

REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF NH HOTEL GROUP, S.A., JUSTIFYING THE PROPOSAL REFERRED TO IN ITEM SEVEN OF THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY

I. Introduction

This report is drawn up by the Board of Directors of NH Hotel Group, S.A. (hereinafter “**NH**” or the “**Company**”) in accordance with article 286 of the Companies Act (Consolidating Act), approved by Royal Legislative Decree 1/2010, of 2nd July, (hereinafter the “**Companies Act**”), to justify the proposals that will be submitted for the approval of the forthcoming General Shareholders' Meeting of the Company, in relation to the modification of certain articles of the Company's By-Laws

To facilitate understanding of the modifications that are submitted to the Meeting's consideration, an exposition of the purpose and justification of the modifications to the Articles of Association as a whole is set out firstly, and then a detail justification is provided for each article that is to be modified.

II. Justification of the amendments of the By Laws proposed under Item Seven of the Agenda:

The proposal for modification of the Articles of Association that is submitted to the General Shareholders' Meeting for consideration under Item Seven of the Agenda seeks to incorporate into the Company's By-Laws necessary adaptations as consequence of the following:

(i) certain innovations introduced, following certain amendments to the Code of good governance of the listed companies approved by the National Commission of the Stock Market (“**CNMV**”) on June 26, 2020;

(ii) Effectiveness of Law 5/2021, of April 12, which modifies the revised text of the Capital Companies Law, approved by Royal Legislative Decree 1/2010, of July 2, and other financial regulations with regard to promoting long-term involvement of shareholders in listed companies (hereinafter, “**Law 5/2021**”);

(iii) Effectiveness of Law 11/2018, of December 28, which modifies the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, regarding non-financial information and diversity (hereinafter, “**Law 11/2018**”).

These proposed amendments to the Company's By-Laws are complemented by certain modifications to the text of NH's General Shareholders' Meeting Regulations that are proposed under point Eight of the Agenda, for which purpose the Board of Directors has prepared a specific justifying report.

Specifically, the modifications affect the following provisions of the By-Laws:

Article 13 (“Outstanding payments”), article 18 (“Classes of General Shareholders Meetings”), 19 (“Competencies of the Shareholders Meeting”), article 23 (“Assistance right”), article 33 (“Functions of the Board of Directors”), article 37 (“Cessation of Directors”), article 42 (“Remuneration of members of the Board of Directors”), article 43 (“Duty of Loyalty”), article 47 (“Composition [*of the Appointment, Renumeration and Corporate Governance Committee*]”), article 48 (“Composition [*of the Audit and Control Committee*]”).

III. Detailed justification of the proposal

Having set out in the preceding section the general foundations of the modification to the By Laws that is submitted to the General Meeting for approval, the specific reforms proposed are explained in detail below:

- Proposed modification of article 13 of the By-Laws relating to the outstanding disbursements

It is proposed to modify the aforementioned article 13, section six, for the mere formal purposes of adapting it to the new term of "listed company" coined by article 496.1 COMPANIES ACT, modified by Law 5/2021.

- Proposed modification of article 18 of the By-Laws relating to Classes of General Shareholders Meetings

The proposed modification of the reference article is aimed at adapting its content to articles 182 and 182 bis COMPANIES ACT, modified, the first, and introduced, the second, by Law 5/2021, in order to give statutory coverage to the possibility to hold General Meetings, exclusively online.

- Proposed modification of article 19 of the By-Laws relating to competences of the General Shareholders Meetings

A new section "t" is introduced to the catalog of matters whose approval is the responsibility of the General Shareholders' Meeting, for the purposes of collecting the provisions of the new article 529 duovicies COMPANIES ACT that expressly provides that the competence to approve related-party transactions whose amount or value is equal to or greater than 10% of the total asset items [...] will correspond to the general shareholders'

- Proposed modification of article 23 of the By-Laws relating to Assistance Right

It is proposed to introduce a new third section to the reference statutory article in order to expressly enable the holding of exclusively telematic meetings, as required by the new article 182 bis COMPANIES ACT.

