance that may arise in the performance of their duties.
- 29.2** The request to hire external advisors or experts must be made to the Chairman of the Board of Directors of the Company and must be submitted to the Board of Directors for authorization, which will be granted if, in the opinion of the majority of its members:
- A. It is necessary for the proper performance of the duties entrusted to the Non-Executive Board members and, in particular, to the Independent Board members;
  - B. Its cost is reasonable, in view of the importance of the problem and the Company's assets and income; and
  - C. The technical assistance received cannot be adequately dispensed by the experts and technicians of PUIG.
- 29.3** If the request for expert advice is made by any of the Board committees, it may not be denied, unless the Board, by a vote of the absolute majority of its members, considers that the circumstances provided for in article 29.2 are not met.

## **CHAPTER VII COMPENSATION OF BOARD MEMBERS**

### **30 Article 30. Remuneration**

- 30.1** The position of Board member will be remunerated in the terms set forth in the Company's by-laws and according to the Company's remuneration policy.
- 30.2** In addition, and regardless of the provisions of the preceding paragraph, when a member of the Board of Directors is appointed Chief Executive Officer or is attributed executive functions under another title, a contract must be entered into between the Board member and the Company as provided for by law.
- 30.3** The Board of Directors will be responsible for approving, by a two-thirds (2/3) majority of the Board members, and without the affected Board member being able to attend the deliberations or participate in the vote, the terms of the contract between the Company and the Chief Executive Officer.

- 30.4** The contract will detail all items for which remuneration may be obtained for the performance of executive duties, including, if applicable, any compensation for early termination of such office and the amounts to be paid by the company for insurance premiums or contributions to savings schemes.

### **31 Article 31. Content of the remuneration**

- 31.1** The members of the Board of Directors, in their capacity as such, and depending on the responsibility, time dedication or any other circumstances that may arise, may be remunerated, subject to a resolution of the General Shareholders' Meeting and according to the Company's remuneration policy, through the delivery of shares of the Company or shares or units ("*participaciones sociales*") of companies that form part of PUIG, options on those shares or instruments indexed to the value of the shares or units ("*participaciones sociales*").
- 31.2** The Board members' remuneration will be that necessary to compensate the time dedication, qualifications and responsibility required by the position, but will not be so high as to compromise the independence of the Non-Executive Board members.
- 31.3** Remuneration related to the Company's results will take into account any qualifications contained in the external auditor's report that reduce such results.
- 31.4** Board members' remuneration must in all cases be in reasonable proportion to the Company's economic situation at any given time and the market standards of comparable companies. The remuneration system established must be aimed at promoting the long-term profitability and sustainability of the Company and will include the necessary precautions to avoid the excessive assumption of risks and the rewarding of unfavorable results.
- 31.5** The Board of Directors will prepare an annual report on the remuneration of the Board members under the terms established by the applicable regulations. This report will be made available to the shareholders when the annual General Shareholders' Meeting is called and will be submitted to an advisory vote at the meeting as a separate item on the agenda.

### **32 Article 32. Liability of the Board members**

- 32.1** Board members will be liable to the Company, to the shareholders and to the Company's creditors for any damage caused to them by acts contrary to the law, the Company's by-laws, these Regulations and any other rules governing the Company's operation or by any acts performed in breach of the duties inherent to their office.
- 32.2** Likewise, the persons who hold de jure or de facto management positions or who act as de facto board members, or in the name or on behalf of the Company, will be personally liable to the Company, to the shareholders and to the creditors, for damage caused by acts contrary to the law or to the Company's by-laws or for those performed in breach of the duties inherent to those who formally hold the position of director.
- 32.3** All members of the management body that have carried out a harmful act or adopted a harmful resolution will be jointly and severally liable, except for those who are able to prove that, not having participated in its adoption and execution, they were unaware of its existence or that, despite being aware of it, they did everything appropriate to avoid the damage or, at least, expressly opposed it.

- 32.4** In no case will the fact that the harmful act or resolution was adopted, authorized or ratified by the General Shareholders' Meeting exonerate from this liability.

