Free translation

Proposed version to be submitted to the General Shareholders Meeting to be held on 30th June 2021

NH HOTEL GROUP, S.A.

ARTICLES OF ASSOCIATION

TITLE ONE

REGISTERED NAME, OBJECT AND REGISTERED OFFICE OF THE COMPANY

Article 1. Registered Name

The Company, a public limited trading company (*sociedad anónima*), is named NH HOTEL GROUP, SOCIEDAD ANONIMA and is governed by these Articles of Association and by the legal provisions applicable to companies of this kind on a mandatory or supplementary basis.

Article 2. Corporate Object

1.- The Company's object is:

A.- The acquisition, holding, enjoyment and disposal of all kind of securities and moveable assets on its own account.

B.- The acquisition, turning to account and sale of all kind of real estate and rights *in rem.*

C.- The advising and management of trading companies in which the company has a direct or indirect shareholding.

D.- The turning to account of establishments related to the hotel and restaurant sector.

2.- The aforesaid activities may be carried out by the Company indirectly, in full or in part, by holding shares in companies with an identical or similar object.

3.- It may not under any circumstances carry on the activities of Collective Investment Companies and Institutions and mediation and other activities attributed by the Securities Market Act exclusively to the various operators on that aforesaid market.

4.- If legal provisions require for the exercise of any of the activities included in the corporate object the possession of any professional qualification or administrative authorization, or registration in Public Registers, such activities shall be carried out by a person who holds such a professional qualification and, as the case may be, may not commence until all the administrative requisites demanded have been fulfilled.

Article 3. Term

The term of the Company is indefinite.

Article 4. Registered Office

1.- The registered office is established in Madrid, calle Santa Engracia nº 120, Edificio Central, 7ª planta. The Board of Directors may vary the aforesaid address of the registered office within the same municipality.

2.- The Company may establish Branches, Factories and offices in any town or city or location in the country or abroad, after passing the pertinent resolutions.

3.- The Company's corporate website is www.nh-hoteles.es. A resolution to modify, move or suppress the Company's website may be passed by the Board of Directors.

TITLE TWO

SHARE CAPITAL AND ITS VARIATIONS. SHARES

Chapter One: The Share Capital and its Variations.-

Article 5. Share Capital

The share capital is 784,360,486 euros and is represented by 392,180,243 fully subscribed and paid-up shares represented by book entries with a par value of 2 euros each, grouped in a single series.

Article 6. Increase in Share Capital.

1.- A capital increase may be carried out through the issue of new shares or by raising the par value of the existing shares. In both cases, the capital increase may be carried out with a charge to new cash or non-cash contributions to equity, including the contribution of credits against the company, or with a charge to profits or reserves that were already stated on the last approved balance sheet. A capital increase may also be carried out partly with a charge to new contributions and partly with a charge to profits or distributable reserves.

2.- The share capital may be increased by a resolution of the General Shareholders' Meeting, duly convened for that purpose, with the attendance quorum required in the applicable legal provisions for that purpose. The General Meeting shall determine the terms and conditions of each new issue at the proposal of the Board of Directors, the latter having the necessary faculties to execute the resolutions passed in this regard by the General Meeting.

Article 7. Delegation on the Board of Directors of the faculty to increase capital

1.- The General Meeting may delegate on the Board of Directors:

a) The faculty of indicating the date on which the previously passed resolution to increase the share capital is to be carried out by the agreed amount and to establish the conditions thereof in all respects not provided for in the resolution of the General Meeting.

b) The faculty to resolve on one or more occasions to increase share capital up to a determined figure with the timing and by the amount it decides within the limitations and with the requisites established by law. The delegation may include the faculty to exclude the preferential subscription right.

2.- The Board of Directors may make use of the aforesaid delegation in full or in part, or may even refrain from executing it provided that this is justified by the conditions of the market, the Company itself or by a fact or event of special relevance that might motivate such a decision, reporting this at the first General Shareholders' Meeting held after the term granted to exercise this faculty has ended.

Article 8. Preferential Right.

1.- In capital increases carried out through the issue of new shares, with a charge to cash contributions or totally or partially with a charge to reserves or profits, shareholders shall have a preferential right to subscribe them in the terms and conditions established by law or, as the case may be, by the body that resolved on the issue.

2.- Notwithstanding the above, the General Meeting and, as the case may be, in accordance with the provisions of article 7 b) above, the Board of Directors, when resolving on the capital increase, may resolve on the total or partial suppression of the preferential subscription right in cases where the company's interest so requires.

3.- There will also not be any preferential right when the capital increase is due to the absorption of another company or of all or part of the split-off equity of another company or the conversion of debentures into shares or, in general, in the cases and with the requisites established by ruling legal provisions.

Article 9. Capital Decrease

A capital decrease may be carried out by lowering the par value of the shares or by redeeming or grouping them. The purpose of the capital decrease may be to refund the value of contributions, release from the obligation to make outstanding contributions, set up or increase reserves or to restore the balance between the Company's capital and equity when the latter has fallen as a result of losses.

Chapter Two: Shares

Article 10. Representation of Shares

1.- The shares are ordinary and indivisible and are represented by book entries, which shall be governed by the provisions of the legislation regulating the securities market.

2.- Shares confer upon their lawful owner the status of a member, with as many rights as are inherent thereto in accordance with law, the provisions of the General Shareholders' Meeting Regulations and of these Articles of Association.

3.- Each share represents an aliquot part of the share capital and confers upon its lawful owner the status of shareholder, and grants him/her the right to share in the distribution of the corporate profits and in the assets resulting from the liquidation, the preferential right in the issues of new shares or of convertible debentures, the right to information, the right to attend and vote at general meetings, and to challenge the corporate resolutions, all the foregoing in accordance with ruling legislation and with the provisions of the General Shareholders' Meeting Regulations and of these Articles of Association.

4.- The Company shall be entitled to obtain the corresponding particulars of shareholders, including any addresses and contact details available to them, at any time from the entities that keep the records of the securities.

5. The same right shall be held by any shareholder associations that have been set up in the Company and that represent at least one per cent of the share capital, as well as by shareholders who individually or jointly hold a stake of at least three per cent in the share capital, exclusively for the purposes of facilitating communication with the shareholders in order to exercise their rights and to better defend their common interests.

Article 11. Shares without Voting Rights

In the event that the Company resolves to issue shares without voting rights, within the legal limits, such shares shall enjoy all the rights recognized by ruling legislation and, specifically, the right to receive an annual dividend of at least 5% of the capital paid up for each share of this nature.

Article 12. Accounting Record

1.- The maintenance of the accounting record of the Company's entries in respect of shares shall correspond to the entity or entities to which this task is entrusted by the Company or to those to which this task corresponds, according to the law.

2.- The entity responsible for keeping the accounting record will communicate to the Company the necessary data for the identification of shareholders and the Company shall keep its own register with the shareholders' identity.

3.- The transfer of shares and the creation of limited rights in rem or any other encumbrance thereon must be recorded in the corresponding account record, as required by the Securities Market Act and concordant legal provisions.

