

FOR INFORMATION PURPOSES. SPANISH VERSION PREVAILS

**REGULATIONS OF THE AUDIT AND CONTROL COMMITTEE OF
MERLIN PROPERTIES, SOCIMI, S.A.**

Revised text of the Audit and Control Committee Regulations approved by the Board of Directors at the meeting held on December 16, 2020. In the process of registration at the Commercial Registry.

REGULATIONS OF THE AUDIT AND CONTROL COMMITTEE OF MERLIN PROPERTIES, SOCIMI, S.A.

Chapter I preliminary

Article 1. Nature and Purpose

1. In accordance with the Corporate Governance System of Merlin Properties, SOCIMI, S.A. (the “**Company**” or “**Merlin**”), the Board of Directors sets up the Audit and Control Committee (the “**Committee**”), an internal, collective and permanent body, of an informative and advisory nature, without executive functions, with powers to advise, report and propose within its scope of action, which shall be governed by the provisions of the bylaws, of the Board Regulations and of these Audit and Control Committee Regulations (the “**Regulations**”).
2. The purpose of these Audit and Control Committee Regulations is to define:
 - (i) the principles of action of the Company’s Audit and Control Committee;
 - (ii) the basic rules of its organization and functioning; and
 - (iii) the rules of conduct of its members.
3. The Regulations were prepared having regard to the recommendations of good governance generally recognized on the international markets and form part of the Company’s corporate governance system.

Article 2. Approval and amendment of the Regulations

1. These Regulations must be approved by the Board of Directors, at the proposal of the Chairman of the Board, of one half plus one of the directors or of the Committee itself.
2. The Regulations may only be amended by the Board, at the proposal of the Chairman of the Board, of one half plus one of the directors or of the Committee itself.
3. Proposals for amending the Regulations must be accompanied by an explanatory memorandum and must be reported on by the Nominations Committee. The wording of the proposal, the explanatory memorandum of its authors and the report by the Nominations Committee must be attached to the call notice of the Board meeting at which the directors are to deliberate on it, and must be expressly included on the meeting Agenda. In order to be valid, an amendment of the Regulations will require a resolution adopted for such purpose by absolute majority of the directors present at the meeting either in person or represented by proxy.

Article 3. Interpretation

1. The Regulations implement and complete the rules applicable to the Board of Directors pursuant to the legislation in force and to the Company's bylaws which, in the event of contradiction, will prevail over the provisions of the Regulations.
2. The Regulations must be interpreted in compliance with the applicable statutory and bylaw provisions and with the principles and recommendations on the corporate governance of listed companies, having regard fundamentally to their spirit and purpose and to the corporate interest.
3. Any question or discrepancy related to the interpretation of the Regulations will be resolved by the Committee and, otherwise, by its chairman, assisted by the persons designated for such purpose by the Board, as the case may be. The interpretation and resolution of any questions or discrepancies must be reported to the Board.

Article 4. Dissemination

Committee members, as well as Board members (the "**Directors**"), where applicable to them, have the obligation to know, comply with and procure compliance with the Regulations. For such purpose, the secretary to the Board must provide all Directors with a copy of the Regulations when they accept their respective appointments, and a copy of the Regulations must be posted on the corporate website of the Company.

Chapter II Powers of the Committee

Article 5. Basic principles of action

The Committee, when exercising its powers, must comply with the basic principles of:

- (i) responsibility, given that, as a collective body, it has specific responsibilities to advise the Board and to supervise and control the financial information preparation and presentation processes, as well as responsibilities regarding the independence of the external auditor and the effectiveness of the internal risk management and internal control systems, notwithstanding the responsibility of the Board;
- (ii) skepticism, sufficiently questioning the data, the assessment processes and the preliminary conclusions reached by the Company's executives and managers. This entails a critical attitude, not automatically accepting their opinion, noting the pros and cons and forming its own view, not only individually (each of its members) but also collectively;
- (iii) dialogue, both:
 - (a) among its members, so as to favor a diversity of opinion that enriches the Committee's analyses and proposals, establishing a climate within the

Committee that fosters constructive dialogue among its members, promoting free speech and a critical mindset; and

- (b) with Company management (in particular, general and financial management), the head of the internal audit department and the external auditor; and
- (iv) sufficient analytical capacity, being authorized to obtain, if deemed necessary or appropriate, expert advice from a third party capable of aiding the Committee in the process of analyzing particularly complex aspects (contentious or new accounting treatments, determination of the reasonable value of certain assets or liabilities, valuation of related-party transactions or tax treatments or complex risks or of key audit areas).