## **CHAPTER VIII**

### **STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS**

#### **33 Article 33. Chairman. Functions**

- 33.1** It is the responsibility of the General Shareholders' Meeting to appoint a Chairman to the Board of Directors. If the General Shareholders' Meeting has not appointed the Chairman at the time of appointing the Board members, the Board of Directors will appoint the Chairman from among its members, subject to a favorable report from the Appointments and Remuneration Committee. The Chairman, however, must call the Board and include the matters in question on the agenda when so requested by one third of its members or, if applicable, by the coordinating Board member referred to in article 33.3 below.
- 33.2** As the person responsible for the management and efficient operation of the Board, the Chairman must ensure that the Board members receive sufficient information in reasonable time to make decisions on the matters to be discussed and/or voted on by the Board, and will encourage debate and the active participation of the Board members during Board meetings, safeguarding their freedom to take positions and express their opinions, and ensuring that sufficient time is devoted to the discussion of strategic matters. In addition, the Chairman will also be responsible for organizing and coordinating the periodic assessment of the Board, as well as that of the Chief Executive Officers (unless this office is currently held by the Chairman); agreeing and reviewing refresher programs for each Board member when circumstances make it advisable, and preparing and submitting to the Board a schedule of dates and matters to be discussed.
- 33.3** The Chairman of the Board of Directors may be delegated all or part of the powers of the Board of Directors that can be delegated according to the law, the Company's by-laws and these Regulations. When the Chairman of the Board has executive status, he or she must be appointed by the General Shareholders' Meeting. In this case, the Board of Directors must appoint a coordinating Board member from among the Independent Board members. This coordinating Board member, if applicable, will be granted special powers to request the calling of a meeting of the Board of Directors or the inclusion of new items on the agenda of a meeting that has already been called, coordinate and bring together the Non-Executive Board members, and carry out, where appropriate, the periodic assessments of the Chairman of the Board.
- 33.4** The coordinating Board member will also have the following responsibilities: chairing the Board in the absence of the Chairman and, if applicable, the Vice-Chairmans; reflecting the concerns of the Non-Executive Board members; contacting investors and shareholders to ascertain their views and form an opinion on their concerns regarding the Company's corporate governance; and coordinating the succession plan for the position of Chairman.

#### **34 Article 34. Vice-Chairmans. Chief Executive Officer**

- 34.1** Likewise, the Board of Directors may appoint, at the proposal of the Chairman of the Board and following a report from the Appointments and Remuneration Committee, one or more

Vice-Chairmans, who will replace the Chairman in the event of illness or absence, according to the Company's by-laws.

- 34.2** The permanent delegation of powers of the Board of Directors and the appointment of the Board member(s) to whom delegated powers are attributed within the framework of article 249 of the Spanish Companies Act, will be approved by the General Shareholders' Meeting.
- 34.3** The Chief Executive Officer of the Company will be responsible for the effective representation and management of the Company's business, always according to the decisions and criteria established by the General Shareholders' Meeting and the Board of Directors, within the scope of their respective competencies. The scope of the effective representation and management of the Company's business includes, but is not limited to:
- A. Supporting the Board of Directors in the definition of the Strategy of PUIG.
  - B. Preparing the Business Plan and Annual Budgets, to be submitted to the Board of Directors for approval.
  - C. The appointment and dismissal of all Company personnel, except for those whose appointment corresponds to the Board of Directors, as established by law and these Regulations.

**35 Article 35. Secretary of the Board. Functions. Vice-Secretary of the Board**

- 35.1** The Secretary of the Board of Directors need not be a Board member.
- 35.2** The Secretary will assist the Chairman and must provide for the proper functioning of the Board, taking care to document in the minutes the conduct of the meetings and the content of the deliberations, as well as certifying the resolutions adopted.
- 35.3** The Secretary will ensure, in particular, that the actions of the Board comply with the letter and spirit of the laws and their implementing regulations, that they respect the Company's by-laws and these Regulations and any other internal rules of the Company, and that the recommendations on good governance applicable to the Company are taken into account by the Board in its actions and decisions.
- 35.4** The appointment and removal of the Secretary will be reported by the Appointments and Remuneration Committee and approved by the plenary session of the Board of Directors.
- 35.5** The Secretary will clearly state his or her opposition when considering that any proposed decision submitted to the Board may be contrary to the corporate interest. When the Board of Directors adopts significant or repeated decisions about which the Secretary has expressed serious reservations, the Secretary must draw the appropriate conclusions and, if the Secretary chooses to resign, will explain the reasons in a letter addressed to all the members of the Board.
- 35.6** The Board of Directors may appoint a Vice-Secretary, who need not be a Board member, to assist the Secretary of the Board of Directors or to replace the Secretary if he or she is absent and unable to perform such duties. The appointment and removal of the Vice-Secretary will be reported by the Appointments and Remuneration Committee and approved by the plenary session of the Board of Directors.

