

**REGULATIONS FOR THE GENERAL SHAREHOLDERS'  
MEETING OF "TELEFÓNICA, S.A."**

## **PREAMBLE**

These Regulations for the General Shareholders' Meeting of "Telefónica, S.A." are aimed, within the framework of applicable legislation, at reinforcing the transparency thereof as a listed corporation, as well as at bringing together and organizing in a single text the various aspects relating to the call, organization and conduct of the General Shareholders' Meeting, in order to provide shareholders with a framework that guarantees and facilitates the exercise of their rights in their relationship with the governing body of the Company. Particular emphasis is placed on the shareholders' right to receive information and to participate in the deliberations and voting, by ensuring the widest possible dissemination of the call to meeting and of the proposed resolutions that are submitted to the shareholders at the General Shareholders' Meeting, all in order to ensure the utmost transparency and efficiency in the establishment of the shareholders' will and in decision-making at the Meeting.

Thus, "Telefónica, S.A." implements an essential component of the modern corporate governance structure of major listed companies, without prejudice to such adjustments or amendments to these Regulations as changes in legislation may require or as application in actual practice may make advisable, with the shareholders themselves acting at the General Shareholders' Meeting being ultimately entitled to decide on any modification to these Regulations.

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## **TITLE I. INTRODUCTION**

### **Article 1. Object and purpose.**

The object of these Regulations is to establish the principles of organization and operation of the General Shareholders' Meeting of "Telefónica, S.A." (hereinafter, the "Company"), in order to facilitate the exercise by the shareholders of their respective rights, all pursuant to the provisions of the Law and the By-Laws.

### **Article 2. Effectiveness, interpretation and amendment.**

**1.** These Regulations shall apply to the General Shareholders' Meetings of the Company that are called after the date of approval thereof.

**2.** These Regulations shall be interpreted in accordance with applicable statutory and by-law provisions, primarily taking into account the spirit and purpose thereof.

**3.** The Board of Directors may propose that the shareholders acting at the General Shareholders' Meeting amend these Regulations when, in its opinion, such amendment is advisable or necessary. The proposal for amendment must be accompanied by a report in support thereof.

### **Article 3. Publication and registration.**

**1.** These Regulations, as well as any subsequent amendments hereto, shall be reported to the National Securities Market Commission [Comisión Nacional del Mercado de Valores] and thereafter registered with the Commercial Registry of Madrid.

**2.** The current text of these Regulations will be available to the shareholders at the Company's principal office and on its corporate website.

## **TITLE II. NATURE AND TYPES OF GENERAL SHAREHOLDERS' MEETINGS AND POWERS OF THE SHAREHOLDERS THEREAT**

### **Article 4. Nature of the General Shareholders' Meeting.**

The General Shareholders' Meeting is the highest deliberative body of the Company, through which the corporate will is expressed and the shareholders exercise their right to participate in the Company's decision-making regarding matters within the scope of powers assigned thereto.

### **Article 5. Powers of the shareholders at the General Shareholders' Meeting.**

The shareholders acting at the General Shareholders' Meeting shall have the power to deliberate upon and adopt resolutions on all such matters as legal provisions and the By-Laws reserve for decision thereat, and, in general, on all matters which fall within the scope of powers assigned by Law to the shareholders and are submitted at the General Shareholders' Meeting at the behest of the Board of Directors and of the shareholders themselves, in such instances and in such manner as are provided in the Law and the By-Laws. In particular, the shareholders shall decide the following matters:

- a) Appointment and removal of Directors.
- b) Appointment and removal of auditors and liquidators.
- c) Commencement of claims for liability against the Directors, liquidators or Auditors
- d) Review of corporate management and approval, if appropriate, of the financial statements for the prior fiscal year and decisions regarding the allocation of profits/losses.
- e) Increase and reduction of share capital.
- f) Issuance of debentures.
- g) Amendment of the By-Laws.
- h) Dissolution, merger, split-off, overall assignment of assets and liabilities, relocation of the registered address abroad and transformation of the Company.
- i) The elimination of or establishment of restrictions upon pre-emptive rights, without prejudice to the possible delegation of these powers to the Directors as provided by law.
- j) The transformation of the Company into a holding company through "subsidiarization" or by entrusting subsidiaries with the conduct of core

- activities theretofore carried out by the Company itself.
- k) The acquisition or disposition of essential operating assets, when this entails an effective amendment of the corporate purpose.
  - l) Transactions the effect of which is tantamount to liquidating the Company and, especially, the approval of the final balance sheet upon liquidation.
  - m) Any other matter that the Board of Directors resolves to submit to the shareholders at a General Shareholders' Meeting.

#### Article 6. Types of General Shareholders' Meetings.

1. The General Shareholders' Meeting may be ordinary or extraordinary.

2. The shareholders acting at an Ordinary General Shareholders' Meeting, which shall have previously been called for such purpose, shall meet within the first six months of each Fiscal Year in order to review corporate management, approve, if appropriate, the financial statements for the prior Fiscal Year and decide on the allocation of profits/losses. Resolutions may be adopted regarding any other matter properly coming before the General Shareholders' Meeting provided that any such matter appears on the agenda and a quorum for the Meeting has been established with the presence of such stock as is required by the Law or the Company's By-Laws.

3. Any Meeting other than as provided in the preceding paragraph shall be deemed an extraordinary General Shareholders' Meeting.

### **TITLE III. CALL TO AND PREPARATION OF THE GENERAL SHAREHOLDERS' MEETING**

#### Article 7. Power and obligation to call to meeting.

1. The General Shareholders' Meeting shall be formally called by the Board of Directors of the Company, without prejudice to such express delegation of powers to that end as the aforementioned body may make in favor of any of its members.