Article 13. Outstanding payments

1.- In the event that there are partially paid-up shares, the Board of Directors shall establish the amount of the corresponding outstanding calls and the date on which payment is to be made, announcing this in the Official Gazette of the Mercantile Registry at least one month in advance. In any case, the term in which to pay the outstanding call may not exceed five years as of the date the capital increase resolution is passed.

2.- A shareholder shall be in default once the term established in the preceding paragraph to pay the portion of capital has ended and payment has not been made, with no need for prior notice.

3.- Any shareholder who is in default in the payment of outstanding calls may not exercise the voting right. The amount of his/her shares will be deducted from the share capital in determining the quorum at a General Meeting. The defaulting shareholder shall also not be entitled to receive dividends or to the preferential subscription right in the event of issue of new shares or of convertible debentures.

4.- Once the amount of the outstanding calls has been paid, together with the interest thereon, the shareholder may claim the dividends that have not become statute-barred, but may not claim exercise of the preferential right in the issue of new shares or other securities that grant this right to shareholders if the term in which to exercise it has ended at the time of paying the outstanding calls.

5.- When the shareholder is in default, the Company may, depending on each case and in light of the nature of the contribution not made, demand compliance with the payment obligation, as well as payment of legal interest and compensation for the damages caused by the default, or dispose of the shares to the account and risk of the shareholder in default.

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 ~~official secondary market~~ 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 ~~an official secondary market~~, 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.- If the sale cannot be carried out, the share will be cancelled, with the consequent reduction in capital, and the amounts already paid shall remain to the benefit of the Company.

8.- The party acquiring a share that has not been released shall be jointly and severally liable with all the transferors preceding him/her for payment of the outstanding part, at the choice of the Board of Directors.

9.- The liability of transferors shall last for three years as of the date of each respective transfer. Any clause established that is contrary to the joint and several liability established above shall be null and void.

Article 14. Redeemable Shares

1.- The Company may issue redeemable shares for a nominal amount of no more than one quarter of the share capital. The conditions for exercising the right to redeem the shares will be established in the resolution on the issue of such shares.

2.- Redeemable shares must be paid up in full at the time of subscription.

TITLE THREE

BODIES OF THE COMPANY

Article 15. Regime of Management of the Company

The Company shall be governed and managed by the General Shareholders' Meeting, by the Board of Directors, by the Executive Committees of the Board of Directors and, as the case may be, by the Managing Director or Executive Officers designated by the Board.

Chapter One. The General Meeting

Article 16. Nature of the General Meeting

1.- The General Shareholders' Meeting, duly convened and quorate, is the sovereign body of the company, through which the corporate will is manifested in the matters for which it is competent.

2.- The resolutions of the General Shareholders' Meeting , duly passed, are binding on all shareholders, including those who were not present at the meeting, those who voted against them and those who abstained in the vote.

Article 17. Regulation

1.- The General Meeting is governed by the provisions of these Articles of Association and the law. The regulation by law and the Articles of Association of the General Meeting must be developed and completed by the General Shareholders' Meeting Regulations which will detail the regime for convening, preparing, informing, attending and holding the meeting and for exercising voting rights thereat. The Regulations will be approved by the Meeting at the proposal of the Board of Directors and will be communicated to the National Securities Market Commission and then filed with the Mercantile Registry for registration.

2.- The Board of Directors may develop the rules established in the law and these Articles of Association in order to determine the procedure, requisites, systems and terms for shareholders to exercise the rights of information, representation, attendance and vote through remote communication media. The rules that the Board of Directors adopts are published in the notices convening Meetings and on the Company's website.

Article 18.- Types of Meetings

1.- General Shareholders' Meetings may be ordinary or extraordinary.

2.- The Ordinary General Meeting is that which must be held within the first six months of each year in order to, as the case may be, approve the corporate management, the accounts for the previous year, resolve on the application of the result for the year and, when appropriate, renew the Board of Directors.

3.- Ordinary General Meetings shall be valid even if convened or held outside the established term.

4.- An Extraordinary General Meeting is any meeting that is not the Ordinary Annual General Meeting.

5.- All Meetings, whether ordinary or extraordinary, are subject to the same rules of procedure and competence.

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:

a) The approval of the annual accounts, the application of the result and the approval of the corporate management.

b) The appointment and removal of directors, and the ratification or revocation of provisional appointments of such directors by the Board by co-optation.

c) Authorization to release the Directors from the prohibitions contained in article 229 of Royal Legislative Decree 1/2010, of 2nd July, approving the Companies Act (Consolidating Act), in the terms established in article 230 of the Companies Act.

d) The examination and approval of the management by the directors.

e) The appointment and removal of liquidators and, as the case may be, of accounts auditors.

f) Exercising the corporate liability action against directors and liquidators.

g) Modification of the Articles of Association.

h) Capital increase and decrease, and the granting of authorization to the Board of Directors to increase share capital in accordance with the provisions of law and these Articles of Association.

i) The suppression or limitation of the preferential and pre-emption right.

j) The transformation, merger, de-merger or global assignment of assets and liabilities and the transfer of the registered office to a foreign country.

k) The dissolution of the company.

l) The approval of the final liquidation balance sheet.

m) The approval of operations the effect of which is equivalent to the liquidation of the company.

n) The issue of convertible debentures or debentures that grant the holders thereof a share in the corporate profits and the delegation on the Board of Directors of the faculty to issue them.

o) The authorization of the acquisition of own shares.

p) The approval and modification of the General Shareholders' Meeting Regulations.

q) The acquisition, disposal or contribution to another company of essential operating assets. Assets are presumed to be essential when the amount of the operation exceeds 25% of the value of assets stated in the last approved balance sheet.

r) The transfer to subsidiaries of essential activities hitherto carried out by the Company, even when it retains full ownership of such subsidiaries.

s) The Directors' remuneration policy in the terms established in these Articles of Association and applicable legal provisions.

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

u) The decision on any matters submitted to it by the Board of Directors or by shareholders representing at least three per cent of the share capital.

v) Any other matters determined by law or the Articles of Association.

Article 20. Convening of the General Meeting

1.- The General Meeting will be convened by the Board of Directors and, as the case may be, by the liquidators of the company.

2.- The Board of Directors may convene the General Shareholders' Meeting whenever it considers it advisable for the corporate interests, and in any case is obliged to convene an Ordinary General Shareholders' Meeting within the first six months of each business year, and to convene an Extraordinary General Meeting when so requested in writing by shareholders owning at least three per cent of the share capital, indicating in their request the matters that are to be discussed. In this case, the General Shareholders' Meeting will be convened to be held within the term established by law, and the agenda must necessarily include the matters indicated in the request.

3.- If the General Meetings are not convened within the corresponding term established by law or the Articles of Association, they may be convened, at the request of any shareholder, by the mercantile judge with jurisdiction for the registered office, after hearing the directors.

4.- If the directors fail to comply with the request to convene a General Meeting made by the minority, the meeting may be convened by the mercantile judge with jurisdiction for the registered office, after hearing the directors.