## **36 Article 36. The Company's Minutes Books**

- 36.1** The Company will keep two (2) Minutes Books, one to record the Minutes of the General Shareholders' Meeting and the other to record the Minutes of the Board of Directors, unless otherwise agreed by the Board of Directors. Each of the Board committees will also keep a Minutes Book of its meetings.
- 36.2** The safekeeping of the Minutes Book of the General Shareholders' Meeting and that of the Board of Directors is the responsibility of the Secretary of the Company under the supervision of the Chairman. The safekeeping of the Minutes Books of the committees is the responsibility of the Secretary of each committee.

## **37 Article 37. Meetings of the Board of Directors**

- 37.1** The Board of Directors will meet as often as is necessary to effectively perform its functions, whenever required by the interests of the Company, and at least eight (8) times a year, account being taken of the fact that the Board must meet at least once per quarter. The Board itself will draw up a schedule of dates and matters to be dealt with at the beginning of the year. The schedule may be modified by resolution of the Board itself or by a decision of the Chairman, who, as far as possible, will inform the Board members of the modification reasonably in advance.
- 37.2** Likewise, the Board of Directors will meet whenever requested to do so by one third of its members or by the coordinating Board member (in which case it must be held within fifteen (15) days following receipt of the request) or at the initiative of the Chairman, or whoever may be acting in place of the Chairman.
- 37.3** The call notices of ordinary meetings will be given by certified letter, email, fax or telegram that provides an acknowledgment of receipt, and will be signed by the Chairman, or by the Secretary or Vice-Secretary under order of the Chairman.
- 37.4** Notice will be given no less than three (3) days prior to the meeting. The agenda of the meeting will be included together with the call notice of each meeting. Likewise, the relevant documentation will be sent to the Board members reasonably in advance so that they may fully form their opinion and, if applicable, cast their vote in relation to the matters submitted for their consideration.
- 37.5** In the event of urgent matters, as freely determined by the Chairman, neither the minimum notice period nor the requirements and formalities established in the preceding paragraphs will apply, and in this case, the agenda of the meeting will be limited to the items that have led to the urgent situation.
- 37.6** The Chairman will decide on the agenda of the meeting. In any case, the Chairman may always submit to the Board those matters which, for reasons of urgency, he or she considers appropriate, regardless of whether they are included in the agenda of the meeting. However, this will require the express prior consent of the majority of the Board members present, which will be recorded in the minutes.
- 37.7** Board members may request the Chairman to include other matters in the agenda, and the Chairman will be obliged to accept their inclusion when the request has been made by one (1) Board member, at least twenty-four (24) hours prior to the date scheduled for the meeting.