2. The Board of Directors may call the General Shareholders' Meeting whenever it deems it advisable or appropriate to further the corporate interests and shall be required, in all cases, to call the Ordinary General Shareholders' Meeting within the first six months of each Fiscal Year and to call an Extraordinary General Shareholders' Meeting whenever it is so requested in writing by the holders of at least five per cent of

the share capital, which request shall set forth the matters to be dealt with. In this instance, the General Shareholders' Meeting shall be called to be held within two months of the date on which a notarially-recorded request for such call has been submitted to the Board of Directors, and the agenda shall include at least the matters set forth in the request.

#### Article 8. Publication and notice of the call to meeting.

1. The General Shareholders' Meeting shall be called, at least as much in advance of the date set for the Meeting as is at a minimum required by Law, through a notice published:

- a) In the Official Bulletin of the Commercial Registry or in one of the more widely circulated newspapers in Spain.
- b) On the website of the National Securities Market Commission [Comisión Nacional del Mercado de Valores].
- c) On the Company's corporate website.

The notice published on the Company's website shall be continuously accessible at least until the date of the Meeting. Furthermore, the Board of Directors may publish notices in other media, if it deems it appropriate to ensure the public and effective dissemination of the call to meeting.

The call to the General Shareholders' Meeting shall also be reported to such Market Supervisory Authorities as may be appropriate.

2. The notices of the call to meeting shall contain all the statements required by the Law in each case and, in any event, shall set forth the place, date and time of the Meeting upon first call and all the matters to be dealt with thereat (the agenda). The notices may also state the place, date and time for the Meeting to be held, if applicable, upon second call.

3. At Ordinary General Shareholders' Meetings, shareholders representing at least five percent of the share capital may request the publication of a supplement to the call to the Ordinary General Shareholders' Meeting including one or more items in the agenda, so long as such new items are accompanied by a rationale or, if applicable, by a well-founded proposal for a resolution.

4. In addition, shareholders representing at least five percent of the share capital may submit well-founded proposals for resolutions regarding items already included or that must be included in the agenda for the Meeting called. The Company shall ensure that such proposals for resolutions and any attached documentation are

disseminated among the other shareholders, as provided in the following article.

5. The rights provided for in the two preceding paragraphs must be exercised by means of duly authenticated notice that must be received at the Company's registered office within five days of the publication of the call to meeting.

The supplement to the call to meeting and the proposals for resolutions must be published or disseminated in compliance with the legal requirements and as much in advance as is provided by Law.

#### Article 9. Information available to the shareholders from publication of the notice of the call to meeting.

1. Beginning on the date of publication of the notice of the call to meeting and until the General Shareholders' Meeting is held, the Company shall maintain the following information continuously published on its website:

- a) The notice of the call to meeting.
- b) The total number of shares and voting rights on the date the meeting is called, with a breakdown by class of shares, if any such classes exist.
- c) The documents to be submitted to the shareholders at the General Shareholders' Meeting and, specifically, the reports prepared by directors, auditors and independent experts.
- d) The full text of the proposed resolutions or, if none, a report prepared by the competent bodies, containing a discussion of each of the items on the agenda. The proposed resolutions submitted by the shareholders shall also be included in the order that they are received.
- e) The existing communication channels between the Company and the shareholders and, specifically, any appropriate explanations regarding the exercise of the shareholders' right to receive information, setting forth the mailing and e-mail addresses to which the shareholders may write.
- f) The means to grant a proxy for the General Shareholders' Meeting and to cast a distance vote, including the procedure to obtain attendance cards or a certificate issued by the entities legally authorized for such purpose.

2. Furthermore, from the date of publication of the notice of the call to the General Shareholders' Meeting, and in order to facilitate shareholders' attendance and participation therein, the Company shall include in its website, to the extent available and in addition to the documents and information required by the Law, all materials that



the Company deems advisable for such purposes and in particular, but merely for illustrative purposes, the following:

- a) Information regarding the place where the General Shareholders' Meeting is to be held, describing, when appropriate, the means of access to the meeting room.
- b) Any other matters of interest for purposes of following the proceedings at the Meeting, such as whether or not simultaneous interpretation services will be provided, the possibility that the General Shareholders' Meeting be followed by audio-visual means, or information in other languages.

In addition, when there is a supplement to the call to meeting, the Company shall, from the date of publication thereof, also publish, in the same manner and on its website, the text of the proposals to which such supplement refers and which has been provided to the Company.

This information may be subject to changes at any time, in which case any appropriate amendments or clarifications shall be published on the Company's website.

**3.** The Company shall deliver the information and documentation referred to in sub-section 1 and in paragraph a) of sub-section 2 of this article to the National Securities Market Commission and other Market Supervisory Authorities as may be appropriate; it shall also provide such information and documentation to the depository or depositaries of the programs through which the Company is listed on certain foreign Markets.

#### **Article 10. Right to receive information.**

**1.** From the time of publication of the notice of the call to a General Shareholders' Meeting through the seventh day prior to the date set for the holding thereof upon first call, any shareholder may submit a written request to the Board of Directors of the Company for such information or clarifications as it deems are required, or ask written questions it deems are pertinent, regarding the matters included in the Agenda for the Meeting that has been published in the notice of call thereto, or regarding information accessible to the public that the Company has provided to the National Securities Market Commission since the holding of the immediately prior General Shareholders' Meeting, or regarding the auditor's report.

The Board of Directors shall be required to provide in writing, until the day when the General Shareholders' Meeting is held, the requested information or clarifications, as well as to respond in writing to the questions asked. The answers to the questions and to the requests for information shall be channeled through the Secretary of the Board of

Directors and provided by any member thereof or by any person expressly authorized by the Board of Directors to that end.

2. During the course of the General Shareholders' Meeting, the shareholders of the Company may verbally request such information or clarifications as they deem appropriate regarding the matters contained in the agenda, or regarding the information accessible to the public that the Company has provided to the National Securities Market Commission since the holding of the last General Shareholders' Meeting, or regarding the auditor's report. In the event that it is not possible to satisfy the shareholder's right at that time, the Directors shall provide such information in writing within seven days of the close of the Meeting.