Article 21. Notice Convening the Meeting

1.- The dissemination of the notice convening the meeting shall be carried out through a notice published in the Official Gazette of the Mercantile Registry or in one of the newspapers with the highest circulation in Spain, on the company's website (www.nh-hoteles.es) and in the National Securities Market Commission. The notice will be published at least one month in advance of the date set for the meeting, notwithstanding any terms which the law may establish for the passing of certain resolutions, in which case such specific terms shall apply. This does not include the provisions established for supplements to the notice convening the meeting.

When the company offers shareholders the possibility of voting using electronic means accessible to all of them, Extraordinary General Meetings may be convened with a minimum notice of fifteen days. The reduction of the term of notice of convening the meeting shall require an express resolution passed by the Ordinary General Meeting by at least two thirds of the subscribed capital with voting rights, and the validity of this resolution may not exceed the date of the next General Meeting.

2.- In addition to the mentions required by law, the notice of the meeting will express the date on which shareholders must have their shares registered in their name in order to participate in and vote at the General Meeting, the place and the manner in which the complete text of the documents and proposed resolutions may be obtained, and the address of the company's website where the information will be available.

3.- The notice of the meeting may also indicate the date on which, if applicable, the Meeting will be held when convened for the second time, with at least twenty-four hours between the first and second meeting.

4.- If the duly convened General Meeting, regardless of the kind of meeting, cannot be held on first call and the notice has not set the date for it to be held on second call, the meeting must be announced with the same agenda and the same publicity requisites as on first call, respecting the legally established terms for this purpose.

5.- The General Meeting will be held in the municipality where the company has its registered office.

If the notice convening the meeting does not indicate the place where it is to be held, it shall be considered that the Meeting has been convened to be held at the registered office.

Article 22. Supplement to Notice

1.- Shareholders representing at least three per cent of the share capital may request that a supplement to the notice of an Ordinary General Shareholders' Meeting be published including one or more items on the agenda. This right is to be exercised through an attestable notification which will indicate the number of shares held or represented by the petitioner, which must reach the registered office within five days following publication of the notice of the meeting. The request for new items on the agenda must be accompanied by a justification or, as the case may be, by a justified proposal for a resolution. This right may not under any circumstances be exercised in respect of Extraordinary General Meetings. The supplement to the notice convening the meeting must be published at least fifteen days before the date set for the Shareholders' Meeting.

2.- Shareholders representing at least three per cent of the share capital may, within the same term as is established in the preceding section, submit proposals with sufficient grounds for resolutions on matters that have already been included or are to be included in the agenda for the meeting convened.

Article 23.- Right of Attendance

1.- Holders of one or more shares who, five days prior to the day on which the Meeting is to be held, are registered in the corresponding Record of book entries and who have duly paid all outstanding calls may attend General Meetings. When the shareholder exercises his/her voting right using remote communication means, he/she must also comply with this condition at the time of casting the vote.

2.- The members of the Board of Directors shall attend General Meetings, notwithstanding that their attendance is not necessary in order for the meeting to be valid. Managers, technical personnel and other persons who, in the opinion of the Board of Directors, have an interest in the progress of the corporate affairs and whose intervention in the Meeting may, if necessary, prove useful for the Company may all attend Meetings, with the right to speak but not to vote thereat.

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.

Article 24. Representation at General Meetings

1.- Voting on proposals concerning items of the agenda of any kind of General Shareholders' Meeting may be delegated or exercised by the shareholder by postal or electronic correspondence or any other remote means of communication, provided that the identity of the subject exercising the voting right is sufficiently assured, all the foregoing in the terms established in the General Shareholders' Meeting Regulations. Shareholders who cast their votes remotely shall be taken into consideration as present for the purposes of determining quorum.

2.- Any shareholder who is entitled to attend the General Meeting may nominate another person to represent him or her at the meeting, even if that person is not a shareholder. Representation must be granted in the terms and with the scope established by law, in writing and especially for each Meeting. The aforesaid restriction shall not apply when the representative is the spouse, ascendant or descendant of the represented shareholder or when the representative holds a general power of attorney granted in a public document to administer all the property of the represented shareholder in national territory.

3.- Representation may also be granted through remote means of communication, duly guaranteeing the identity of the represented shareholder and the representative, determined by the Company's Board of Directors, as the case may be, in accordance with the provisions of the Company's General Shareholders' Meeting Regulations. Representation granted through such media shall be admitted when the electronic document by virtue of which representation is granted incorporates the recognized electronic signature used by the represented shareholder, or other type of signature that provides adequate guarantees of authenticity and of identification of the shareholder conferring representation and complies with the other requirements established in the legal provisions in force at that time.

4.- In the documents stating the delegations or representations for the General Meeting, the instructions given concerning how to vote shall be reflected, and if no express instructions are given, it shall be deemed that the representative is to vote in favour of the proposed resolutions formulated by the Board of Directors on the items on the agenda.

5.- If there are no voting instructions because the General Meeting is going to resolve on matters that were not included in the agenda and, therefore, were not known on the date of delegation, and may be put to the vote at the Meeting, the representative must cast the vote as he/she considers most appropriate, with due regard to the company's interests. The same shall apply when the corresponding proposal or proposals put to the Meeting for its decision have not been formulated by the Board of Directors.

6.- If the document of representation or delegation does not indicate the specific person on whom the shareholder confers representation, it shall be deemed granted to the Chairman of the Board of Directors of the Company or the person that the latter designates, or to the person replacing him as Chair of the General Meeting.

7.- The Chairman, the Secretary of the General Shareholders' Meeting or the persons designated with their mediation shall be deemed empowered to determine the validity of the representations conferred and the compliance with the requisites of attendance at the Meeting.

8.- Representation may be revoked at any time. The personal attendance of the represented shareholder at the Meeting shall be regarded as a revocation.

9.- Shareholders who are natural persons and who do not have full capacity to perform legal acts and shareholders who are legal persons will be represented by the duly accredited person who exercises their representation according to the law.

10.- In any case, both for cases of voluntary representation and for those of representation by law, a shareholder may not have more than one representative at the Meeting.

11.- The Chairman of the General Shareholders' Meeting or, by his delegation, the Secretary of the meeting, shall settle all doubts that arise in relation to the validity and enforceability of the documents that give rise to any shareholders' right to attend the General Meeting on an individual basis or by grouping his/her shares with other shareholders, and the delegation or representation granted to another person, striving to deem void or unenforceable only those documents that do not fulfil the minimum requisites established by law and the Articles of Association when such defects have not been remedied.

12.- In the event of a public request for representation, the provisions of applicable ruling legislation shall apply. In particular, the document setting forth the power of attorney must contain or have attached the agenda for the meeting, as well as the request for instructions in order to exercise the voting right and an indication of how the representative is to vote if precise instructions are not given. In such cases, the director or person obtaining the representation may not exercise the voting right corresponding to the represented shares on items of the agenda in which he or she has a conflict of interest and, in any case, on decisions relating to (i) his or her appointment or ratification, dismissal, separation or removal from the post of director, (ii) exercising the corporate liability action against him or her and (iii) the approval or ratification of operations between the company and the director in question, companies controlled by him or her or companies which he or she represents or persons who act on his/her behalf.