- 37.8** When, at the request of the Board members, items are included in the agenda of the meeting, the Board members who have requested their inclusion must either send the pertinent documentation together with the request or specify that information, so that it may be sent to the other members of the Board of Directors. Given the duty of confidentiality by which each Board member is bound, care will be taken to ensure that the importance and confidential nature of the information cannot serve as a pretext -except in exceptional circumstances, as determined by the Chairman- for non-compliance with this rule.
- 37.9** The order in which the meetings are held and the system for adopting resolutions will be according to the law and the Company's by-laws. Consequently, the adoption of resolutions in writing and without holding a meeting of the Board will be admissible when no Board member opposes this procedure.
- 37.10** Where doubts arise, the Chairman will decide on the validity of the powers of representation granted by the Board members who do not attend the meeting. These powers of representation, in addition to being granted by letter, may be granted by any other written means which, in the Chairman's judgment, guarantees the authenticity of the power of representation. Board members may only delegate the power to represent them to another Board member. In the case of Non-Executive Board members, they may only delegate the power to represent them to another Non-Executive Board member.
- 37.11** When the Board members or the Secretary express concerns about any proposal or, in the case of the Board members, about the Company's performance, and these concerns are not resolved at the meeting, they will be recorded in the minutes, at the request of the person expressing them.
- 37.12** In addition, the Board of Directors will evaluate the performance by the Chairman (or by the Chief Executive Officer if such duties do not fall to the Chairman) of his or her duties, based on the opinion submitted by the Appointments and Remuneration Committee, as well as the functioning of the Board Committees, based on the reports submitted by them.
- 37.13** Board members will make every effort to attend Board meetings and, in those unavoidable situations where they are reasonably unable to attend in person, will designate, in writing and individually for each meeting, another member of the Board to act as representative. This document, as well as serving to inform the Chairman of the Board, will also include the relevant instructions to the representative. Non-attendance will be recorded in the Annual Report on Corporate Governance.
- 37.14** Meetings of the Board may be held by conference call, videoconference or any other similar system that allows one or more of the Board members to attend the meeting by means of the above system. In this sense, the call notice, in addition to indicating the location where the meeting will physically take place—which must be attended by the Secretary of the Board, must mention that the meeting may be attended by conference call, videoconference or an equivalent system, indicating and making available the technical resources required for this purpose, which in any case must enable direct and simultaneous communication between all those attending.

## **38 Article 38. Committees of the Board of Directors**

- 38.1** To achieve greater efficiency and transparency in the exercise of the powers and duties assigned to it, the Board of Directors will organize its work by creating committees that strengthen the guarantees of objectivity with which certain issues must be tackled.

**38.2** Without prejudice to the Board's capacity under the Company's by-laws to set up other committees, the following will in any case be created:

- A. Audit and Compliance Committee.
- B. Appointments and Remuneration Committee.
- C. Sustainability and Social Responsibility Committee.

**39 Article 39. Audit and Compliance Committee**

**39.1** The Company will have an Audit and Compliance Committee, formed of a minimum of three (3) and a maximum of five (5) members, appointed by the Board of Directors for a term not exceeding their term of office as Board members and without prejudice to the possibility of their re-election indefinitely if they are also re-elected as Board members.

**39.2** All members of the Audit and Compliance Committee must be Non-Executive Board members. The majority of them must be Independent Board members according to the definition contained in article 6.6 of these Regulations.

**39.3** The members of the Audit and Compliance Committee, as a whole, and particularly its Chairman, will be appointed on the basis of their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

**39.4** The Board of Directors will appoint the Chairman of the Audit and Compliance Committee from among its Independent Board members, who must have been part of the Committee for a term not exceeding three (3) years, and may re-elect them once a period of one year has passed since the end of their term.

**39.5** Likewise, it will appoint a Secretary, who need not be a Board member, to assist the Chairman and to attend to the proper functioning of the Committee, taking care to properly record in the minutes the conduct of the meetings and the content of the deliberations.

**39.6** The Audit and Compliance Committee will meet at least three (3) times a year and, additionally, whenever called by its Chairman on his or her own initiative or at the request of any one (1) of its members. Annually, the Committee will prepare an action plan for the year, which will be reported to the Board of Directors.

**39.7** The Audit and Compliance Committee's main function is to support the Board of Directors in its oversight functions by periodically reviewing the process of preparing economic and financial information, the internal audit function and the independence of the external Auditor.

**39.8** The Audit and Compliance Committee will supervise the internal audit, which will ensure the proper functioning of the internal control and reporting systems.

**39.9** The General Auditor, who is responsible for the internal audit duties, will submit his or her annual work plan to the Audit and Compliance Committee, inform it directly of any incidents arising during its implementation, and submit an activity report at the end of each fiscal year.