Article 6. Powers related to audit work and to the external auditor

In this area of its powers, the Committee will have the following main functions:

- (i) With respect to the designation or termination of the external auditor:
 - (a) to approve the policy defining the procedure used to select and contract the external auditor, all relations with it, any circumstances that could affect its independence and the instruments used to ensure that such relations are sufficiently transparent. As a part of these powers, the Committee must consider, inter alia, factors such as the scope of the audit, the capacity, experience and resources of the auditor or audit firm, the fees, as well as the auditor's independence and the effectiveness and quality of the audit services to be provided;
 - (b) to present to the Board, for submission to the Shareholders' Meeting, the proposal for the selection, appointment, reelection and replacement of the external auditor, as well as the contracting terms and, as the case may be, terms of revocation or non-renewal;
 - (c) to examine, should the external auditor reject its appointment, the circumstances behind such rejection; and
 - (d) to ensure that the Company reports any change of external auditor via the National Securities Market Commission attaching a statement regarding the existence of any disagreements with the outgoing auditor and, as the case may be, their substance.
- (ii) With respect to the actions of the external auditor:
 - (a) to supervise compliance with the audit contract;
 - (b) to obtain, on a regular basis, information on the audit plan and its enforcement, and to preserve the external auditor's independence in the performance of its functions;

- (c) to ensure that:
 - a. the external auditor holds a meeting with the Board at least once a year, with a view to informing it of the work performed and of the Company's accounting and risk status; and
 - b. the Company and the external auditor comply with the provisions in force on the provision of non-audit services, the restrictions on the concentration of the external auditor's business and, in general, all other provisions on the independence of auditors.
 - (d) to ensure that its compensation does not jeopardize its quality or its independence and to receive from the external auditor all information on matters which could place its independence at risk, as well as all other communications stipulated in the audit legislation and in the audit standards, for examination by the Committee.
- (iii) With respect to the external auditor's independence:
- (a) to ensure independence and the absence of grounds for prohibition and conflict of interest;
 - (b) to establish sources of internal information at the Company, which provide relevant information regarding the external auditor's independence, taken from the financial department, other management functions, from the internal audit department or from other assurance functions, such as the legislative compliance unit or the risk unit, or external information, such as information provided by the external auditor itself;
 - (c) to ask the external auditor to explain the internal quality control system it has established on matters of independence;
 - (d) to debate with the external auditor all circumstances capable of jeopardizing its independence and to evaluate the effectiveness of the safeguard measures adopted, as well as to understand and evaluate all relations between the Company and its related parties and the external auditor and its network, which entail the provision of non-audit services or any other type of relationship;
 - (e) to receive from the external auditor, on an annual basis, the statement of its independence, as well as the information on additional services provided, of any type, and the related fees received by the external auditor or by the persons or entities related to it, pursuant to the audit legislation; and
 - (f) to issue, on an annual basis, prior to the issue of the audit report, a report in which it gives an opinion on whether the independence of the external auditor has been compromised. This report must contain, in all cases, a reasoned assessment of the provision of each and every one of the additional services, taken individually and collectively, not entailed in the statutory audit and in connection with the rules on independence or with the regulations on the

activity of auditors.