To provide for the possibility of there being a conflict, the representation may be granted on a subsidiary basis to another person.

13.- With regard to relations between a financial intermediary and his/her clients for the purposes of exercising voting rights, the ruling legal provisions shall apply.

Article 25. Right to Information

1.- From the moment the notice convening the General Shareholders' Meeting is published until the fifth day prior to the date set for the meeting to be held on first call, any shareholder may apply in writing to the Board of Directors of the Company to receive the information or clarifications he or she considers necessary, or to submit in writing the questions he or she considers pertinent, on the matters included in the Agenda for the Meeting published with the notice of the meeting, or in respect of any information accessible to the public that the Company has provided to the National Securities Market Commission since the immediately preceding General Shareholders' Meeting was held and relating to the auditor's report.
2.- The Board of Directors shall be required to provide the information or clarifications requested, in writing, up to the day the General Meeting is to be held, and to respond, also in writing, to the questions submitted. The responses to the questions and requests for information shall be conveyed through the Secretary of the Board of Directors, by any of the members of the Board or any person expressly empowered by the Board of Directors for that purpose.

When, prior to the submission of a specific question, the information requested is clearly, expressly and directly available for all shareholders on the Company's website in question-answer format, the Board of Directors may limit its reply to referring the questioner to the information provided in the aforesaid format.

Valid requests for information, clarifications or questions submitted in writing and the written replies provided by the Board of Directors will be included on the company's website.

3.- During the general meeting, before examining and deliberating on the items on the agenda, shareholders may ask for any information or clarifications they consider appropriate in relation to the aforesaid agenda, the information available to the public which the Company has provided to the National Securities Market Commission since the date on which the last General Shareholders' Meeting was held and concerning the auditor's report. The information or clarification sought will be provided, also verbally, by any of the Board members present, at the Chairman's indication. If the information or clarification sought refers to matters that are the competence of the Audit and Control Committee, it will be provided by any of the members or advisers of this Committee who are present at the meeting. If, in the Chairman's opinion, it is not possible to satisfy the shareholders' right to information at the meeting itself, the outstanding information will be provided in writing to the shareholder who requested it within seven calendar days following the day on which the General Meeting ended.

4.- The Board of Directors is required to provide the information referred to in the preceding paragraphs, unless this information is unnecessary to uphold the shareholder's rights, or there are objective reasons to consider that it might be used for non-corporate purposes or that making it public could be damaging to the company or to related companies.

The information requested may not be refused when the request is supported by shareholders who represent at least a quarter of the capital.

5.- The Company's website shall contain the information required by law, through which shareholders' right to information may be satisfied in accordance with the applicable legislation from time to time.

Article 26. Quorum for General Meetings

1.- General Shareholders' Meetings, both ordinary and extraordinary, shall be valid and quorate:

- In general, on first call, when the shareholders present or represented hold at least twenty-five per cent of the subscribed capital with voting rights. On second call, the Meeting will be valid regardless of the capital present thereat.
- In order for the Meeting to resolve validly to increase or decrease capital, or on any other modification of the Articles of Association, the issue of convertible debentures or debentures that grant shareholders a share in the corporate profits, the suppression or limitation of the preferential acquisition right on new shares, and on the transformation, merger, de-merger or global assignment of assets and liabilities and the transfer of the registered office abroad, it must be attended, on first call, by shareholders present or represented who hold at least fifty percent of the subscribed capital with voting rights. On second call, attendance by twenty-five percent of such capital shall be sufficient.

2.- If attendance by a certain quorum is required in order to pass validly a resolution on one or more of the items on the agenda, in accordance with applicable legislation or these Articles of Association, and such a quorum is not achieved, the agenda will be reduced to the rest of the items which do not require the aforesaid quorum in order to pass resolutions validly.

Article 27.- Panel of the General Meeting

The Panel of the General Meeting will be made up of the Chairman and the Secretary and the members of the Board of Directors present at the meeting. The Chairman and the Secretary will be the holders of these posts on the Board of Directors or whoever substitutes them in the post in accordance with the rules established in these Articles of Association.

Article 28.- List of those Present

1.- Once the panel of General Meetings, both ordinary and extraordinary, has been established, the list of those in attendance, present and represented, will be drawn up, which may be done using manual systems or optical reading systems or other technical means considered appropriate, expressing the character or representation of each one and the number of own or another shareholder's shares with which he/she is attending the meeting and the number of votes attributed.

2.- The Secretary of the Meeting, who exercises this competence by delegation of the Panel, is responsible for drawing up the list of those in attendance and for resolving any issues arising in relation thereto. The Panel may designate two or more shareholders to act as scrutineers to assist the Secretary in drawing up the list of those in attendance.

3.- At the end of the list of those in attendance, the number of shareholders present or represented will be determined, as well as the number of shares or the amount of capital held by them or which they represent with voting rights.

Article 29. Voting on Proposed Resolutions

1.- In order to facilitate the adequate exercising of the voting rights by the shareholders, the proposals for resolution submitted to the General Meeting must be submitted in such a way that allows for separate votes to be cast on matters that are substantially independent of each other.

In any case, even if they appear as part of the same item of the agenda, the following matters must be put to the vote separately:

a) The appointment, ratification, re-election or removal of each Board member.
b) In the event of modification of the Articles of Association, the modification of each article or group of articles that are independent.

2.- The voting process on each of the proposed resolutions shall be carried out following the order of the agenda indicated in the notice convening the meeting, and if proposals have been drawn up concerning matters that the Meeting may resolve on although not included in the agenda, such proposals will be put to the vote after the proposals that correspond to the agenda indicated on the notice of the meeting.

3.- The vote may be split up so that financial intermediaries who are lawfully shareholders but who act on behalf of different clients can cast their votes in accordance with their clients' instructions.

Article 30. Passing of Resolutions

1.- Resolutions will be passed by a simple majority of votes of the shares present or represented at the Meeting, and a resolution is deemed passed when it obtains more votes in favour than against out of the capital present or represented. Each share entitles the holder to one vote.

Notwithstanding the above, in order to pass the resolutions referred to in article 194 of the Companies Act, if the capital present or represented is more than 50%, passing of the resolution by absolute majority shall be sufficient. However, the vote in favour of two thirds of the capital present or represented at the Meeting shall be required when, on second call, shareholders representing 25% or more of the subscribed capital with voting rights are present but without reaching 50%.

2.- For each resolution put to the vote at the General Meeting, at least the number of shares in respect of which valid votes have been cast, the proportion of share capital represented by such votes, the total number of valid votes, the number of votes in favour and against each resolution and, as the case may be, the number of abstentions must be determined.

3.- The resolutions passed and the results of the votes will be published in full on the Company's website within five days after the end of the General Meeting.