**39.10** The Audit and Compliance Committee is responsible for:

- (A) With respect to the internal control and reporting systems:

- (i) Supervising the process for the preparation and submission and the integrity of financial and non-financial information, as well as the financial and non-financial risk control and management systems (including, among others, operational, technological, legal, social, environmental, political and reputational risks, including those related to corruption) relating to the Company and to PUIG, reviewing compliance with regulatory requirements, the adequate definition of the scope of consolidation and the correct application of accounting criteria, and submitting recommendations or proposals to the Board of Directors, aimed at ensuring the integrity of such financial and non-financial information.
  - (ii) Periodically reviewing internal control and risk management systems, so that policies and systems are effectively implemented and key risks are properly identified, managed and disclosed.
  - (iii) Ensuring the independence and effectiveness of the internal audit function; communicating its opinion to the Board of Directors regarding the selection, appointment, reappointment and removal of the head of the internal audit service; proposing the internal audit service's budget; approving or proposing to the Board the approval of the internal audit orientation and annual work plan, ensuring that its activity focuses primarily on relevant risks (including reputational risks); receiving regular information on its activities; and verifying that Senior Management take into account the conclusions and recommendations of its reports.
  - (iv) Establishing and supervising a mechanism that allows employees and other persons associated with the Company (including Board members, shareholders, suppliers, contractors or subcontractors) to confidentially report any potentially significant irregularities, particularly those of a financial and accounting nature, that they may detect within the Company.
- (B) In relation to the external auditor:
- (i) Making recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of its hiring.
  - (ii) Receiving regular information from the external auditor on the audit plan and on the progress regarding its implementation, and checking that Senior Management are acting on its recommendations.
  - (iii) Ensuring the independence of the external auditor and, to this end:
    - It will report on changes to the auditor, attaching a statement of any disagreements with the outgoing auditor and, if any, their content.
    - It will ensure that the Company and the auditor comply with the rules in force on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, any other rules established to ensure the independence of auditors. For such purposes, it must obtain annually from the external auditor a declaration of its independence from the Company or from any entities directly or indirectly related to the Company, as well as detailed and individualized information on additional services of any

- kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities associated with it according to the regulations governing accounts auditing.
- In the event of the resignation of the external auditor, the Committee will examine the circumstances that led to the resignation.
  - It will ensure that the remuneration of the external auditor for its work does not compromise its quality or independence.
- (iv) Issuing, prior to the issuance of the audit report, an annual report expressing an opinion on the independence of the external auditor. This report must contain, in any case, an assessment of the provision of the additional services referred to in the preceding paragraph.
  - (v) With respect to PUIG, the Audit and Compliance Committee will encourage the external auditor to audit the accounts of the companies belonging to it.
  - (vi) Ensuring that the Company notifies any change of auditor to the Spanish National Securities Market Commission (CNMV), accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for them.
  - (vii) Ensuring that the external auditor holds an annual meeting with the full Board to report to it on the work performed and on the situation of the Company in terms of its risks and accounts.
- (C) With respect to the remaining functions, the Audit and Compliance Committee is responsible for the following:
- (i) Reporting at the General Shareholders' Meeting on the issues raised by the shareholders on matters within its competence and, in particular, on the result of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Audit and Compliance Committee has played in this process.
  - (ii) Supervising the process of preparing the individual and consolidated annual financial statements and management report – which will include, where appropriate, the statement of non-financial information – for their submission by the Board of Directors, according to the law.
  - (iii) Reporting to the Board, in order for it to draw-up them according to the law, on the correctness and reliability of the annual financial statements and management reports, both individual and consolidated, and on the periodic financial information disclosed.
  - (iv) Issuing opinions on proposed amendments to these Regulations.
  - (v) Deciding what is appropriate in relation to the information rights of the Board members who attend this Committee, according to these Regulations.

- (vi) Issuing any reports and proposals that may be requested by the board of directors or by the Chairman and any others that it may consider appropriate to better perform its functions.
  - (vii) Reporting on the use for the benefit of a Board member of business opportunities or the use of the assets of PUIG, previously studied and rejected by PUIG.
  - (viii) Supervising compliance with the regulations governing the operation of the Company.
  - (ix) Supervising compliance with the criminal prevention model of PUIG and supervising the functions, control protocols and work entrusted to the Compliance Committee and Chief Compliance Officer of PUIG.
  - (x) Supervising the implementation of the general communication policy regarding the communication of economic-financial, non-financial and corporate information.
- (D) Reporting to the Board of Directors, prior to its adoption of the relevant decisions, regarding:
- (i) The financial and management information (including, where appropriate, the statement of non-financial information) to be provided to third parties. The Committee must ensure that the interim financial statements are prepared under the same accounting criteria as the annual financial statements and, to this end, consider the appropriateness of a limited review by the external auditor.
  - (ii) The creation or acquisition of holdings in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity could impair the transparency of PUIG.
- (E) Reporting on those transactions that have the status of related-party transactions that must be approved by the Board of Directors or the General Shareholders' Meeting, according to these Regulations and the law.