In this way, it is proposed to expressly authorize the calling of meetings to be held without physical attendance of the shareholder or their representative. The holding of

the meeting partially or exclusively online will be subject in any case to the identity and legitimacy of the shareholders and their representatives being duly guaranteed and that all attendees can effectively participate in the meeting by means of appropriate remote communication means. It refers to the announcement of the call that will inform of the procedures and procedures to be followed for the registration and formation of the list of attendees, for the exercise by these of their rights and for the adequate reflection in the minutes of the development of the Meeting, as stated in article 182 bis Corporate Company's Act.

- Proposed modification of article 33 of the By-Laws relating to the functions of the Board of Directors

Article 33 of the By-laws refers to the functions of the Board of Directors and includes a decalogue of decisions, the approval of which corresponds to the full Board. The proposed modifications are in line with the new features introduced, both by Law 11/2018, and by the recent Law 5/2021 in terms of the scope of the Council.

In the first place, the amendment of section 1 b), ii) of article 33 of the By-laws is submitted to the Board for consideration for the purpose of introducing the reference to “non-financial information” as one of the non-delegable decisions that is incumbent on to the Board of Directors. This reference was introduced by Law 11/2018, which aims to increase the disclosure of non-financial information, echoing the European impulse in this matter and which has led to the modification of article 529 ter of the COMPANIES ACT that regulates everything related to Non-delegable powers of the Board of Directors, introducing a new section j) that refers to the supervision of the process of preparation and presentation of financial information and the management report, which will include, as a novelty (when applicable), the mandatory non-financial information.

Likewise, it is proposed to modify section c) of reference article 33 in order to adapt its content to the provisions of the new article 529 vicies of the COMPANIES ACT, introduced by Law 5/2021. In this sense, the definition of “Related-Party Transactions” made by said normative precept is included, leaving those that the Law itself reserves to the competence of the General Meeting, as well as those that do not require approval by the Board, as the applicable regulations or NH's internal regulations have so established it.

In order to complete the definition of related-party transactions, it has been deemed convenient to reproduce, although not literally, the provisions of the second and third sections of article 529 COMPANIES ACT, which refer to what is expressly excluded from the consideration of Linked Transaction , as established by its own.

Finally, it is proposed to include a clarification in section h) of article 33.2 of the Bylaws, regarding the abstention of proprietary directors in deliberating and approving decisions related to related-party transactions, in order to collect the provisions of the new article 529duovicies, second section of the 2 COMPANIES ACT, after its modification by Law 5/2021. This last article points out the following:

“2. The authority to approve the rest of the related-party transactions will correspond to the board of directors, which may not delegate it. The affected director or the one who represents or is linked to the affected shareholder, must abstain from participating in the deliberation and voting of the corresponding resolution in accordance with article 228.c). However, the directors who represent or are linked to the parent company in the administrative body of the dependent listed company should not abstain, without prejudice to the fact that, in such cases, if their vote has been decisive for the adoption of the resolution, it will be of application the rule of inversion of the burden of proof.”

Consequently, section h) of article 33.2 of the Bylaws that is proposed to be modified, includes the exception regarding abstention in making decisions on related-party transactions by proprietary directors, when they represent or are linked to the company parent company of the subsidiary listed company.

- Proposed modification of article 37 of the By-Laws relating to the removal of the Directors

The second section of article 37 of the Company Bylaws refers to the cases in which Directors are obliged to resign from their positions. Section d) mentions the case where the Director's permanence on the Board may affect the credit or reputation of the company in the market or put its interests at risk in any other way.

It is submitted for the consideration of the General Shareholders Meeting to add a new paragraph to article 37.2, d) in order to adjust its content to Recommendation 22 of the Code of good governance of listed companies, amended on June 24, 2020, which introduces the mechanics of the examination and evaluation of the circumstances within the Board, as well as a decision, following a report from the Appointments, Remuneration and Corporate Governance Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting resignation of the Director or propose their removal.