Article 31.- Book of Minutes

1.- The resolutions will be recorded in the corresponding book of minutes. The minutes will be drawn up and signed by the Secretary with the Chairman's approval and will be approved by the Meeting before the end of the meeting, or by the Chairman and two comptrollers within fifteen days, except in the case established in article 203 of the Companies Act (Consolidating Act), in which case the certificate drawn up by the Notary Public shall be considered to be the minutes of the meeting.

2.- Partial or total certificates of the minutes will be signed by the Secretary and stamped by the Chairman.

Chapter Two. The Board of Directors.

Article 32. Regulation

1.- The administration and representation of the Company corresponds to the Board of Directors, which shall be governed by the applicable legal provisions, by the Board of Directors Regulations referred to in the following paragraph and by these Articles of Association.

2.- The Board of Directors will approve Regulations that will contain its rules of operation and internal regime to guarantee the best management of the Company and of its Executive

Committees, in accordance with the law and these Articles of Association. The Board will report the content of the Regulations and any modifications made to them at the next General Shareholders' Meeting held after the resolution passed.

Article 33. Duties of the Board of Directors

1.- The Board of Directors is competent to manage and represent the Company in the terms established in the law, in the Articles of Association and in the Board Regulations. The Board of Directors is established as the highest body of representation of the company and is empowered to carry out, in the field encompassing the corporate object defined in the Articles of Association, any juristic acts of administration and disposal under any legal title, except those reserved by law or by the Articles of Association to the sole competence of the General Shareholders' Meeting.

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

a) The general policies and strategies of the Company, and in particular:

i) The strategic or business plan, and the management objectives and annual budgets;
ii) The investment and financing policies;
iii) The definition of the structure of the group of companies;
iv) The corporate governance policy;
v) The corporate social responsibility policy;
vi) The remuneration policy and assessment of senior executives' performance;
vii) The control and risk management policy, and the periodic monitoring of the internal reporting and control systems;
viii) The dividends policy, and the policy concerning own shares and, in particular, its limits.

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 cariies 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.

~~carries out with Board members, with significant shareholders or shareholders who are represented on the Board or with persons related to them~~

~~This authorization of the Board shall not, however, be deemed necessary in Related-Party Operations that simultaneously comply with the following three conditions:~~

~~1. They are carried out by virtue of standard-term contracts applied massively to many customers,~~
~~2. They are carried out at prices or rates established on a general basis by whoever acts as supplier of the good or service in question;~~
~~3. The amount thereof does not exceed 1% of the company's annual revenues~~.

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:

a) The approval of the strategic or business plan, the management objectives and annual budgets, the investment and financing policy, the corporate social responsibility policy and the dividends policy.
b) The determination of the control and risk management policy, including tax risks, and the supervision of internal reporting and control systems.

c) The determination of the corporate governance policy of the Company and of the group of which it is the controlling company; its organization and functioning and, in particular, the approval and modification of its regulations.

d) The approval of the financial information the Company must publish periodically.

e) The definition of the structure of the group of companies of which the Company is the controlling company.

f) The approval of all kind of investments or operations which, due to the high amount or special characteristics thereof, are of a strategic nature or involve a special tax risk, unless approval of such operations corresponds to the General Meeting.

g) The approval of the creation or acquisition of shares 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 transparency of the Company and its group.

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.

~~The only exception from this approval applies to operations that simultaneously fulfil the following three characteristics:~~

~~i)~~

~~j)~~

~~k) 1. they are carried out by virtue of standard-term contracts applied massively to a high number of customers,~~

~~l) 2. they are carried out at prices or rates established on a general basis by whoever acts as supplier of the good or service in question, and~~

~~3. the amount thereof does not exceed one per cent of the company's annual revenues.~~

~~m)~~i) The determination of the company's tax strategy.

~~n)~~j) The supervision of the effective functioning of any committees that have been set up and of the performance of any delegated bodies and executive officers designated.

~~o)~~k) The determination of the company's general policies and strategies.

~~p)~~l) The authorization or release from obligations deriving from the duty of loyalty in accordance with the provisions of article 230.

~~q)~~m) Organization and functioning of the Board itself.

~~r)~~n) The drawing up of the annual accounts and their submission to the General Meeting.

~~s)~~o) The drawing up of any kind of report required of the governing body by law when the operation the report refers to cannot be delegated.

~~t)~~p) The appointment and removal of Executive Officers of the Company, and the establishment of the conditions of their contract.

~~u)~~q) The appointment and removal of executives who are directly dependent on the Board or any of its members, as well as the establishment of the basic conditions of their contracts, including their remuneration.

~~v)~~r) Decisions relating to the remuneration of Board members, within the framework established by the Articles of Association and, as the case may be, the remunerations policy approved by the General Meeting.

~~w)~~s) The convening of the General Shareholders' Meeting and the drawing up of the agenda and the proposed resolutions.

~~x)~~t) The policy concerning own shares.

~~y)~~u) Any faculties that the General Meeting has delegated to the Board of Directors, unless it has been expressly authorized by the Meeting to sub-delegate them.

v) Supervision of the process of drawing up and presenting financial information and the Directors' Report, which will include, when appropriate, the mandatory non-financial information, and submitting recommendations or proposals to the management body, aimed at safeguarding the integrity thereof.

3. In duly attested circumstances of urgency, decisions corresponding to the matters referred to in sections a) to i) above (inclusive) may be adopted by the delegated bodies or persons, and must be ratified at the first Board meeting held after the decision has been adopted.

Article 34. Determining the Number of Members

1.- The Board of Directors will be made up of a number of Directors not less than five and not more than twenty.

2.- The appointment of Directors and determination of their number corresponds to the General Shareholders' Meeting.

Article 35. Qualitative Composition

1.- In exercising the rights of co-optation and proposition of appointments to the General Shareholders' Meeting, the Board of Directors shall ensure that in the composition of the Board, External or Non-Executive Directors represent a considerable majority over Executive Directors.

The Board shall also ensure that the majority group of External Directors includes, on the one hand, those proposed by holders of stable significant shareholdings in the company's capital (Shareholder-Representative Directors) and, on the other hand, professionals of renowned prestige who are not linked to the executive team or to significant shareholders (Independent Directors).

2.- Executive Directors are those who carry out management functions in the Company or its group, regardless of their legal relationship with it. However, Board members who are senior executives or members of the Board of companies belonging to the group of the Company's parent company shall in this case be deemed to be shareholder-representative directors.

When a Director carries out management functions and at the same time is or represents a significant shareholder or a shareholder that is represented on the Board of Director, such a Director shall be regarded as an executive director.

3. All other Directors of the Company are non-executive External Directors, and may be shareholder-representative directors, independent directors or other external directors.

3.1 Shareholder-Representative Directors shall be considered to be those who hold a stake equal to or greater than that considered by law to be significant or who have been appointed on account of their status as shareholders, even if their stake does not reach the aforesaid value, as well as those who represent the aforementioned shareholders.