**39.11** To better perform its functions, the Audit and Compliance Committee may seek the advice of external professionals, for which the provisions of these Regulations will apply.

**39.12** The Audit and Compliance Committee will have free access to all information and documentation necessary for the performance of its duties. Any member of the Senior Management and of the personnel of PUIG who is required to do so must attend the meetings of the Committee and collaborate with it and allow it to access the information available to it. The Committee may even order one or more employees or Senior Officers of PUIG to appear at its meetings without the presence of any other Senior Officer. The Committee may also require the attendance at its meetings of the external auditor of the Company or of PUIG.

**39.13** The Audit Committee must also be informed of any corporate and structural changes planned by the Company. This is to allow the Committee to analyze and report to the Board in advance on the financial terms of such changes, their accounting impact and, if applicable, on the proposed share exchange ratios.

- 39.14** Minutes will be taken of each meeting and will be signed by the members of the Committee who attended the meeting.
- 39.15** The Chairman of the Committee will report on the committee's activities at the first plenary session of the Board of Directors following any meeting of the Committee, and will answer questions on the work carried out. Annually, the Committee will submit a report on its operation to the Board of Directors.
- 39.16** The Audit and Compliance Committee will regulate its own functioning in all matters not provided for in the Company's by-laws or in these Regulations and will be subject secondarily, and to the extent that its nature and functions make it possible, to the provisions of those documents as regards the functioning of the Board of Directors.

#### **40 Article 40. Appointments and Remuneration Committee**

- 40.1** The Company will also have an Appointments and Remuneration Committee, formed of a minimum of three (3) and a maximum of five (5) Board members appointed by the Board of Directors for a term not exceeding their term of office as Board members and without prejudice to the possibility of their re-election indefinitely if they are also re-elected as Board members. The Board will appoint the members of this Committee on the basis of their knowledge, skills and experience as well as the duties of the Committee.
- 40.2** All members of the Appointments and Remuneration Committee must be Non-Executive Board members and must not be members of the Puig Family, as defined in article 6.6 of these Regulations. The majority of the members of the Appointments and Remuneration Committee must be independent Board members.
- 40.3** The Chairman and the Secretary of the Appointments and Remuneration Committee will be appointed by the Board of Directors. The Chairman must be an Independent Board member.
- 40.4** The Secretary, who need not be a member of the Committee, will assist the Chairman and must attend to the proper functioning of the Committee, ensuring that the proceedings of the meetings and the content of the deliberations are properly recorded in the minutes.
- 40.5** The members of the Appointments and Remuneration Committee will resign when they cease to be Board members or when the Board of Directors so decides it.
- 40.6** The Appointments and Remuneration Committee will be responsible for deciding on the following matters and submitting them to the Board of Directors, as appropriate:
- A. Evaluating the skills, knowledge and experience required on the Board of Directors. For this purpose, it will draw-up a competency matrix containing the necessary skills, updating it periodically according to the challenges and opportunities to be faced by the Company in the short, medium and long term, define the functions and skills required of the candidates to fill each vacancy and evaluate the time and dedication necessary for them to effectively perform their duties.
  - B. Establishing a target representation for the underrepresented gender on the Board of Directors and developing guidelines on how to achieve this target.
  - C. Forwarding to the Board of Directors proposals for the appointment of Independent Board members in order for them to be appointed by cooptation or following a decision

of the General Shareholders' Meeting, as well as proposals for their re-election or removal by the General Shareholders' Meeting.