- Proposed modification of article 42 of the By-Laws relating to remuneration of the members of the Board

The Law 5/2021 modifies article 529 novodecies COMPANIES ACT regarding the Directors' Remuneration Policy and although said precept has not entered into force on the date the Meeting is held (which will do so six months from its entry in force in the BOE, by virtue of the First Transitory Provision of Law 5/2021), NH has decided to go ahead and submit for the approval of the Board a Remuneration Policy that adjusts to the considerations of the new article 529 novodecies, as well as the corresponding statutory modification.

By virtue of the foregoing, it is proposed to modify the Third Section of article 42 of NH's Bylaws in the following sense:

In the first place, the mention is added in the first paragraph that both the Remuneration Policy and the supporting Report that the Appointments, Remuneration and Corporate Governance Committee must approve must be made available to shareholders on the

website of NH from the call of the General Meeting, all of this, in compliance with the provisions of article 529 novodecies, section four of the LSC. Likewise, it includes an express reference to the fact that the Remuneration Policy "must contain the provisions legally established", thus referring to the new considerations included in the new 529 novodecies LSC, a third section that requires a greater level of detail regarding content and formal requirements for approval.

The second paragraph of the first section of the Third Section is modified by adding the reference made in article 529 novodecies itself, section one LSC, when it states that although the Directors 'Remuneration Policy will be approved by the General Shareholders' Meeting for its application During a maximum period of three years, "*the proposals for new remuneration policies for directors must be submitted to the general shareholders' meeting prior to the end of the last year of application of the previous one, and the general meeting may determine that the new The policy is applicable from the date of approval and during the following three years*".

It is also submitted for the consideration of the General Meeting, to modify the second paragraph of the Third Section of article 42 of the Bylaws in order to adjust its content to the new considerations of the aforementioned article 529 novodecies LSC, literally reproducing the tenor of the seventh paragraph of said legal precept, which reads like this:

"If the proposal of a new remuneration policy is rejected by the general meeting of shareholders, the company will continue to remunerate its directors in accordance with the remuneration policy in force on the date the general meeting is held and must be submitted to the approval of at the next ordinary general meeting of shareholders a new remuneration policy proposal; and

If the annual report on directors' remuneration is rejected in the consultative vote of the ordinary general meeting, the company may only continue to apply the remuneration policy in force on the date the general meeting is held until the next ordinary general meeting."

- Proposed modification of article 43 of the By-Laws relating to Loyalties Duty

NH's Board of Directors submits for the consideration of the Meeting to modify article 43, section 1, expressly adding the tagline introduced by article 225, first section LSC, modified by Law 5/2021, stating that the Director must subordinate in any case your particular interest to the interest of the company.

It is also proposed to modify section c) of article 43 of the Company Bylaws, in order to introduce the exception that the new second section of article 529 duovicies LSC has introduced regarding the abstention of the Directors affected by a related-party transaction and that expressly states that "*the directors who represent or are linked to the parent company in the administrative body of the dependent listed company should not abstain.*"

- Proposed modification of article 47 of the By-Laws relating to Appointments, Remuneration and Corporate Governance Committee

In the first place, it is proposed to modify the wording of article 47 of the Bylaws to be renamed "Composition and Competences" of the Appointments, Remuneration and Corporate Governance Committee, in order to cover the title of the article in question to the competency catalog that It is listed in section 3 of article 47. It is, therefore, a mere formality.

Secondly, it is proposed to expand the scope of the reference Commission, in order to adjust its content to the Code of good governance of listed companies, in its new wording after the reform agreed by the National Securities Market Commission on 26 June 2020.

In this way, Recommendation 54, recently modified by the National Securities Market Commission, recommends assigning certain ESG ("Environmental Social and Governance") functions to a specific Commission.