- (iv) With respect to the review of audit work:
 - (a) to review with the external auditor the main incidents detected during the audit, comparing them with the opinion of the management, checking that they have been resolved and, if not, ascertaining why not, and to perform a follow-up of the external auditor's recommendations;
 - (b) to check compliance with the audit plan and, if it has not been complied with, to obtain an explanation of any changes made;
 - (c) to obtain an explanation from the external auditor regarding how it approached the risks detected;
 - (d) to analyze the external auditor's opinion in the light of the evidence available to it on each relevant area of the business; and
 - (e) to hold meetings with senior management and with the financial department, on one hand, and with the external auditor, on the other, so as to evaluate whether the relations and cooperation between them have been suitable.
- (v) To serve as a communication channel between the Board and the external auditor.
- (vi) To assess the findings of each audit and to supervise the answers given by Company management regarding the adjustments proposed by the external auditor, mediating in cases of discrepancies between the former and the latter with respect to the standards and methods applicable to the preparation of the financial statements.
- (vii) To analyze with the external auditor the significant weaknesses of the internal control system detected during the audit, to present recommendations or proposals to the Board and to specify the related period in which they are to be monitored.
- (viii) To grant prior authorization to non-audit services to be provided by the external auditor (or the audit firm to which it belongs) or by the persons or entities related to them (pursuant to the audit legislation) to the group companies, as stipulated by law. For such authorization, the Committee must assess:
 - (a) the nature of the services, the circumstances and context in which they are provided, the condition, position or influence of the person providing the services, and other relations with the Company, as well as their effects and whether the services could threaten the independence of the external auditor and, as the case may be, whether there are measures capable of eliminating or reducing those threats to a level that does not compromise its independence;
 - (b) whether the external auditor (or audit firm) is the most suitable for providing the services, having regard to its knowledge and expertise; and

- (c) the compensation of non-audit services, individually or collectively, in connection with audit services, and the parameters used by the audit firm to define its own compensation policy.

Article 7. Powers related to the process of preparing economic-financial information and non-financial information

In this area of its powers, the Committee's main functions will be:

- (i) To supervise:
 - (a) compliance with statutory requirements;
 - (b) the suitable definition of the consolidation perimeter;
 - (c) the correct application of the generally accepted accounting standards and the international financial reporting standards applicable to the regulated economic-financial information related to the Company;
 - (d) the process of preparing and presenting the Company's financial statements and any periodic financial information which, pursuant to the legislation in force, the Company is to report to the markets and to their supervisory bodies, including their preparation and publication process, reporting on them to the Board prior to their approval and subsequent to the submission of recommendations or proposals aimed at safeguarding their integrity; and
 - (e) to assess the process of preparing the financial and non-financial information and its integrity, as well as the financial and non-financial risk control and management systems in relation to the Company, including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption.
- (ii) To supervise compliance with the statutory requirements on accounting matters and the correct application of the generally accepted accounting standards, and to report on the proposals for modification of accounting standards and methods suggested by the management.
- (iii) To review:
 - (a) the clarity and integrity of all financial information and related non-financial information made public by the Company, such as financial statements, the management report, risk management and control reports and the annual corporate governance report, ensuring that the half-yearly financial reports and the quarterly management statements are prepared using the same accounting methods as the annual financial reports and, for such purpose, to consider whether it would be appropriate to have the auditor perform a limited review of the half-yearly financial reports;
 - (b) the contents of the audit reports and, as the case may be, of the reports on the limited review of interim accounts and other mandatory reports by the

external auditor, prior to issue, with a view to avoiding qualifications; and

- (c) with the cooperation of the internal audit department, the financial information posted on the Company's website, ensuring that it is updated on an ongoing basis and is in line with the financial information prepared by the Company's directors and posted, as the case may be and where obligatory, on the website of the National Securities Market Commission.
- (iv) To assess the findings of each audit or limited review and to supervise the answers given by Company management and its recommendations.
- (v) To procure that the opinion on the financial statements and the main contents of the audit report are drafted clearly and accurately.
- (vi) To ensure that the financial statements that the Board presents to the Shareholders' Meeting are prepared in accordance with accounting legislation. Where the auditor has included a qualification in its audit report, the Chairman of the Committee will clearly explain in the Shareholders' Meeting, the opinion of the Committee regarding its content and scope and a summary of such opinion will be made available to shareholders at the same time as the publication of the call notice of the Shareholders' Meeting.