3. The Directors shall have the duty to provide the information requested in reliance upon the two preceding paragraphs, except in those cases in which (i) it has been requested by holders of less than one-fourth of the share capital and the dissemination thereof may, in the opinion of the Chairman, prejudice the corporate interests; (ii) the request for information or clarifications does not refer to matters included in the agenda or, in the case of sub-section 1 above, to information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the immediately prior General Shareholders' Meeting; (iii) prior to the request for information, such information has been clearly and directly made available to all shareholders in question-and-answer format on the Company's website; (iv) the request for information is deemed abusive for any other reason; or (v) it is so established in legal or regulatory provisions.

Answers to shareholders who attend the General Shareholders' Meeting from a distance by means of data transmission and simultaneously and who exercise their right to receive information through this procedure shall be provided, if applicable, in writing, within seven days following the Meeting.

#### Article 11. Electronic Shareholders' Forum and suggestions made by the shareholders.

1. Without prejudice to the shareholders' right, in such cases and under such terms as are provided in the Law, to have certain matters included in the Agenda for the Meeting that they request be called, the shareholders may at all times and after providing evidence of their status as such, make suggestions through the Shareholder Service [Servicio de Atención al Accionista] regarding the organization and operation of the General Shareholders' Meeting and the powers of the shareholders thereat.

2. On occasion of the call to meeting and until each General Shareholders' Meeting is held, the Company shall place into operation on its website an Electronic Shareholders' Forum, which shall be accessible, with appropriate safeguards, by both individual shareholders and by any voluntary associations they may create as provided by law, in order to facilitate their communication prior to a General Shareholders'

Meeting being held. Proposed resolutions sought to be presented as a supplement to the agenda notified in the call to meeting may be published in the Forum, together with requests for adherence to such proposals, initiatives to reach the percentage sufficient to exercise a minority right provided by Law as well as proxy offers or solicitations. The Board of Directors may further develop the above-mentioned rules and establish the procedures, terms and other conditions for the operation of the Electronic Shareholders' Forum.

#### **TITLE IV. ORGANIZATION AND ESTABLISHMENT OF A QUORUM FOR THE GENERAL SHAREHOLDERS' MEETING**

##### **Article 12. Right to attend.**

1. The right to attend a General Shareholders' Meeting shall accrue to the holders of at least that number of shares representing a nominal value of not less than 300 euros, provided that such shares are registered in their name in the corresponding book-entry registry five days in advance of the date on which the General Shareholders' Meeting is to be held, and provided also that they present evidence thereof with the appropriate attendance card or share certificate issued by any of the entities participating in the institution that manages such book-entry registry, or directly by the Company itself, or in any other manner permitted under applicable legislation. Such card or certificate may be used by the shareholders as the document whereby to grant a proxy for the Meeting in question.

2. Shareholders that do not hold the minimum number of shares required to attend the Meeting may at all times grant a proxy in respect thereof, as set forth in Article 13 below, to a shareholder having the right to attend the Meeting, as well as group together with other shareholders in the same situation until reaching the required number of shares, following which a proxy must be granted to one of such shareholders. The grouping must be carried out specifically for each Meeting and be recorded on any written medium.

3. The Chairman may authorize the attendance of any person he deems appropriate, but the shareholders at the Meeting may revoke such authorization.

##### **Article 13. Proxy-granting and representation.**

1. Every shareholder having the right to attend the General Shareholders' Meeting may be represented thereat by another person, even if not a shareholder. The proxy must be granted specifically for each Meeting, either by using the proxy-granting form printed on the attendance card or in any other manner permitted by the Law, without prejudice to the provisions of the Companies Act (Ley de Sociedades de

Capital) regarding cases of proxies granted to family relatives and general proxies.

The documents setting forth the proxies or powers of attorney for the General Shareholders' Meeting shall contain instructions regarding the direction of the vote. Unless otherwise expressly indicated by the shareholder granting the proxy, it shall be understood that the shareholder gives specific instructions to vote in favor of the proposed resolutions put forward by the Board of Directors regarding the matters on the agenda.

If there are no voting instructions because the shareholders acting at the General Shareholders' Meeting are to decide matters that are not included in the agenda and are thus unknown on the date that the proxy is granted but which may be submitted to a vote at the Meeting, the proxy-holder shall vote in such direction as he deems most appropriate, taking into account the interest of the Company and that of the shareholder granting the proxy. The same rule shall apply when the relevant proposal or proposals submitted to the shareholders at the Meeting have not been made by the Board of Directors.

If the document setting forth the proxy or power of attorney does not state the specific person or persons to whom the shareholder grants the proxy, such proxy shall be deemed granted in favor of any of the following: the Chairman of the Board of Directors of the Company, or the person that stands in for him as Chairman of the General Shareholders' Meeting, or such person as is appointed by the Board of Directors, with notice of such appointment being given in advance in the official notice of the call to meeting. If the Chairman of the Board of Directors of the Company, or the person acting in his stead, or the person appointed by the Board of Directors, as applicable, is affected by any of the conflicts of interest contemplated in the Companies Act and the document setting forth the proxy does not contain any specific instructions, the proxy shall be deemed granted to the Secretary for the General Shareholders' Meeting.

A proxy is always revocable. Attendance at the Meeting by the shareholder granting the proxy, whether in person or through distance voting, entails the revocation of any proxy, whatever the date thereof. A proxy shall likewise be rendered void as a result of the disposition of shares of which the Company has notice.

2. Individual shareholders who do not have full legal capacity and corporate shareholders shall be represented by those persons who act as representatives thereof pursuant to Law, with evidence of such representative capacity being duly provided.

3. In any event, in cases of voluntary representation as well as those of legal representation, no person may have more than one representative at the Meeting.

4. The Chairman of the General Shareholders' Meeting, or the Secretary for

the Meeting acting under a delegation of powers, shall resolve all questions arising in connection with the validity and effectiveness of the documents setting forth the right of any shareholder to attend the General Shareholders' Meeting, whether individually or by grouping shares with other shareholders, as well as the granting of a proxy or of powers of representation to another person, and shall ensure that only such documents as fail to meet the minimum essential requirements are considered invalid or ineffective and provided that the defects therein have not been cured.