For the purposes of this definition, it will be presumed that a Director represents a shareholder when:

a) He has been appointed by a shareholder exercising a right of representation.

b) He is a Director, senior executive, employee or non-occasional provider of services to the aforesaid shareholder, or to companies belonging to the same group.

c) It can be inferred from the corporate documentation that the shareholder assumes that the Director has been appointed by him or represents him.

d) He is the spouse, person related by a similar bond of affection, or a relative up to the second degree of a significant shareholder.

3.2. Independent Directors shall be deemed to be those who have been appointed on account of their personal and professional circumstances and can carry out their duties without being conditioned by relations with the company, its significant shareholders or executives.

The following persons may not be classified as Independent Directors under any circumstances:

a) Those who have been employees or Executive Directors of group companies, unless three or five years, respectively, have elapsed since this relationship ceased to exist.
b) Those who receive from the company, or from its group, any sum or benefit for a reason other than Director's remuneration, unless it is not significant for the Director.
   For the purposes of this paragraph, dividends and pensions supplements received by a Director due to a former professional or employment relationship shall not be taken into account, provided that such supplements are of an unconditional nature and,

consequently, the company paying them cannot at its discretion suspend, modify or revoke the accrual thereof without a breach of its obligations.

c) Those who are or have been during the last three years a partner of the external auditor or party responsible for the audit report, whether for the audit during that period of the listed company or of any other company of the group.
d) Those who are Executive Directors or senior executives of another company in which any Executive Director or senior executive of the company is an external director.
e) Those who have or have had during the last year an important business relationship with the Company or with any company of its group, either in their own name or as a significant shareholder, Director, or senior executive of an entity that has or has had such a relationship.
Business relationships shall be considered to be that of supplier of goods or services, including financial services, and that of adviser or consultant.
f) Those who are significant shareholders, executive directors or senior executives of an entity that receives or has received during the last three years donations from the company or from its group.
This paragraph shall not be deemed to include those who are merely trustees of a Foundation that receives donations.
g) Those who are spouses, persons linked by a similar bond of affection, or relatives up to the second degree of an Executive Director or senior executive of the company.
h) Those who have not been proposed, either for appointment or re-election, by the Nominations, Remuneration and Corporate Governance Committee.
i) Those who have been Directors for a continued period of more than 12 years.
j) Those who, relation to a significant shareholder or shareholder that is represented on the Board, are in any of the situations indicated in points a), e), f) or g) above. In the case of family relationship mentioned in g), the limitation shall apply not only with respect to the shareholder, but also to its shareholder-representative directors in the investee company.

Shareholder-representative Directors who cease to be considered as such as a result of the sale of the stake by the shareholder they represented may only be re-elected as independent directors when the shareholder they represented until that time has sold all its shares in the company.

A Director who holds a shareholding in the company may qualify as an independent director, provided that he fulfils all the conditions established in this article and, furthermore, his shareholding is not significant.

4.- In order to establish a reasonable balance between the two types of External Director, the Board shall have regard to the Company's shareholder structure, so that the ratio between each type of Director reflects the ratio between stable capital and floating capital.

5.- The provisions of this article are understood to be notwithstanding the right of proportional representation recognized by law in the shareholders' favour and the competences of the General Meeting.

Article 36. Term of the Post

1.- Directors shall hold their post for a term of three years. The post of Director is revocable and can be renounced at any time and is re-electable indefinitely for terms of the same duration.

2.- The Board itself may, on an interim basis, fill any vacancies arising due to resignation, incapacity, death, etc. of Directors, irrespective of their number, submitting the appointments to the approval of the first General Meeting held; the persons appointed hereunder need not be shareholders.

Article 37. Removal of Directors

1.- Directors shall leave their post when the term for which they were appointed has ended or when the General Meeting so resolves making use of the faculties conferred on it by law.

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

a) When they cease to hold the executive posts to which their appointment as Director is associated or when the reasons why they were appointed no longer exist. This circumstance shall be understood to occur in a Shareholder-Representative Director when the company or business group he/she represents no longer has a significant shareholding in the company or, in the case of an Independent Director, when he/she joins the executive line of the company or of any of its subsidiaries.

b) When they are found to be in a situation of incapacity, incompatibility or prohibition established in legal provisions, and in the other cases established in the Board Regulations.

c) When they are seriously reprimanded by the Nominations, Remuneration and Corporate Governance Committee for having breached any of their obligations as directors.

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.

3.- In order to be a member of the Board of Directors, it is necessary to not be in any situation of incapacity, incompatibility or probation established in ruling legal provisions.

Article 38. Distribution of posts

1.- The Board, with a prior report issued by the Nominations, Remuneration and Corporate Governance Committee, shall designate out of its members a Chairman, and, as the case may be, one or several Vice-Chairmen. The Chairman of the Board shall be the chair of all the Company's governance and management bodies.

The Chairman is the highest authority responsible for the efficient functioning of the Board of Directors. In addition to the faculties granted by law and these Articles of Association or the Board Regulations, the Chairman shall have the following faculties:

a) To convene and chair the meetings of the Board of Directors, establishing the agenda for the meetings and directing discussions and deliberations.
b) To chair the General Shareholders' Meeting.
c) To ensure that prior to meetings the Directors receive sufficient information in order to deliberate on the items of the agenda.
d) To stimulate debate and active participation of Directors during Board meetings, assuring their freedom to adopt stances.

2.- The Executive President or if there is none the Managing Director shall have the status of Chief Executive Officer of the company and, consequently, his/her appointment or renewal shall entail the delegation, when so resolved, of all the faculties and competences of the Board that may be lawfully delegated, and shall be responsible for effective management of the company's business, in accordance at all times with the decisions and criteria established by the General Shareholders' Meeting and the Board of Directors.

The Executive President or if there is none the Managing Director shall have the faculty of executing the Board's resolutions and, as the case may be, those of the Executive Committee, which bodies he/she represents on a permanent basis with the widest faculties, being empowered in cases of urgency to adopt the measures he/she considers appropriate to the Company's interests.

3.- The post of Chairman of the Board of Directors may be given to an Executive Director. In this case, the appointment of the chairman shall require a vote in favour of two thirds of the members of the Board of Directors.

If the Chairman is an Executive Director, the Board of Directors, with the abstention of the Executive Directors, must necessarily appoint a Co-ordinating Director out of the Independent Directors, who will be especially empowered to ask for a meeting of the Board of Directors to be convened, or for the inclusion of new items on the agenda of a Board meeting that has already been convened, co-ordinate and bring together the non-executive directors and direct, as the case may be, the periodic assessment of the Chairman of the Board of Directors.

4. The Board, with a prior report issued by the Nominations, Remuneration and Corporate Governance Committee, may elect one or more Vice-Chairman – Executive or otherwise – out of its members, who will replace the Chairman by delegation, on in the absence or illness of the latter and, in general, in all cases, functions or attributes considered appropriate by the Board or by the Chairman.

The Chairman will be substituted by the Vice-Chairman who, as the case may be, has executive functions in the Company and, in the absence thereof, by the Vice-Chairman who is the oldest.