Article 8. Powers related to the internal audit department

In this area of its powers, the Committee will have the following as its main functions:

- (i) To ensure the independence of the internal audit department, which will depend functionally on the Committee, and to ensure that it has sufficient resources and members with suitable professional qualifications for the optimum performance of its functions;
- (ii) To propose the selection, appointment, and removal of the head of the internal audit department;
- (iii) To analyze and approve the budget of the internal audit department;
- (iv) To approve or propose for approval by the Board of the guidelines and annual working plan of the internal audit department and to receive periodic information on its activities; when supervising the working plan, the Committee must check that the plan covers the main areas of financial and non-financial risk of the business (including reputational risks) and that it clearly identifies and defines the Committee's responsibilities, in the interest of suitable coordination with any other existing assurance functions, such as the risk management and control, management control and legislative compliance units and the external auditor;
- (v) To perform ongoing assessments, at least once a year, of the functioning of the internal audit department, of its action plans and resources and of the performance of the department head. In its assessment, the Committee must ensure:
 - (a) that, in practice, the business's main areas of risk identified in the plan are suitably covered;
 - (b) that there is suitable coordination with other assurance functions, such as risk management and control or legislative compliance, as well as with the external auditor;
 - (c) that the resources initially approved, whether human or technological and financial, are available, including the contracting or use of experts for audits requiring special qualifications, where deemed necessary or appropriate;
 - (d) that the head of the internal audit department has, in fact, direct access to the Committee;
 - (e) that the Committee is suitably informed of all major changes to the plan;
 - (f) that the conclusions of the related reports prepared in connection with annual planning or other specific requests made or approved by the Committee are submitted with the stipulated frequency; said conclusions must include not only the weaknesses or irregularities detected, but also the action plans aimed at their resolution and the monitoring of the implementation of such plans; and

- (g) that each year an activities report is submitted, containing at least a summary of the activities carried out and reports prepared during the year, explaining any work projected in the annual plan but not carried out, or any work carried out but not projected in the initial plan, and an inventory of the weaknesses, recommendations and actions plans set forth in the various reports;
- (vi) To ensure that the profiles of the internal audit staff are suitable and that they are able to perform their work objectively and independently ;
- (vii) To procure that the members of the internal audit department:
 - (a) have no personal or professional interests in the area they are auditing and view all work from an impartial standpoint;
 - (b) have access to the necessary documentation and staff; and
 - (c) are enabled to use suitable research techniques without any barriers whatsoever; and
- (viii) To check periodically that Company management considers the conclusions and recommendations set forth in the reports and activities of the internal audit department.

Article 9. Powers related to the internal control and risk management systems

In this area of its powers, the Committee's main functions will be:

- (i) To supervise everything related to the various types of risk faced by the Company, including financial or economic risks, contingent liabilities, other off-balance sheet risks, operating, environmental, technological, legal, social, political and reputational risks;
- (ii) To assess, at least once a year, the list of the most significant financial and non-financial risks and the level of tolerance stipulated for each one, having regard to the information provided by the management, the head of the internal audit department and, if appropriate, the risk management and control unit, bearing in mind that setting the risk levels deemed acceptable by the Company is an executive function of the Board.
- (iii) To review periodically:
 - (a) the Risk Management and Control Policy and to propose its amendment and update to the Board;
 - (b) the Company's internal control policy and also the Company's internal control and risk management systems and, in particular, the correct design of the system for internal control and management of financial information (sistema de control interno y gestión de la información financiera or SCIIF), so that the main risks are identified, managed and reported suitably; and

- (c) the reports to be issued by the management on the functioning of the systems established and the conclusions reached, as the case may be, in the tests performed on said systems by the internal auditors, or by any other professionals contracted specifically for such purpose, as well as on any significant internal control deficiency detected by the external auditor in the performance of its audit;

and having regard to their substance, issue, if appropriate, the appropriate recommendations, ensuring, in all cases, that the internal control policies and systems are effectively applied in practice.

- (iv) To obtain information on whether the most significant risks are managed and maintained within the tolerance values set by the Board and to assess the various risk tolerance levels stipulated, in order to propose their adjustment, if appropriate;
- (v) To hold a meeting, at least once a year, with the heads of the business units, at which the latter explain the business trends and the associated risks, and to enhance the idea that the heads of the business units are directly responsible for effective risk management and that a business unit head should be assigned to each risk identified;
- (vi) To approve the internal audit department's plan for assessing the SCIIF, and its modifications, and to receive periodic information the findings of its work, as well as on the action plan for correcting any deficiencies observed;
- (vii) To report, in advance, on the risks of the Company to be included in the annual corporate governance report and to inform the Board of its conclusions, so that it may assess them.