5. When a proxy is granted by means of long-distance communication, it shall only be deemed valid if it is carried out by sending to the Company the duly signed attendance and proxy-granting card or other written instrument that, in the opinion of the Board of Directors expressed in a resolution adopted for such purpose, allows for due verification of the identity of the shareholder granting the proxy and that of the proxy-holder designated therein.

A proxy granted or notified by electronic mail or communication with the Company shall only be admitted when, once such conditions of security and unambiguousness as are appropriate have been verified, it is so decided by the Board of Directors by means of a resolution and subsequent communication included in the notice of the call to the Meeting in question and further development thereof on the Company's website. In the above-mentioned resolution, the Board of Directors shall specify the conditions governing proxy-granting by electronic mail or communication, which shall necessarily include the obligation of the shareholder that exercises such right to submit a copy of the attendance and proxy-granting card in electronic form, describe in detail the representation granted and the identity of the shareholder granting the proxy, and include in the communication the recognized electronic signature or other type of identification of the shareholder granting the proxy, under such terms as are established by the Board of Directors by resolution adopted for such purpose, such that this system of representation may adequately guarantee the authenticity and identity of the shareholder granting the proxy.

Once that the Board of Directors resolves, if it deems it appropriate, to admit the proxy-granting system by electronic mail or communication as provided herein, it shall also endeavor to adopt the measures required for such admission of the aforementioned proxy-granting system to be included and set forth in these Regulations.

In order to be valid, a proxy granted by either of the aforementioned means of long-distance communication must be received by the Company before midnight on the third day prior to the date set for the holding of the Meeting upon first call. In the resolution providing for the call to the Meeting in question, the Board of Directors may reduce such advance period and publish any such reduction in the same manner as the notice of the call to meeting. Furthermore, the Board of Directors may elaborate upon the foregoing provisions governing proxy-granting by means of long-distance communication, in accordance with the provisions of sub-section 5 of Article 20 bis of the By-Laws and sub-section 7 of Article 20 bis of these Regulations.

6. A proxy may include items that, even if not contained in the agenda, may be dealt with by the shareholders at the General Shareholders' Meeting because it is so permitted by Law.

7. The Board may elaborate upon the foregoing provisions governing proxy-granting by means of long-distance communication, pursuant to the provisions of paragraph 7 of Article 20 bis below.

#### Article 14. Organization of the General Shareholders' Meeting.

1. The General Shareholders' Meeting shall be held at the place set forth in the notice of the call to meeting, within the area where the Company has its registered office, on the date and at the time also set forth in such notice. However, when the Board of Directors deems it appropriate in order to facilitate the conduct of the meeting, it may resolve that the Meeting be held in any other place within Spain by so providing in the call to meeting.

2. In order to ensure the proper exercise of the right to attend the General Shareholders' Meeting, as well as to guarantee the safety of those attending and the orderly conduct of the Meeting, such access control systems and surveillance and protection measures shall be established as the Board of Directors deems appropriate.

3. Sessions of the General Shareholders' Meeting may be held in one room or in several adjoining rooms, or in rooms which are not adjoining to one another but are located in the same building complex or on the same premises, as long as the Board of Directors deems it justified to proceed in this way. In such case, audiovisual means shall be provided to allow for real-time interactivity and intercommunication among the rooms.

4. In order to foster the widest dissemination of the proceedings of the General Shareholders' Meeting and of the resolutions adopted thereat, access to the place where the Meeting is held may be granted to media representatives as well as to financial analysts and other duly accredited experts. To this same end, the Chairman of the Meeting may direct that all or part of the proceedings of the General Shareholders' Meeting be broadcast or recorded by audio-visual means.

5. Upon entering the premises where the General Shareholders' Meeting is to be held, the attendees shall be provided with the full text of the proposed resolutions to be submitted for approval by the shareholders at the Meeting, with the exception, as appropriate, of proposals that cannot be delivered to the attendees because they have been adopted immediately prior to the Meeting. The shareholders shall be informed of such proposals during the course of the Meeting and, in all cases, before the shareholders' turn to speak.

6. No photography, video, recording or similar devices may be used in the room or rooms where the General Shareholders' Meeting is held, except to the extent allowed by the Chairman. Control mechanisms may be set up at the place of access to the room or rooms in order to ensure compliance with this provision.

#### Article 15. Preparation of the Attendance Roll.

1. In order to prepare the Attendance Roll, the admission of proxies shall start sufficiently in advance of the date set in the notice of the call to the General Shareholders' Meeting, such that the shareholders, or those who validly represent them, may deliver or send their respective proxies to the Company's registered office as well as, if appropriate, the documents that evidence proxy representation, all without prejudice to any appropriate control at the place and on the date established for the holding of the General Shareholders' Meeting.

2. In addition, at the place and on the date established for the General Shareholders' Meeting to be held and from the moment when access is granted to the place where the Meeting is to be held, the shareholders attending the Meeting in person or such persons as validly represent them thereat shall deliver their respective attendance cards and proxies to the staff in charge of shareholder registration, by producing evidence of their identity and, if appropriate, of their representative capacity and the grouping of shares.

3. Registration of shareholders present at the General Shareholders' Meeting in person and by proxy may be carried out manually or by using optical reading systems or other technical means that are considered appropriate.

4. In order for the General Shareholders' Meeting to begin at the time set forth in the notice of call, the attendance card and proxy registration process shall end minutes before the time at which the General Shareholders' Meeting is scheduled to commence; once such process has concluded and the existence of sufficient quorum to validly constitute the Meeting upon first or second call, as the case may be, has been verified, the Presiding Committee [*Mesa*] of the General Shareholders' Meeting shall be formed, whereupon the Meeting will commence.