Consequently, the new sections i), j), k) and l) reproduce the functions referred to in Recommendation 54.

- Proposed modification of article 48 of the By-Laws relating to Audit and Control Committee

In line with the considerations made regarding the Appointments, Remuneration and Corporate Governance Committee, the amendment of article 48 of the Bylaws is submitted for approval by the Board in order to adapt both the catalog of competences assigned to the Committee of Audit and Control, such as the profile of knowledge that the members, and especially its Chairman, must have in accordance with the provisions of Recommendations 39 and 42 of the Code of good governance of listed companies.

In the first place, as proposed for article 47 above, it is proposed to expand the title of article 48 by adding the reference to the "competences" of the Audit and Control Committee, renaming it "Composition and competences".

Secondly, it is proposed to add in the first section of article 48, the reference made in Recommendation 39 to that "the members of the audit committee as a whole, and especially its chairman, are appointed taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial."

Next, it is proposed to expand the competence catalog of the Audit and Control Committee to adapt it to Recommendation 42, explicitly attributing to the Audit and Control Committee the supervision and evaluation of the preparation process and the integrity not only of the financial information, but also of non-financial information, as well as the function of supervising the control and management systems of financial and non-financial risks. New control functions are also added with respect to the external auditor, also in line with the new Recommendation 42.

The articles whose modification is submitted to the approval of the General Meeting are reproduced below:

- 7.1 Amendment of the following articles included in Chapter Second of Title II of the By Laws regarding Shares: article 13 (“Outstanding payments”), as follows:

“Article 13. Outstanding payments

[...]

6.-When it is necessary to proceed to sell the shares, the disposal will be verified by a member of the regulated market domiciled in Spain on which they are listed for trading and shall entail, as the case may be, the replacement of the original share certificate by a duplicate. If the Company’s shares cease to be traded on regulated market domiciled in Spain, the sale of the shares shall be carried out by public auction held in the presence of a Notary Public. No prior notice or any other formality shall be required in order to proceed with the sale.
[...]

- 7.2 Amendment of the following articles included in Chapter One of Title III of the By Laws regarding General Shareholders Meetings: article 18 (“Classes of General Shareholders Meetings”), 19 (“Competencies of the General Shareholders Meetings”) and article 23 (“Assistance Right”), as follows:

“Article 18.- Types of Meetings

[...]

6.- The General Meetings, both ordinary and extraordinary, may be held partially or exclusively electronically, as long as the requirements set forth in the legal provisions, these Bylaws, as well as the Regulations of the Meeting and the text of the corresponding call are met.

“Article 19.- Competence of the Meeting

[...]

It is the competence of the General Meeting to deliberate and resolve, among others, on the following matters:

[...]

t) The approval of related-party transactions, the amount of which is equal to or greater than 10% of the company's assets [...]"

Article 23.- Right of Attendance

[...]

3. The calling of meetings to be held without physical attendance is expressly authorized. The holding of the meeting partially or exclusively online will be subject in any case to the identity and legitimacy of the shareholders and their representatives being duly guaranteed and that all attendees can effectively participate in the meeting by means of appropriate remote communication means. The announcement of the call will inform of the procedures and procedures to be followed for the registration and formation of the list of attendees, for the exercise by these of their rights and for the adequate reflection in the minutes of the development of the Meeting.

The exclusively telematic Meeting will be deemed to be held at the registered office regardless of where the Chairman of the Meeting is.

In all matters not foreseen regarding the holding of exclusively telematic meetings, the provisions of the applicable legislation, the provisions of the General Meeting Regulations and the text of the corresponding call, will be followed."

- 7.3 Amendment of the following articles included in Chapter Two of Title III of the By Laws regarding Board of Directois: article 33 ("Functions of the Board of Directors"), article 37 ("Removal of Directors"), article 42 ("Remuneration of members of the Board of Directors"), article 43 ("Duty of Loyalty"), as follows:

"Article 33. Duties of the Board of Directors

[...]