Article 10. Other powers entrusted to the Committee

The Committee will also have the following powers:

- (i) As regards the external appraisers:
 - (a) to supervise the hiring process, ensuring that the rotation policy is applied and that possible conflicts of interests and threats to independence that may call its suitability into question are identified;
 - (b) to ensure that the methodology applied and that the relevant hypotheses and assumptions used are in line with international accounting standards and with the Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) of Great Britain and the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC).
- (ii) To be aware of and assess the results of the work performed by the external auditor in relation to the valuations of the Company's assets.
- (iii) To report at the Shareholders' Meeting on issues raised in connection with the matters for which the Committee is responsible and, in particular, on the findings

of the audit, explaining how the audit contributed to the integrity of the financial information and clarifying the function performed by the Committee in this process.

- (iv) To report to the Board, prior to the Board's adoption of the related decision, on:
 - (a) the creation or acquisition of holdings in special-purchase entities or entities with registered office in countries or territories treated as tax havens, as well as any other transactions or operations of a similar nature which, given their complexity, could be detrimental to the transparency of any group of which the Company is the parent;
 - (b) related-party transactions;
 - (c) the economic terms and accounting impact and exchange ratio (if it exists and/or is applicable) in the structural and corporate modifications to be carried out by the Company;
- (v) To supervise compliance with the legislation on related-party transactions and, in particular, to ensure that the information on such transactions is reported to the market in compliance with the applicable legislation, and to report on transactions that entail or could entail conflicts of interest and, in general, on transactions with directors or significant shareholders;
- (vi) To supervise the Whistleblower Channel (canal.etico@merlinprop.com) of the Company, which enables employees and other personnel related to the Company such as directors, shareholders, suppliers, contractors or subcontractors to notify potentially significant irregularities, including financial or accounting irregularities or of any other nature, related to the Company that they may detect at the Company. The Whistleblower Channel shall guarantee the confidentiality and, in any event, provide for cases in which complaints may be made anonymously, respecting the rights of the complainant and the complainee.
- (vii) With respect to compliance with statutory requirements and to the prevention of money laundering and the correction of illegal or fraudulent conduct:
 - (a) to receive information from the Criminal Compliance Body in connection with any significant issue related to legislative compliance and the prevention and correction of illegal or fraudulent conduct;
 - (b) to review the annual activities plan of the Criminal Compliance Body, as well as the half-yearly report on its activities, and subsequently to forward them to the Board;
 - (c) to review, through the Internal Control Body, the Company's internal policies and procedures, with a view to ensuring that they effectively prevent money laundering and terrorism financing, and to identify eventual policies or procedures that more effectively promote the highest ethical standards, and to submit them to the Board;
 - (d) to issue its prior opinion on any reports prepared on money laundering and

terrorism financing and, in particular, on the annual self-assessment report prepared by the Internal Control Body and to submit it to the Company's Board of Directors for its approval;

- (viii) Any other powers attributed to it in the bylaws, the Regulations, the law and other legislation applicable to the Company.

Chapter III Composition

Article 11.- Introduction Program

1. New Committee members will be introduced to the functions of the Committee, and to the Company's other bodies, through a program aimed at ensuring that they all have a homogeneous knowledge that facilitates their active participation from the start.
2. The introduction program will cover at least:
 - (i) the Committee's role, responsibilities and objectives;
 - (ii) the functioning of the other specialized committees set up by the Company;
 - (iii) the time each Committee member is expected to dedicate to the Committee (commitment regarding level of dedication);
 - (iv) an overall view of the Company's business and organizational model and of its strategy; the Company's main activities; its financial structure, the most significant risks, both financial and non-financial; the entity's most important policies, including its code of ethics (meetings with key staff of the entity should be included); and
 - (v) the Company's reporting obligations.