5. Once the General Shareholders' Meeting is validly constituted, and in order to complete the preparation of the Attendance Roll, any attendance cards or proxies submitted after the establishment of a quorum at the Meeting and the commencement thereof must be admitted, as long as they are submitted before the shareholders' turn to speak begins.

Shareholders who have provided evidence of their status as such or any representatives thereof who have not submitted their attendance cards before the turn to

speaking begins may attend the Meeting, but will not be included in the Attendance Roll and will thus not be considered to be in attendance at the Meeting.

6. The preparation of the Attendance Roll and the resolution of issues arising in connection therewith shall be the purview of the Secretary for the Meeting.

At the end of the Attendance Roll, there shall be a determination of the number of shareholders present in person –separately including those who voted from a distance– or by proxy, as well as of the amount of capital they own, specifying the capital held by shareholders with the right to vote.

7. The Attendance Roll shall be stored in an electronic medium, which shall be kept in an envelope or sealed container, the cover of which shall set forth the relevant identification proceedings signed by the Secretary for the General Shareholders' Meeting with the approval of the Chairman thereof. The Minutes of the Meeting shall record the inclusion of the Attendance Roll in a computer medium.

#### Article 16. Establishment of a quorum for the General Shareholders' Meeting.

1. An ordinary or extraordinary General Shareholders' Meeting shall be held upon first or second call. Such quorum as is established in the Law and the By-Laws shall be required for the Meeting to be validly held.

In the event that, pursuant to the provisions of the Law or the By-Laws, a minimum percentage of the share capital is required to be in attendance for a quorum to be validly established at an ordinary or extraordinary General Shareholders' Meeting or to validly adopt certain resolutions, and such attendance requirements cannot be met upon second call according to the Attendance Roll, the agenda for the General Shareholders' Meeting shall be limited to such items thereon as do not require such specific minimum capital in attendance for the establishment of a valid quorum at the Meeting or for the adoption of resolutions.

2. Shareholder absences occurring once a quorum has been established at the General Shareholders' Meeting shall not affect the validity thereof.

3. The members of the Board of Directors must attend the General Shareholders' Meeting, but their failure to attend shall not affect the valid constitution of the Meeting.



**Article 17. Presiding Committee of the General Shareholders' Meeting. Chairman of and Secretary for the General Shareholders' Meeting.**

1. The Presiding Committee of the General Shareholders' Meeting shall be composed of the Chairman of and the Secretary for the Meeting, and by the members of the Board of Directors who attend the meeting.

2. The General Shareholders' Meeting shall be chaired by the Chairman of the Board of Directors or, in the absence thereof, by a Vice Chairman of such Board, in such order as is applicable in the event that there are several of them; in the event of vacancy, absence or sickness, they shall be replaced by the longest-serving Director, and in case of equal length of service, by the oldest. The Secretary of the Board of Directors or, in the absence thereof, a Deputy Secretary, in such order as is applicable in the event that there are several of them, shall act as Secretary for the Meeting, and in the absence of both, the position of Chairman of the Meeting shall be held by the Director with the least amount of time as such, and in case of equal length of service, by the youngest.

In the event that, once the General Shareholders' Meeting has commenced, the Chairman or Secretary has to leave for any reason, his duties shall be assumed by the appropriate persons pursuant to the provisions of the preceding paragraph, and the proceedings of the Meeting shall continue.

3. The Chairman of the Meeting may, even while present at the meeting and when any circumstance arises due to which he considers it advisable, temporarily entrust the conduct of the debate to any member of the Board of Directors he deems fit or to the Secretary for the Meeting, who shall perform such duty on behalf of the Chairman.

4. The Chairman may have any expert he deems appropriate attend the Meeting in order to assist him.

**Article 17 bis. Remote attendance by electronic or data transmission means.**

Pursuant to the provisions of Article 17 bis of the By-Laws, and independently of the right of the shareholders to vote from a distance as provided in Article 20 bis of these Regulations, shareholders with the right to attend the General Shareholders' Meeting held at the place indicated in the notice of the call to meeting may exercise such right by electronic or data transmission means of long-distance communication when it has so been resolved by the Board of Directors after taking into account the current techniques and verifying the appropriate conditions for security and unambiguity. In the notice of the call to meeting, the Board of Directors shall set forth the means that may be used for the aforementioned purposes in view of the fact

that they meet the conditions for security required to guarantee the identity of the shareholders, the proper exercise of their rights and the appropriate progress of the Meeting.

In the event that the Board of Directors resolves to permit remote attendance at the General Shareholders' Meeting, the notice of the call to meeting shall set forth such periods, form and manner for the exercise of shareholders' rights as shall have been established by the Directors in furtherance of the proper conduct of the Meeting.

Remote attendance of the shareholders at the General Shareholders' Meeting by electronic or data transmission means shall be subject to the following provisions, which may be supplemented by the Board of Directors:

- a) The connection to the system in order to follow the Meeting shall be established as much in advance of the time set for the commencement of the Meeting as is indicated in the notice of call. Shareholders who start the connection after the time established as a deadline for such purpose shall not be deemed present.
- b) Shareholders who wish to attend the Meeting and exercise their rights shall identify themselves by means of a recognized electronic signature or other type of identification, subject to the requirements that the Board establishes in the resolution adopted for such purpose, providing for adequate guarantees of authenticity and identification of the shareholder in question. The right to vote and to receive information shall be exercised by electronic means of long-distance communication that are deemed suitable pursuant to the provisions of Article 20 bis of the By-Laws and Article 20 bis of these Regulations.
- c) Proposals regarding matters included in the agenda may be voted from the moment that the Chairman of the Meeting declares that a valid quorum has been established and makes a statement to that end, and through the time indicated by the Chairman for such purpose. On the other hand, proposals regarding matters not included in the agenda shall be voted during such time period as is indicated by the Chairman, once the proposal has been formulated and it is considered that it must be submitted to a vote.
- d) Shareholders attending from a distance pursuant to this article may exercise their right to receive information by asking such questions or requesting such clarifications as they deem fit, so long as they refer to matters included in the agenda. The Board of Directors may establish in the notice of the call to meeting that any presentations and proposed resolutions that those attending by means of data transmission may wish to make pursuant to the Law must be sent to the Company prior to the establishment of a quorum at the Meeting. Answers to shareholders attending the Meeting in this manner and who exercise their right to receive information during the course of the Meeting shall be provided in writing, if applicable, within seven days following the holding of the Meeting.