5.- The Board, with a prior report issued by the Nominations, Remuneration and Corporate Governance Committee, will appoint a Secretary and, as the case may be, one or several Vice-Secretaries. The same procedure will be followed to resolve on the removal of the Secretary and, as the case may be, of each Vice-Secretary.

The Secretary and Vice-Secretaries of the Board of Directors need not be directors.

6.- In addition to the functions assigned by law and these Articles of Association, the Secretary must carry out the following functions:

a) Conserve the documentation of the Board of Directors, reflect in the books of minutes the contents of the Board meetings and certify the resolutions passed thereat.

b) Ensure that the actions of the Board of Directors comply with the applicable legislation and conform to the Articles of Association and other internal regulations.

c) Assist the Chairman so that Directors receive the relevant information in order to carry out their duties sufficiently in advance and in suitable format.

Article 39. Meetings of the Board of Directors.

1.- The faculty to convene meetings of the Board of Directors and, as the case may be, to draw up the Agenda for such meetings lies with the Chairman, who must however convene such a meeting when so requested by any of its members, indicating the matters to be discussed.

The Board of Directors shall meet, ordinarily, with the frequency the Chairman considers most appropriate from time to time for the correct functioning of the Company.

2.- Notice of meetings shall be given in writing in the form and with the advance notice established in the Board Regulations. In any case, it will include an advance of the foreseeable Agenda for the meeting and will be accompanied by the pertinent written information that is available. In any case, the Chairman shall have the faculty at all times to submit any matters he considers appropriate to the Board of Directors, irrespectively of whether or not they are included in the Agenda for the meeting.

The Directors may ask the Chairman to include items in the agenda, and the Chairman shall be bound to include such items when the request has been made not less than ten days in advance of the date set for the meeting and the pertinent documentation has been sent together with the aforesaid request, to be conveyed to the other members of the Board of Directors.

Article 40. Development of Meetings

1.- Meetings of the Board shall be quorate when half plus one of its members is present or represented at the meeting.

2.- Directors must attend Board meetings in person, and when, exceptionally, they are unable to do so, they shall strive to nominate another Board member to represent them, and, as far as possible, will include the pertinent instructions. Such delegations may be granted by letter or through any other means that ensures the certainty and validity of the representation in the Chairman's opinion.

3.- Furthermore, the Board of Directors may authorize the attendance of Directors by telephone or audiovisual media provided that such means allow real-time interactivity and intercommunication between those present at the meeting. In any case, resolutions shall be deemed passed at the place where the Chairman is located.

4.- Except in cases in which another voting quorum is specifically applicable, resolutions will be passed by an absolute majority of Directors attending the meeting (present or represented) and in the event of a tie the Chairman, or Vice-Chairman replacing him, shall have the casting vote.

5.- Exceptionally, when urgency so requires, the Chairman may propose that resolutions be passed without holding a meeting, in writing (fax, post, e-mail, etc.) provided that no Director objects to this proceeding.

6.- The Chairman may invite any person he considers appropriate to the Board meetings.

Article 41. Resolutions of the Board of Directors

1.- The resolutions passed by the Board of Directors shall be recorded in minutes set forth in a special book, authorized by the signatures of the persons who have acted as Chairman and Secretary at each meeting. Any certificates issued that refer to the aforesaid book shall be authorized, indistinctly, by the Chairman or Vice-Chairman and the Secretary or Vice-Secretary or by whoever substitutes them in their respective functions.

2.- The Chairman, the Vice-Chairman or Vice-Chairmen, the Managing Director or Directors, and the Secretary of the Board shall be empowered permanently and indistinctly, on a joint and several basis, to record the resolutions of the Board of Directors in a public instrument, notwithstanding the express authorizations established in applicable legislation.

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

Section One: General Considerations

1.- Notwithstanding the provisions of paragraph four below, the Directors' remuneration shall consist of a fixed annual allowance and an allowance for attending meetings of the Board of Directors and of its executive and consultative committees, the amounts of which will be determined by the General Shareholders' Meeting.

2.- In addition, and independently of the remuneration contemplated in the preceding paragraph, remuneration systems linked to the listed value of the shares or that entail the handover of shares or option rights on shares to Directors may be established. The applications of such remuneration systems must be resolved upon by the General Shareholders' Meeting, which will determine the maximum number of shares that may be assigned each year to this remuneration system, the price of exercising or the system for calculating the price of exercising the share options, the value of the shares, as the case may be, used as a reference, duration of the plan and other conditions it considers appropriate. Furthermore, following compliance with the requisites established by law, similar remuneration systems may be established for company personnel – whether executive personnel or not.

3.- The maximum amount of the annual remuneration of all the Directors taken as a whole for their posts as Board members must be approved by the General Meeting and will remain in effect until a modification thereto is approved. Unless the General Meeting establishes otherwise, the distribution of the remuneration among the different Directors will be established by the Board's decision, which must take into consideration the functions and responsibilities attributed to each Director.

4.- Executive Directors shall be entitled to receive additional remuneration for the executive functions carried out in the context of their employment or mercantile relationship with the Company, which will include their duty as a Board member. Accordingly, such remuneration will include both executive functions and the duties as a Board member. In particular, such remuneration will be made up of the following components: (a) a fixed portion, in line with the services and responsibilities undertaken; (b) a variable component, correlated to an indicator of the CEO's or the Company's performance; (c) benefits, which will include the pertinent insurance; and (d) compensation in the event of early termination of the provision of executive services not due to a breach attributable to the Director. The determination of the amounts of the remuneration items referred to in this paragraph will be in line with market conditions and will take into account the inherent responsibility and degree of commitment of the role of each Executive Director.

Section Two: Annual Report on Remuneration

The Board of Directors must draw up and publish each year a report on its directors' remuneration, which will include the remuneration they receive or are to receive by virtue of their status as Board members, and, as the case may be, for fulfilling executive functions.

The annual report on the Directors' remuneration shall include complete, clear and comprehensible information on the remuneration policy for directors applicable in the current year. It will also include an overall summary of how the remunerations policy was applied during the last year, and a detail of the individual remuneration accrued in respect of all items in favour of each of the Directors in that year.

The annual report on Directors' remuneration will be submitted to a vote, on a consultative basis, as a separate item on the agenda, to the Ordinary General Shareholders' Meeting.

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 pubished in the web page of the Company as from the call to the General Shareholde s 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. ~~Any modification or replacement of the policy during that term shall require the prior approval of the General Shareholders' Meeting, using the procedure established for approval thereof.~~ 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. ~~In the event that the annual report on Directors' remuneration is rejected at the consultative vote of the Ordinary General Meeting, the remuneration policy applicable for the following year must be submitted to the General Meeting for approval prior to being applied, even if the term of three years referred to above has not elapsed. Cases in which the remuneration policy has been approved at the same Ordinary General Meeting are an exception~~
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.

Article 44. Duty to Avoid Situations of Conflicts of Interest

1.- Directors must inform the Board of Directors of any situation of conflict, whether direct or indirect, that they or persons related to them, as defined by law, may have with the company's interest.