Article 12. Quantitative and Qualitative Composition

1. The Committee will have not less than three (3) and not more than five (5) members, all of whom will be nonexecutive directors and most of whom will be independent directors; said members will be appointed by the Board at the proposal of the Nominations Committee.

The proposal and appointment of Committee members must procure diversity of composition, in particular with respect to gender, professional experience, skills and knowledge of the industry.

2. Committee members, as Board members, are presumed to have the experience and knowledge of management, economics, finance and business necessary in all good directors. Nonetheless:

- (i) collectively, they must have pertinent technical knowledge related to the industry to which the Company belongs;
- (ii) overall, they must have accounting, auditing and financial and non-financial risk management knowledge and experience; and
- (iii) at least one of the Committee members must be designated having equal regard to his knowledge and experience in matters of accounting, audit or both.

In addition to the foregoing, when proposing and appointing Committee members and officers, the Committee, the Nominations Committee, the Compensation Committee and the Board must procure that:

- (i) the Committee chairman has knowledge, aptitudes and experience suitable to the functions he is called to perform in matters of accounting, auditing and financial and non-financial risk management;
 - (ii) Committee members, collectively, have aptitudes in financial and internal control matters; and
 - (iii) at least one Committee member has experience in information technology (IT), among other reasons, so as to provide effective supervision of internal control and risk management systems (which generally use complex computer applications) and so as to be able to make a suitable assessment of new emerging risks, such as that of cybersecurity.
3. The number of members, their powers and the rules on the functioning of the Committee must favor the independence of its functioning. Thus, within the aforesaid limits, the Committee may propose to the Board that the number of its members be modified, with a view to ensuring the most suitable number for its effective functioning.

Article 13. Offices

1. The Committee will appoint a Committee chairman from among the independent Committee members.

The Committee chairman, among other aspects

- (i) must have sufficient capacity and availability to provide the Committee with greater dedication than its other members;
- (ii) must maintain regular contact with key staff involved in the Company's governance and management;
- (iii) will be the person who channels and furnishes the necessary information and documentation to the other Committee members, in time for them to be able to analyze it prior to Committee meetings; and

- (iv) with a view to favoring the diversity of opinion that enriches the Committee's analyses and proposals, will ensure that Committee members participate freely in deliberations and will foster constructive dialogue among its members, promoting free speech and a critical attitude.
2. The Committee must designate a secretary and may designate a deputy secretary, neither of which has to be a Committee member. Should these designations not be made, the Board secretary and deputy secretary will hold these offices.

Article 14. Term of office

- 1. Committee members will hold office for as long as their appointment as Company directors remains in force, unless the Board resolves otherwise. The renewal, reelection and removal of directors making up this Committee will be governed by what is resolved by the Board.
- 2. The Chairman must be replaced every four (4) years and can be reelected, provided that one (1) year has elapsed since the end of his term, notwithstanding his continuity or reelection as a Committee member.
- 3. Committee members reelected as Company directors by resolution of the Shareholders' Meeting will continue to hold office on the Committee, without having to be reelected, unless the Board resolves otherwise.

Article 15. Cessation

Committee members will cease to hold office:

- (i) when they cease to be Company directors;
- (ii) when, despite continuing to be Company directors, they cease to be nonexecutive directors;
- (iii) by resolution of the Board.

Article 16.- Training program

Committee members will participate in a periodic training program to ensure that they have up-to-date knowledge of new accounting legislation, the specific regulatory framework of the Company's activity, internal and external audit, risk management, internal control and the technological advances significant to the Company.

**Chapter IV
Functioning**

Article 17. Annual working plan

1. Prior to the commencement of each year, the Committee will approve an annual working plan that covers at least:
 - (i) the specific objectives for each of the Committee's functions, especially for any that are new or refer to the most relevant matters;
 - (ii) the organization of the information and agenda for meetings, planning fixed sections (matters discussed habitually) and matters to be discussed only at certain meetings;
 - (iii) meetings or other periodic forms of communicating with Company directors, with the head of the internal audit department and with the external auditor;
 - (iv) the training deemed appropriate for the correct performance of the Committee's functions.
2. When preparing the plan, regard must be had to the fact that the responsibilities of Committee members are fundamentally supervisory and advisory, and that they should not take part in enforcement or management functions specific to the management and the executive bodies of the Company.