- e) The inclusion in the attendance roll of shareholders attending from a distance shall be in accordance with the provisions set forth in these Regulations.
- f) The Presiding Committee, and the Notary, if applicable, shall have direct access to the connection systems by means of which the Meeting may be attended, such that they have personal and immediate knowledge of the communications and statements made by the shareholders attending from a distance.
- g) In the event that, due to technical circumstances or security reasons deriving from supervening events, the communication is interrupted or ended, such circumstance may not be invoked as an unlawful deprivation of a shareholder's rights or as grounds for challenging the resolutions adopted at the Meeting in question.

The Board of Directors may establish and update the means and procedures in accordance with the state of the art in technical matters in order to organize the remote attendance at the Meeting and electronic voting from a distance during the course thereof, for which purpose it shall comply with the legal provisions governing such system and the provisions set forth in the By-Laws and in these Regulations. Such means and procedures shall be published on the Company's website.

## **TITLE V. CONDUCT OF THE GENERAL SHAREHOLDERS' MEETING**

### **Article 18. Commencement of the Meeting.**

After the existence of sufficient quorum for the valid constitution of the Meeting has been verified, and once the Presiding Committee of the General Shareholders' Meeting has been formed, the Meeting shall commence. The Chairman, or by delegation of powers, the Secretary, shall announce the provisional data regarding the number of shareholders with voting rights who are then present at the Meeting in person or by proxy, the number of shares owned by such shareholders present in person or by proxy, and the percentage of capital they represent.

Taking the aforementioned data into account, the Chairman shall thereafter declare a valid quorum to have been established at the General Shareholders' Meeting upon first or second call, as the case may be, and shall subsequently yield the floor to the Notary, if his presence has been requested, in order for him to ask the attendees whether they have any reservations or objections concerning the data previously announced and the establishment of a valid quorum at the Meeting, such that any such reservations or objections may be duly recorded in the Minutes thereof.

If the presence of a Notary has not been requested, all references to a Notary in this article shall be understood to be made to the Secretary for the General Shareholders' Meeting.

**Article 19. Use of the floor.**

1. Once the meeting has commenced, the Chairman shall invite the shareholders who wish to speak at the General Shareholders' Meeting in order to request information or to make any other statement in connection with the items on the agenda to make this known, after stating, by means of their attendance card or the appropriate certificate, their identity and the number of shares they own or represent, as applicable.

2. Once the Presiding Committee of the Meeting has the list of shareholders who wish to speak, and after the presentation of the relevant reports by the Chairman of the Meeting or by such persons as he may appoint for this purpose, and in any event before voting on the matters included in the agenda, the Chairman shall grant the floor to the shareholders. The shareholders shall speak in the order in which they are called by the Presiding Committee.

If they so wish, those using the floor may request that the full written text of their presentation be included in the Minutes of the Meeting, to which end they must thereupon deliver it to the Notary taking the minutes of the meeting or, in the absence thereof, to the Secretary or staff members assisting one or the other.

3. The Chairman shall be responsible, under the terms set forth in the Law, for providing the information or clarifications requested, provided, however, that he may, when he sees fit in view of the matter to which such information or clarifications refer, entrust such duty to the Chairman of any of the Committees of the Board, to a member of the Presiding Committee, or to any senior executive officer, employee, expert or advisor to the Company. The Chairman may determine in each case, according to the information or clarifications requested, whether the answer will be given individually or as a collective response by subject, taking into account the provisions of Article 10 of these Regulations.

**Article 20. Powers of the Chairman in connection with the conduct and orderly progress of the General Shareholders' Meeting.**

1. The Chairman of the General Shareholders' Meeting has the power to preside over and conduct the proceedings at the Meeting, and must direct and maintain the debate within the limits of the agenda and bring such debate to an end when he considers each matter to have been sufficiently discussed.

2. In the performance of his duties to preside over and ensure the orderly conduct of the General Shareholders' Meeting, the Chairman, assisted by the Secretary, shall have the following powers, among others:

a) To organize the shareholders' participation in their use of the floor pursuant to the

provisions of these Regulations.

- b) To grant the floor, at the time he deems fit, to the shareholders who request it, with the power to take the floor away when he deems that a matter has been sufficiently debated, or that the progress of the meeting is being hindered, or that the matter in question is not included in the agenda.
- c) To resolve to extend the time initially available for the shareholders to speak, when he deems it necessary or when the large number of requests for participation or any other circumstance makes it advisable, and to set the maximum length of each presentation or establish time limits for shareholders to speak when he considers a matter to have been sufficiently debated, respecting, in all cases, the principle of equal treatment of the shareholders using the floor.
- d) To act as a moderator of shareholder participations, with the power to require them to clarify matters that have not been sufficiently explained, or not to depart from the matters on the agenda and to act with suitable decorum in their participation, reprimanding shareholders when their participation is manifestly obstructionist or aimed at hindering the normal progress of the Meeting, and also with the power to take any appropriate measures to ensure that the Meeting proceeds in an orderly fashion.
- e) To announce the results of the voting, either personally or through the Secretary.
- f) To resolve any issues that may arise during the proceedings of the General Shareholders' Meeting in connection with the interpretation and application of the rules established in these Regulations.
- g) In general, to exercise all powers, including those of order and discipline, which are required to properly hold the meeting.

#### Article 20 bis. Casting of votes from a distance prior to the Meeting.

1. Without prejudice to the provisions of Article 17 bis of these Regulations, and therefore, independently of the right to attend by electronic means, shareholders with the right to attend may cast their vote on the proposals relating to the items included in the Agenda for any General Shareholders' Meeting by postal delivery or correspondence or by electronic communication.