To that end, the full Board reserves the competence to approve:

b) The following decisions:

i) The remuneration of the Directors, and, in the case of executive directors, the additional remuneration for their executive duties and other conditions that their contracts must respect;

iii) The financial and non financial information which, as a listed company, the company must publish on a regular basis;

iv) Investments or all kind of operations which, due to the high amount or special characteristics thereof, are of a strategic nature, unless approval of such operations corresponds to the General Meeting;

v) The creation or acquisition of shareholdings in entities with a special purpose or domiciled in countries or territories that are considered to be tax havens, and any other transactions or operations of a similar nature that, due to their complexity, may be detrimental to the group's transparency.

c) The operations that the Company or its depending companies carries out with Board members, shareholders holding 10% or more of the voting rights or represented on the Board or with any other persons to be considered related parties, in accordance with the applicable regulations ("Related-Party Operations"), except that such approval is reserved to the competence of the Shareholders Meeting or when approval of the Board is not required because it has been established by applicable legislation or the internal regulations of the Company.

The following transaction won't have the consideration of related operations:

- (i) those carried out between the company and its wholly-owned subsidiaries;
- (ii) those carried out by the company with its subsidiaries or investees, provided that no other party related to the former has interests in such subsidiaries or investees;
- (iii) contracts for executive directors and senior managers

2. The faculties reserved by law or the Articles of Association exclusively to the Board, and any others necessary for responsible exercising of its basic function of supervision and control may not be delegated.

Specifically, the following faculties may not be delegated under any circumstances:

h) The approval, following a report by the audit committee, on the operations that the Company or companies in its group carry out with Board members, in the terms of articles 229 and 230 of the Companies Act, or with shareholders who individually or in conjunction with other shareholders hold a significant shareholding, including shareholders represented on the Board of Directors of the company or of other companies that form part of the same group or with persons related to them. The Board members who are

affected or who represent or are related to the affected shareholders must refrain from participating in the deliberation and voting on the resolution in question. Proprietary Directors who represent or are linked to the parent company, with the particularities provided for in the Law, must not abstain.

“Article 37. Removal of Directors

[...]

2.- Directors must place their posts at the Board's disposal and formalize the corresponding resignation in the following cases:

d.) When their continued membership of the Board could affect the company's credit or reputation on the market or otherwise place its interests at risk.

In the event that the Board has been informed or otherwise becomes aware of the situations mentioned in the preceding paragraph, it must examine the case as soon as possible and, taking into account the specific circumstances, decide, following a report from the Appointments, Remuneration and Corporate Governance Committee, whether or not it should adopt any measure, such as opening an internal investigation, requesting the resignation of the Director or proposing their removal.”

“Article 42. Remuneration of the Members of the Board of Directors

[...]

Section Three: Remuneration Policy

1. In addition, the Board of Directors will propose a remuneration policy for Directors which will indicate the grounds and must be accompanied by a specific report of the Nominations, Remuneration and Corporate Governance Committee. Both documents will be published in the web page of the Company as from the call to the General Shareholders Meeting. The Directors' remuneration policy shall contain all legally requested provisions and The Directors' remuneration policy shall contain all legally required provisions and will be approved by the General Shareholders' Meeting at least every three years as a separate item on the agenda.

The Directors' remuneration policy thus approved shall remain in effect for three years following the year in which it is approved by the General Meeting. However, proposals for new remuneration policies for directors must be submitted to the general shareholders' meeting prior to the end of the last year

of application of the previous one, and the general meeting may determine that the new policy is applicable from the date of date of approval itself and during the following three years. Any modification or substitution of the same during said period will require the prior approval of the general meeting of shareholders in accordance with the procedure established for its approval.

2.

If the proposal for a new remuneration policy is rejected by the general meeting of shareholders, the company will continue to remunerate its directors in accordance with the remuneration policy in force on the date the general meeting is held and must be submitted to the approval of the following ordinary general meeting of shareholders a new remuneration policy proposal.