Article 18. Meetings

1. Following the approval of the annual working plan, the Committee chairman must prepare the annual meeting calendar, having regard to the time to be dedicated to the various Committee functions, as well as to the meeting calendar of the Board and of the Shareholders' Meeting, all of the foregoing with a view to preparing, if appropriate, the reports to be forwarded on the matters to be discussed, as well as the report on the activities carried out by the Committee.
2. In any case, the Committee will call a meeting not less than once every quarter, in order to review the periodic financial information that, pursuant to the legislation in force, is to be forwarded by the Board to the securities market authorities, as well as the information to be approved by the Board and included in its annual public documentation. These meetings will be attended by the head of the internal audit department and, if a review report is issued, by the external auditor. At least a part of these meetings will be held without the presence of Company management, so that specific matters arising from the reviews performed can be discussed exclusively with them.
3. Notwithstanding the provisions of the preceding sections, the Committee will meet as often as is necessary, in the opinion of its chairman, for it to exercise its powers, as well as when a meeting is requested by at least two of its members.
4. The chairman of the Board and the managing director may request informational meetings of the Committee on an exceptional basis.

Article 19. Call notice

Committee meetings will be called by the Committee chairman, either at his own initiative or at the request of the chairman of the Board or by any member of the Committee itself. The call notice will be served by letter, telegram, telefax, e-mail or any other means permitting a record of its receipt, and it may be served by the secretary (at the request of the chairman).

Article 20. Meeting Venue

1. Committee meetings will be held at the venue indicated in the call notice.
2. Committee meetings may be held at various venues connected with each other by systems that permit the recognition and identification of attendees, ongoing communication between them, participation and voting, all in real time.
3. Committee members present at any of the interconnected venues will be regarded to all intents and purposes as attendees of the same and sole Committee meeting. The meeting will be deemed held at the venue at which the greatest number of Committee members are present or, in the event of a tie, the venue at which the chairman, or whoever is standing in for him, is present.

Article 21. Constitution

1. Committee meetings will be validly constituted when the majority of the Committee members are present or represented by proxy. Nonetheless, a Committee meeting will be deemed validly constituted without a call if all Committee members are present or represented by proxy, unanimously resolve to hold the meeting and agree on the items to be discussed on the agenda.
2. The meeting will be chaired by the Committee chairman. In the event of vacancy, illness, impossibility or absence of the Committee chairman, the meeting will be chaired by the longest serving Committee member and, should more than one have served an equal term, by the eldest.
3. The Committee secretary will act as the meeting secretary. In the event of vacancy, illness, impossibility or absence of the Committee secretary, the secretary will be the person designated by the Committee for such purpose.
4. Committee members may ask another member to serve as their proxy at a meeting by serving notice thereof on the Committee secretary, stating the terms of the proxy. They cannot, however, as another member to serve as their proxy in connection with matters that involve them personally or with respect to those entailing a conflict of interest for them.

Article 22. Resolutions

1. Committee resolutions shall be adopted by absolute majority of the votes of all members present or represented at the meeting. In the event of a tie the Committee chairman will have the deciding vote.

2. Resolutions will be recorded in minutes signed by the Committee chairman and the secretary, or by whomever is standing in for them. Resolutions should be approved at the same meeting or at the meeting held immediately thereafter; they should be available to all directors; and they will be recorded in a book of Committee resolutions.
3. In emergency situations, and provided that no Committee member objects, resolutions may be adopted by written consent and without a meeting.

Article 23. Conflicts of interest

Where the matters to be discussed at Committee meetings have a direct impact on any Committee members or on persons related to them and, in general, where said Committee member is subject to a conflict of interest, he must leave the meeting until the decision is made, and will be discounted from the number of Committee members used to calculate quorum and majorities in connection with the matter in question.