2. Votes by postal delivery or correspondence shall be cast by sending or delivering to the Company a writing in which the vote is recorded, accompanied by the duly signed attendance card issued by the entity in charge of the book-entry registry.

3. Votes by electronic communication with the Company shall only be admitted

when, once such conditions of security and unambiguousness as are appropriate have been verified, it is so decided by the Board of Directors by means of a resolution and subsequent communication included in the notice of the call to the Meeting in question and further development thereof on the Company's website. In the above-mentioned resolution, the Board of Directors shall specify the conditions governing distance voting by electronic communication, which shall necessarily include the obligation of the shareholder that exercises such right to submit a copy of the attendance card in electronic form and to set his recognized electronic signature in the communication. The Board of Directors may also accept, by means of a resolution previously adopted for such purpose, another type of electronic signature that provides adequate guarantees of authenticity and identification of the shareholder casting the vote.

Once that the Board of Directors resolves, if it deems it appropriate, to admit the system for prior voting from a distance by electronic communication as provided herein, it shall also endeavor to adopt the measures required for such admission of the aforementioned voting system to be included and set forth in these Regulations.

4. In order to be valid, votes cast by any of the means of long-distance communication mentioned in the preceding paragraphs must be received by the Company before midnight on the third day prior to the date set for the holding of the Meeting upon first call. In the resolution providing for the call to the Meeting in question, the Board of Directors may reduce such advance period and publish any such reduction in the same manner as the notice of the call to meeting.

5. Shareholders who cast their vote from a distance pursuant to this article and to the provisions made by the Board of Directors by way of further development thereof shall be deemed present for purposes of determining the establishment of a quorum for the General Shareholders' Meeting in question. Therefore, proxies granted prior to the casting of such vote shall be deemed revoked, and those granted thereafter shall be deemed not to have been given.

6. The vote cast by means of long-distance communication shall be rendered void by the attendance in person at the meeting of the shareholder casting the vote or by the disposition of shares of which the Company has notice.

7. The Board of Directors is hereby empowered to elaborate on and supplement the distance voting and proxy-granting provisions set forth in these Regulations, by establishing such instructions, means, rules and procedures as it deems advisable in order to organize the casting of votes and the grant of proxies by means of long-distance communication.

In any event, the Board of Directors shall adopt the measures needed to avoid possible deception and to ensure that the person casting a vote or granting a proxy by postal or electronic communication has the right to do so pursuant to the provisions of Article 17.1 of the By-Laws. The implementing rules adopted by the Board of

Directors under the provisions of this sub-section shall be published on the Company's website.

#### **Article 21. Voting on the proposed resolutions.**

**1.** Once shareholders' presentations, if any, have concluded and answers have been provided as set forth in these Regulations, the corresponding proposed resolutions shall be put to the vote.

Each of the proposed resolutions shall be voted by following the agenda included in the notice of the call to meeting, and if proposals have been made regarding matters which the shareholders may decide without such matters being included in the agenda, they shall be submitted to a vote after a vote is taken on the proposals included in the agenda, unless the Chairman decides otherwise.

**2.** After the Secretary has read the full text or a summary of the proposed resolution corresponding to an item on the agenda, which reading may be dispensed with when the text of such proposal has been distributed to the shareholders at the beginning of the General Shareholders' Meeting, a vote shall first be taken on the resolutions proposed in each case by the Board of Directors, and then, if appropriate, the proposals made by other parties shall be submitted to a vote, following the order established by the Chairman for that purpose.

When a single item on the agenda includes different matters, such matters shall be separately submitted to a vote. In particular, a separate vote shall be taken on the appointment of each Director and, in the event of amendments to the By-Laws or these Regulations, on each article or group of articles having independent contents. In exceptional cases, related proposals, which are formulated as an indivisible unit, shall be voted as a whole, such as those relating to the approval of the entire text of the By-Laws or of the Regulations for the General Shareholders' Meeting.

In all cases, when a proposed resolution is approved, all other proposals on the same matter that are incompatible therewith shall automatically be deemed withdrawn and shall therefore not be submitted to a vote, which shall be stated by the Chairman of the Meeting, or by the Secretary, acting by delegation of powers.

**3.** The following voting calculation system shall be used for purposes of voting on the proposed resolutions:

- a) In the case of voting on proposed resolutions relating to matters on the agenda, votes in favor of the proposal submitted to a vote shall be deemed to be those corresponding to all shares present or represented at the Meeting, according to the Attendance Roll, less the votes corresponding to shares whose holders or representatives inform the Presiding Committee, or to the Notary, if appropriate,

- by written communication or personal statement, that they vote against, in blank or abstain.
- b) In the case of voting on proposed resolutions relating to matters that are not included in the agenda, votes against the proposal submitted to a vote shall be deemed to be those corresponding to all shares present or represented at the Meeting, according to the Attendance Roll, less the votes corresponding to shares whose holders or representatives inform the Presiding Committee, or to the Notary, if appropriate, by written communication or personal statement, that they vote in favor, in blank or abstain.
  - c) For purposes of the provisions of paragraphs a) and b) above, for each of the proposed resolutions submitted to a vote, it shall be deemed that shares present and represented at the meeting are all those recorded on the Attendance Roll, less the shares whose holders may not, pursuant to applicable legislation and depending upon the proposed resolution that is put to the vote, exercise the voting rights attaching to their shares.

Regardless of the system used to calculate the votes, verification by the Presiding Committee of the Meeting –or, exceptionally, in the event that such Presiding Committee has not been formed, by the Secretary for the Meeting– of the existence of a number of favorable votes sufficient to attain the majority required in each case, will allow the Chairman to declare the relevant proposed resolution to have been approved.