- D. Reporting proposals for the appointment of the remaining Board members in order for them to be appointed by cooptation or following a decision of the General Shareholders' Meeting, as well as proposals for their re-election or removal by the General Shareholders' Meeting.
- E. Making proposals regarding the appointment of the Chairman and the Chief Executive Officer, as well as examining, organizing or proposing their succession in the manner considered appropriate.
- F. Approving the basic conditions of the contracts of the Senior Officers.
- G. Issuing its opinion regarding the appointment and possible dismissal of the Senior Officers proposed by the Chairman or the Chief Executive Officer (if different from the Chairman) of the Company and the basic conditions of their contracts.
- H. Proposing to the Board the remuneration policy for Board members and Senior Officers, as well as the individual remuneration and other contractual conditions with Executive Board members and Senior Officers. The Board will also issue its opinion on such remuneration policy, which will, in any case, be submitted to the General Shareholders' Meeting for approval.
- I. Approving the remuneration proposed by the Chairman or the Chief Executive Officer (if different from the Chairman) for Senior Officers.
- J. Ensuring compliance with the remuneration policy established by the Company and making proposals to the Board of Directors under the terms established in it.
- K. Giving its opinion regarding the Chief Executive Officer's performance of his or her duties.
- L. Periodically reviewing the remuneration policy applied to Board members and Senior Officers, including share-based remuneration systems and their application, and ensuring that individual remuneration is proportionate to that paid to the Company's other Board members and senior officers.
- M. Ensuring that any conflicts of interest do not impair the independence of the advice given by external advisers to the committee.
- N. Verifying information on the remuneration of Board members and Senior Officers contained in the various corporate documents, including the Annual Report on Remuneration of Board members.
- O. Periodically, and at least once a year, evaluating the structure, size and composition of the Board of Directors, verifying the operation of and compliance with the policy for the selection of Board members, which will include the diversity policy and targets, and reporting on such verification in the Annual Report on Corporate Governance.

**40.7** The Appointments and Remuneration Committee will consult with the Chairman and, if different from the Chairman, with the Chief Executive Officer, in the performance of its duties, especially when dealing with matters relating to Executive Board members (if any) and Senior Officers.

- 40.8** Any Board member may suggest to the committee potential candidates for consideration to cover vacancies on the Board.
- 40.9** To better perform its functions, the Appointments and Remuneration Committee may seek the advice of external professionals, for which the provisions of these Regulations will apply.
- 40.10** The Committee will meet at least three (3) times a year, in any case sufficiently in advance of the meetings of the Board, and whenever called by its Chairman on his or her own initiative or at the request of any of its members. Annually, the committee will prepare an action plan for the year, which will be reported to the Board.
- 40.11** The Appointments and Remuneration Committee will have free access to all the information and documentation necessary for the performance of its duties. Any member of Senior Management and of the personnel of PUIG who is required to attend the meetings of the committee and to provide their collaboration and access to the information at their disposal will be obliged to attend the meetings of the committee in order to do so.
- 40.12** Minutes will be taken of each meeting and will be signed by the members of the Committee who attended the meeting. The Chairman of the Committee will report on the committee's activities at the first plenary session of the Board of Directors following any Committee meeting and will answer any questions asked about the work carried out.
- 40.13** The Appointments and Remuneration Committee will regulate its own functioning in all matters not provided for in the Company's by-laws or in these Regulations and will be subject secondarily, and to the extent that its nature and functions make it possible, to the provisions of those documents as regards the functioning of the Board of Directors.”

**41 Article 40.1. Sustainability and Social Responsibility Committee**

- 41.1** The Company will also have a Sustainability and Social Responsibility Committee, an internal reporting and advisory body without executive functions, which will be granted reporting, advisory and proposal-making powers within its scope of action.
- 41.2** The Sustainability and Social Responsibility Committee will be formed of a minimum of three (3) and a maximum of six (6) Board members, appointed by the Board of Directors itself.
- 41.3** The members of the Sustainability and Social Responsibility Committee will be appointed by the Board of Directors for a term not exceeding their term of office as Board members and without prejudice to the possibility of their re-election indefinitely if they are also re-elected as Board members.
- 41.4** In appointing the members of the Sustainability and Social Responsibility Committee, the Board of Directors will ensure that they have the appropriate knowledge, skills and experience to carry out the functions they are called upon to perform.
- 41.5** The Chairman of the Sustainability and Social Responsibility Committee will be appointed by the Board of Directors from among the Board members who are members of that committee. The Board of Directors will also appoint the Secretary of the Committee, who need not be a member of the Committee or of the Board of Directors.