Article 24. Attendance

1. At the request of the Committee chairman, by way of a petition addressed for such purpose to the chairman of the Board, any director may be asked to attend a Committee meeting.
2. By way of a reasoned request, the Committee chairman may also require the attendance of any Company director, manager or employee, as well as any member of the managing bodies of investees, whose nomination was proposed by the Company, provided that there is no legal barrier to such attendance.
3. Meetings cannot be attended by persons who do not form part of the Committee if the aspects discussed are not within the scope of the authorities or functions of such persons.
4. The Committee may require the external auditor of the Company or of any entity forming part of the group to attend a Committee meeting, provided that there is no legal barrier to such attendance. The Company's external auditor will not attend the decision-making part of Committee meetings.
5. The presence of managers or other directors, whether or not executive, at Committee meetings will be occasional and only if necessary, following an invitation by the Committee chairman, and will be limited strictly to those items on the agenda for which they are invited.

Chapter V Relations

Article 25. Relations with the Board

1. The Committee chairman will inform the Board of the matters discussed and the resolutions adopted at its meetings at the first Board meeting held after each Committee meeting.
2. Also, within the first three months after the end of the Company's fiscal year, the Committee will submit to the Board, for its approval, an annual report on the Committee's work during the preceding year.

Article 26. Relations with the internal audit department

1. The Committee will propose to the Board, for its approval, following a report by the Nominations Committee, the appointment and the removal of the head of the internal audit department.
2. The Committee will ensure that the members of the internal audit department have access to the necessary documentation and staff and will aid them in the use of suitable research techniques without any barrier whatsoever.
3. The Committee will guide and supervise the activities of the internal audit department, for which purpose it will approve (or propose for approval by the Board) an annual working plan. As an integral part of the plan, the Committee will approve (or propose for approval by the Board) the budget of the internal audit department.
4. The head of the internal audit department will report directly to the Committee on the execution, including the incidents and limitations arising during the development, results and monitoring of the recommendations of its annual working plan and will submit an activities report to the Committee at the end of each fiscal year.
5. In addition to the responsibilities specific to its function, the internal audit department will be the habitual communication channel between the Committee and the rest of the Company's organization.

Article 27. Relations with the external auditor

1. Communications and meetings with the external auditor must respect the latter's independence, must be smooth and ongoing and must discuss, inter alia, the following matters:
 - (i) the suitability of the consolidation perimeter;
 - (ii) opinions, methods, assessments and estimates made, where they have a significant impact on the financial statements and related nonfinancial statements;
 - (iii) change to the significant methods applied;
 - (iv) significant internal control weaknesses;
 - (v) significant adjustments identified by the external auditor or resulting from the reviews performed by the internal audit department, and the position taken by the management in connection therewith.
2. Communications with the external auditor must be projected on an activities calendar and an annual meeting agenda; most meetings will be held without the presence of Company management and will include all matters with a potential influence on the opinion of the internal audit department and on the independence of the external auditor.

3. The Committee must at all times abide by the general principle of independence of the external auditor and the latter's duty not to participate in any way in the Company's management or in the decision-making of any of the Company's bodies, including the Committee itself. The external auditor should not be invited to participate in the decision-making part of Committee meetings.

Chapter VI

Prerogatives of the Committee, duties of Committee members and assessment of its functioning

Article 28. Prerogatives

1. The Committee may access, without restriction, any type of information or documentation available to the Company in connection with the matters under the Committee's authority and deemed necessary by the Committee for the performance of its functions.
2. The Committee may also enlist, with a charge to the Company, the cooperation or advisory services of external professionals, who must address their reports directly to the Committee chairman. In such case, the Committee must prevent any conflicts of interest from jeopardizing the independence of the external advice received.

Article 29. Duties of Committee members

1. Committee members must act with independence of criteria and of action with respect to the rest of the organization and must perform their work with the utmost professional diligence and skill.
2. Committee members will be subject, as such, to all the duties of a director pursuant to the Board Regulations, insofar as they apply to the functions performed by the Committee.

Article 30. Assessment

As a part of the annual assessment of the Board of Directors, the Committee will assess its efforts autonomously, with a view to enhancing its functioning and improving the planning for the following year. For such purpose, it will request an opinion from the other directors and, if it deems it appropriate, will enlist the aid of an external consultant. Independent of the procedure chosen, the Board will be informed of the aspects assessed and of the findings of the assessment, so that they can be considered in the annual assessment of the Board.