#### **Article 22. Adoption of resolutions and announcement of voting results.**

**1.** Resolutions shall be adopted by majority, i.e., proposed resolutions shall be approved when the number of votes in favor of each proposal is greater than the number of votes against it (whatever the number of blank votes and abstentions), without prejudice to the qualified majorities established in the Law and in the By-Laws or to the limitation upon the maximum number of votes that may be cast by each shareholder as provided in Article 21.2 of the By-Laws.

**2.** Once the proposals have been voted as provided in these Regulations, the Chairman shall announce, either personally or through the Secretary, the voting results, stating whether each of the proposals has been approved or rejected.

#### **Article 23. Closure of the Meeting.**

Once the voting on the proposed resolutions has been completed and the approval or rejection thereof has been announced, the General Shareholders' Meeting shall end and the Chairman shall adjourn the meeting.



## **TITLE VI. CONTINUATION AND SUSPENSION OF THE GENERAL SHAREHOLDERS' MEETING**

### **Article 24. Continuation.**

At the proposal of the Chairman of the General Shareholders' Meeting, or at the request of shareholders representing at least one-fourth of the share capital present or represented at the meeting, the shareholders may resolve upon a continuation of the sessions over one or more consecutive days. In the event that, due to organizational reasons, the venue for the subsequent sessions must be other than that where the first session was held, such venue shall be designated, if possible, when the continuation is decided; otherwise, it shall be notified as soon as it is designated, by an appropriate means of information that shall be established in the resolution providing for the continuation.

Regardless of the number of sessions, the Meeting shall be deemed to be a single meeting, and a single set of Minutes shall be taken for all of the sessions. Accordingly, there shall be no need to repeat compliance with the provisions of the Law, the By-Laws or these Regulations in subsequent sessions for them to be validly held.

Only shareholders included in the Attendance Roll shall be entitled to attend and vote at the successive sessions held due to the continuation of the General Shareholders' Meeting. The shares held by shareholders included in such Attendance Roll who leave during the course of the subsequent sessions shall not be deducted and shall continue to be computed for the purpose of calculating the majority required to adopt resolutions. However, any shareholder who intends to be absent from the subsequent sessions may, if he deems it appropriate, inform the Presiding Committee, or the Notary Public, if applicable, of his intention so to act and of the direction of his vote on the proposals included in the agenda.

### **Article 25. Suspension.**

**1.** In exceptional cases, when situations occur which materially hinder the orderly conduct of the meeting or which temporarily prevent the normal progress thereof, the Chairman may, after consulting with the Presiding Committee of the General Shareholders' Meeting, resolve to suspend the session for the time required to re-establish the conditions required for continuation.

In this case, the Chairman may, also after consulting with the Presiding Committee, adopt such measures as are deemed appropriate to avoid the repetition of circumstances that might again affect the orderly conduct and progress of the meeting.

2. If, once the session reconvenes, the circumstances that gave rise to the temporary suspension persist, the Chairman may, after consulting with the Presiding Committee, propose that the attendees continue the General Shareholders' Meeting on the following day, as set forth in the preceding article.

In the event that the continuation is not approved, or it is not possible to agree thereto for any reason, the Chairman of the Meeting may, after consulting with the Presiding Committee, decide to adjourn or continue the Meeting, whereupon he shall submit for approval by the shareholders the resolutions on the agenda that have theretofore been proposed by the Board of Directors or by the shareholders, provided that the following requirements are met:

- a) That every shareholder has had the chance to exercise his right to receive information since the call to Meeting and the company has provided the appropriate information and documentation in compliance with the applicable legal and by-law provisions.
- b) That the approval of all or any of the proposals regarding matters on the agenda is of particular significance to the corporate interest, or that material prejudice may be caused as a result of the adjournment of the Meeting.
- c) That it may reasonably be presumed that the situation that caused the suspension of the Meeting would occur again upon the meeting being reconvened.

When, in accordance with the provisions of this sub-section, a vote is directly taken on the proposed resolutions, the shareholders present may submit a request to the Presiding Committee, or to the Notary, if applicable, or in writing to the Directors, for all information they deem appropriate regarding the matters on the agenda for the Meeting, and the Directors shall respond to such requests in writing within seven days of the close of the Meeting, without prejudice to the limitations established in Article 10.3 of these Regulations.

## **TITLE VII. MINUTES OF THE GENERAL SHAREHOLDERS' MEETING AND PUBLICATION OF THE RESOLUTIONS ADOPTED THEREAT**

### **Article 26. Minutes of the Meeting.**

1. The deliberations and resolutions adopted by the shareholders at the General Shareholders' Meeting shall be recorded in the Minutes, which shall contain at least all the information required by the applicable legal and by-law provisions.

2. The Minutes of the General Shareholders' Meeting may be prepared by the Secretary for the Meeting and must be approved by the shareholders after the holding of

the Meeting, failing which, they must be approved within fifteen days by the Chairman of the Meeting and two Inspectors, one on behalf of the majority and the other for the minority, appointed by the shareholders at the Meeting at the proposal of the Chairman thereof. The Minutes approved in either way shall have binding force as from the date of approval. Once the Minutes have been approved, they shall be signed by the Secretary for the Meeting with the approval of the Chairman and transcribed in the Minute Book.

3. The Directors may request the presence of a Notary of their choice to take the Minutes of the Meeting, and shall be required to do so when so established in applicable provisions.

The Notarial Record shall be deemed to be the Minutes of the Meeting and need not be approved by the shareholders.

#### Article 27. Publication of resolutions.

1. Regardless of such publication measures as may be legally required in each case, the resolutions approved at the General Shareholders' Meeting and the result of the votes shall be published in full on the Company's website within five days following the close of the Meeting.

2. Recordable resolutions shall be filed for registration with the Commercial Registry and shall be published in accordance with applicable provisions.

3. The Company shall report the resolutions adopted at the General Shareholders' Meeting to the National Securities Market Commission and to all appropriate Market Supervisory Authorities, either in full-text form or by means of a summary of the contents of such resolutions, as soon as possible after the close of the Meeting.

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