**41.6** Without prejudice to any other duties that may be assigned to it at any given time by the Board of Directors or by its Chairman, the Sustainability and Social Responsibility Committee will perform the following functions:

- (i) Ensuring compliance with the rules of corporate governance and the Company's internal code of conduct, while also ensuring that the corporate culture is aligned with its purpose and values, without prejudice to the regulatory oversight functions that correspond to the Audit and Compliance Committee.
- (ii) The evaluation and periodic review of the corporate governance system and of the Company's environmental and social policy, to ensure that they fulfill their mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of the remaining stakeholders.
- (iii) The analysis, promotion, supervision and evaluation of the Company's practices in environmental, social, diversity and integration, ethical and conduct-related matters, to ensure that they are in line with the strategies and policies put in place, without prejudice to the functions corresponding to the Audit and Compliance Committee in relation to the Company's criminal risk prevention policies and ethical principles, as well as in relation to the Company's whistle-blowing channel.
- (iv) Supervising that the Company's social and environmental practices are in line with strategies and policies put in place.
- (v) The supervision and evaluation of the processes for relating and communicating with the different stakeholders. In particular, the communication and relationship with small- and medium-sized shareholders will be monitored.
- (vi) Evaluating compliance with the good governance recommendations applicable to the Company, as well as the decisions that may have an impact on their monitoring.
- (vii) Issuing the reports and carrying out the actions that, within its scope of competence, correspond to it according to the corporate governance system or are requested by the Board of Directors or its Chairman.

**41.7** The Sustainability and Social Responsibility Committee will meet at least three (3) times a year and whenever called by its Chairman on his or her own initiative or at the request of any of its members. The Chairman must call it whenever the Board of Directors or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its functions.

**41.8** The Sustainability and Social Responsibility Committee will meet a quorum when the majority of its members are present or represented, and its resolutions will be adopted by a majority of those present.

**41.9** The Sustainability and Social Responsibility Committee will have free access to all information and documentation necessary for the performance of its duties. Any member of Senior Management and of the personnel of PUIG required to attend the meetings of the committee and to collaborate with it and provide it with access to the information available to it will be obliged to do so.

**41.10** The Sustainability and Social Responsibility Committee must prepare minutes of its meetings, which must be made available to all members of the Board of Directors. The Chairman of the Committee will report on the committee's activities at the first plenary

session of the Board of Directors held following any meeting of the Committee and will answer questions on the work carried out.

**41.11** The Sustainability and Social Responsibility Committee may seek the advice of external experts when it considers this to be necessary to better perform its functions, for which the provisions of these Regulations will apply.

**41.12** The Sustainability and Social Responsibility Committee will regulate its own functioning in all matters not provided for in the Company's by-laws or in these Regulations and will be subject secondarily, and to the extent that its nature and functions make it possible, to the provisions of those documents as regards the functioning of the Board of Directors.

## **42 Article 42. Assessment of the Board of Directors' performance**

**42.1** The Board of Directors must carry out an annual assessment of its functioning and that of its Committees and propose, on the basis of its findings, an action plan to correct any shortcomings detected in the following aspects:

- (i) The quality and efficiency of the functioning of the Board of Directors.
- (ii) The functioning and composition of its Committees.
- (iii) Diversity in the composition and skills of the Board of Directors.
- (iv) The performance of the Chairman and of the Chief Executive Officers of the Board of Directors.
- (v) The performance and contribution of each Board member, paying special attention to the heads of the committees of the Board of Directors.

**42.2** The Board of Directors may be assisted by an external advisor in carrying out the assessment, whose independence will be verified by the Appointments and Remuneration Committee. The assessment of the Board, the Committees and their positions will be carried out at least every three years with the assistance of an external advisor.

**42.3** The result of the assessment will be recorded in the minutes of the meeting or incorporated into them as an appendix.

**42.4** The business relationships that the advisor or any of its group companies maintain with the Company or any of its group companies must be disclosed in the Annual Report on Corporate Governance. The process and departments assessed will be described in the Annual Report on Corporate Governance.