The situations of conflict of interest incurred by the Directors shall be disclosed in the Notes to the Financial Statements.

The duty to avoid situations of conflict of interest in the context of the duty of loyalty referred to in article 43.1 c above requires that Directors refrain from:

a) Carrying out transactions with the company, except when they are ordinary operations carried out under standard conditions for customers and are not material, which are understood to be those that need not be reported in order to express a true and fair view of the equity, the financial position or the results of the company.

b) Using the Company's name or invoking their status as Director to cause undue influence on private operations.

c) Making use of the corporate assets, including the company's confidential information, for private purposes.

d) Taking advantage of the company's business opportunities.

e) Obtaining advantages or remuneration from third parties other than the company and its group associated to the performance of their post, unless these are merely a courtesy.

f) Carrying on activities on their own account or on account of another that entail effective competition, whether real or potential, with the company or that otherwise place them in permanent conflict with the company's interests.

The above provisions shall also apply in the event that the beneficiary of the prohibited acts or activities is a person related to the Director, as defined in article 231 of the Companies Act.
The Company may release Directors from the prohibitions contained in this article, in accordance with the terms of article 230 of the Companies Act.

TITLE FOUR

EXECUTIVE AND CONSULTATIVE COMMITTEES OF THE BOARD OF DIRECTORS

Chapter One. Executive Committee

Article 45. Delegation of Faculties

1.- Notwithstanding the delegation of faculties to the Executive President and, as the case may be, the Managing Director or the Vice-Chairman, the Board of Directors may delegate, in accordance with article 249 of the Companies Act, an Executive Committee made up of Board members which will have decision-making capacity in the general sphere and, consequently, expressly delegating all the faculties that correspond to the Board of Directors except those which, by law or by virtue of the Articles of Association, may not be delegated. The Board of Directors may also entrust the Executive Committee to carry out other functions.

2.- The permanent delegation of faculties on the Executive Committee shall require a vote in favour by at least two thirds of the members of the Board of Directors.

Article 46.- Composition

The Executive Committee shall be composed of the Chairman of the Board and by not less than three and not more than nine Directors, designated by the Board of Directors.

The Board Regulations will regulate the composition, operation and competences of the Executive Committee.

Chapter Two. Nominations, Remuneration and Corporate Governance Committee

Article 47. Composition and competences

1.- The Nominations, Remuneration and Corporate Governance Committee will be made up of a minimum of three and a maximum of five Directors, and will comprise exclusively Non-Executive Directors appointed by the Board of Directors, at least two of whom must be Independent Directors. The Chairman of the Committee will be appointed out of the Independent Members that form part of it.

2.- The Chairman of the Nominations, Remuneration and Corporate Governance Committee must be an Independent Director and shall be appointed by the Committee from among its members, for a term of three years, and may be re-elected indefinitely for terms of equal duration.

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.

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

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~~, and one of them will be appointed taking into account his/her knowledge and experience in the field of accounting, auditing or both.~~

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.

2.- The Chairman of the Audit and Control Committee shall be appointed out of the Independent Directors who form part of the Committee and must be replaced every four years, and may be re-elected one year after being replaced.

3.- 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 the process of drawing up and presenting regulatory financial information.~~ 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 incudes, 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~~, re-election~~ 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.~~confidentially and anonymously, any breaches of the Code of Conduct.~~

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.

TITLE FIVE

ECONOMIC REGIME OF THE COMPANY

Article 49. Business Year.

The business year conforms to the calendar year and starts on 1st January and ends on 31st December each year.

Article 50. Annual Accounts

1.- The Board of Directors is required to draw up, within a maximum term of three months after the year end, the annual accounts, the Directors' report and the proposed application of the result and, as the case may be, the consolidated accounts and Directors' report.

2.- The Board of Directors shall strive to draw up the accounts in such a way that there are no qualifications by the auditor. However, when the Board considers that it must uphold its criterion, it will explain publicly, through the Chairman of the Audit and Control Committee, the content and scope of the discrepancy and shall also strive to ensure that the auditor also gives an account of its considerations in this regard.

3.- The annual accounts will be submitted to the General Shareholders' Meeting for approval.

For that purpose, within three months following the end of each year, the Board of Directors must draw up the annual accounts – comprising the Balance Sheet, the Income Statement and the Notes to the Accounts-, the Directors' Report and the proposed application of the result and, as the case may be, the consolidated accounts and Directors' report.

Article 51. Dividends

Each year, after deducting general expenses and making the pertinent appropriations to legal reserves, the profits shall be applied to the payment of the dividends resolved by the Meeting and to strengthening the voluntary reserves and other applications determined by the Meeting.

Article 52. Auditors

1.- The annual accounts and the Directors' report must be reviewed by the auditors, who will be appointed by the General Meeting before the end of the period that is to be audited.

2.- The General Meeting shall establish the term during which the auditors appointed shall carry out their duties, which may not be less than three years nor more than nine years.

TITLE SIX

ANNUAL CORPORATE GOVERNANCE REPORT AND WEBSITE

Article 53. Annual Corporate Governance Report

The Board of Directors shall approve an Annual Corporate Governance Report, the content and time of dissemination and publication of which shall conform to the legal and regulatory provisions governing it.
2.- The Annual Corporate Governance Report will be included in the Directors' Report, in a separate section.

The Annual Corporate Governance Report will be made available to shareholders on the company's website no later than the date of publication of the notice convening the Ordinary General Meeting that is to resolve on the annual accounts for the year to which the aforesaid report refers.

Article 54. Website.

1.- In accordance with the provisions of article 4, the company shall have a corporate website (www.nh-hoteles.com), the content of which will be determined by the Board of Directors, in accordance with the applicable legal and regulatory provisions.

The Board of Directors may resolve to modify, move or suppress the website. The resolution to modify, move or suppress the website must be registered in the Mercantile Registry and will be published in the Official Gazette of the Mercantile Registry and on the website itself that it has been resolved to modify, move or suppress within thirty days after passing the aforesaid resolution.

2.- An Electronic Shareholders' Forum shall also be created, the purpose of which will be to facilitate communication for shareholders prior to holding General Meetings, and to serve as an instrument for the publication of proposals that are to be submitted as a supplement to the agenda, requests to join such proposals, initiatives to reach the sufficient percentage required in order to exercise minority rights or petitions for voluntary representation.

TITLE SEVEN

DISSOLUTION AND LIQUIDATION OF THE COMPANY

Dissolution and liquidation of the Company

Article 55. Causes of dissolution

The Company shall be dissolved due to the causes and with the requisites established in ruling legislation.

Article 56. Liquidation

Liquidation shall be carried out pursuant to ruling law, by the individuals of the Board of Directors designated by the General Meeting, of whom there shall be an odd number. The General Meeting shall conserve all its powers until the liquidation is complete. This shall be verified within the term determined by the General Meeting at the Board’s proposal.

Article 57. Venue

The shareholders expressly submit to the judicial venue corresponding to the company’s domicile, waiving their own jurisdiction.