If the annual report on directors' remuneration is rejected in the consultative vote of the ordinary general meeting, the company may only continue to apply the remuneration policy in force on the date the general meeting is held until the next ordinary general meeting.

“Article 43. Duty of Loyalty

1. Directors shall carry out the post with the loyalty of a faithful representative, acting in good faith and in the best interest of the company, subordinating their particular interest to the one of the company.

In particular, the duty of loyalty requires that Directors:

- a) Do not exercise their faculties for purposes other than those for which they were granted.
- b) Keep secret all information, data, reports or antecedents to which they have had access in the course of their duties, even after they have ceased to hold their post, except in the cases permitted or required by law.
- c) Refrain from participating in the deliberation and voting on resolutions and decisions in which they or a related person have a direct or indirect conflict of interests. Resolutions or decisions that affect Directors in their capacity as Board member, such as their appointment or revocation for posts on the management bodies and other similar resolutions or decisions will be excluded from the above obligations, as well as the directors who represent or are linked to the parent company, with the considerations provided in the applicable legislation.
- d) Carry out their duties under the principle of personal responsibility with freedom of criteria or judgement and

independence with respect to instructions from and relations with third parties.

e) Adopt the necessary measures to avoid incurring in situations in which their interests may come into conflict with the corporate interest and with their duties to the company.”

7.4 Amendment of the following articles included in Chapter Two of Title IV, Appointment, Remuneration and Corporate Governance Committee: article 47 (“Composition”), as follows:

Article 47. Composition and competences

3.- The Nominations, Remuneration and Corporate Governance Committee shall have at least the following competences:

a) Evaluate the necessary competence, knowledge and experience on the Board of Directors. For these purposes, it will define the functions and aptitudes necessary in the candidates who are to cover each vacancy and will evaluate the time and dedication required to carry out their undertaking efficiently.

b) Establish a representation target for the least-represented gender on the Board of Directors and draw up guidelines on how to reach that target.

c) Submit proposals to the Board of Directors for the appointment of independent directors to be appointed by co-optation or to be submitted to the decision of the General Shareholders’ Meeting, together with proposals for the re-election or removal of such Directors by the General Shareholders’ Meeting.

d) Report on the proposals for the appointment of the other Board members for appointment by co-optation or to be submitted to the decision of the General Shareholders’ Meeting, together with proposals for their re-election or removal by the General Shareholders’ Meeting.

e) Report on the proposals for the appointment and removal of senior executives and the basic conditions of their contracts.

f) Examine and organize the succession of the Chairman of the Board of Directors and of the Chief Executive Officer of the company and, as the case may be, submit proposals to the Board of Directors so that the aforementioned succession can take place in an orderly and planned manner.

g) Propose to the Board of Directors the remuneration policy for Directors and general managers or whomever carries out their senior management functions directly depending on the Board, Executive Committees, or Managing Directors, as well as the individual remuneration and other contractual conditions of executive directors, ensuring that the policy is followed.

h) Supervise and control the fulfilment of the rules of the corporate governance and the politics and plans of the social corporate responsibilities, proposing to the Board all Reports that may be necessary,

also ensuring that the corporate culture is aligned with its purpose and values.

i) Supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other interest groups. Likewise, the way in which the entity communicates and relates to small and medium shareholders will be monitored.

j) The evaluation and periodic review of the corporate governance system and the company's environmental and social policy, in order for them to fulfill their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of the remaining stakeholders.

k) Supervising that society's practices in environmental and social matters are in line with the established strategy and policy.

l) The supervision and evaluation of the relationship processes with the different stakeholders

7.5 Amendment of the following articles included in Chapter Three of Title IV, regarding Audit and Control Committee: article 48 ("Composition"), as follows:

Article 48. Composition and competences

1.-The Audit and Control Committee will be made up of a minimum of three and a maximum of five Directors appointed by the Board of Directors. All the members of this Committee should be External or Non-Executive Directors, at least two of whom must be Independent Directors

The members of the Audit and Control Committee as a whole, and especially its Chairman, will be appointed taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

The Audit Committee shall have at least the following competences:

a) Report to the General Meeting on matters raised within its sphere of competence.

b) Supervise the efficiency of the Company's internal control, internal audit, as the case may be, and the risk management systems, including tax risks, and discuss with the external

auditors any significant weaknesses in the internal control system that may have been detected in the course of the audit.

c) Supervise and evaluate the process of preparation and the integrity of financial and non-financial information, as well as the control and management systems of financial and non-financial risks related to the company and, where appropriate, the group - including operational, technological, legal, social, environmental, political and reputational or related to corruption - reviewing compliance with regulatory requirements, the adequate delimitation of the consolidation perimeter and the correct application of accounting criteria.

d) Make proposals to the Board of Directors for the selection, appointment, re-election and replacement of the external auditor, as well as the contracting conditions, and obtain information regularly from the external auditor concerning the audit plan and its execution, as well as preserving its independence in exercising its functions.

e) With regard to the external auditor:

i) Establish the pertinent relations with the accounts auditors or audit firms in order to receive information on any matters that may put their independence at risk, so that they can be examined by the Committee, and any other matters related to the audit process, and other communications established in auditing legislation and technical auditing standards. In any case, it must receive written confirmation each year from the account auditors or audit firms of their independence of the Company or companies related to it directly or indirectly, and information on the additional services of any kind provided to and the corresponding fees received from such companies by the aforesaid auditors or companies, or by persons or entities related to them in accordance with the provisions of legislation on auditing.

ii) To issue each year, prior to the issue of the auditors' report, a report in which an opinion will be expressed on the independence of the accounts auditors or audit firms. This report must, in any case, contain a valuation of the provision of additional services as referred to in the preceding section, individually considered and regarded as a whole, other than statutory audit and in relation to the regime of independence or to auditing legislation.

iii) In the event of the resignation of the external auditor, examine the circumstances that led to it

iv) Ensure that the remuneration of the external auditor for their work does not compromise their quality or their independence.

v) Supervise that the company communicates the change of auditor through the CNMV and accompanies it with a statement on the eventual existence of disagreements with the outgoing auditor and, if there were any, their content.

vi) Ensure that the external auditor holds an annual meeting with the full board of directors to inform it about the work carried out and about the evolution of the accounting and risk situation of the company.

vii) Ensure that the company and the external auditor respect the current regulations on the provision of services other than auditing, the limits to the concentration of the auditor's business and, in general, the other regulations on the independence of auditors.

f.) To report, in advance, to the Board of Directors on all the matters established by law, the Articles of Association and the Board Regulations, in particular, on:

1. the financial information and the management report that includes, if required, the non financial information) which the company must publish periodically,
2. the creation or acquisition of shares in entities with a special purpose or domiciled in countries or territories considered to be tax havens and
3. operations with related parties that need to be approved by the General Shareholders Meeting or the Board of Directors and supervise the internal procedures.

g) Safeguard the independence and efficiency of the internal audit functions; propose the selection, appointment and removal of the head of the internal audit service; propose the budget for this service; approve or propose approval to the Board of the guidance and annual work plan for internal audit, ensuring that the activity is primarily focused on relevant risks (including reputational risks; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

h) Establish and supervise a mechanism that will allow employees, and other people related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report, irregularities of potential importance, including financial and accounting irregularities or of any other nature related to the company that they notice within the company or its group. Said mechanism must guarantee confidentiality and, in any case, foresee cases in which communications can be made anonymously, respecting the rights of the complainant and the accused.

- i) Generally ensure that established internal control policies and systems are effectively applied in practice. Supervise compliance with internal codes of conduct and the rules of corporate governance.