

# General Shareholders' Meeting

## 2 April 2020

**Report of the Board of Directors**  
Proposed Amendments of the *By-Laws*  
Included in Items Number Six and  
Seven on the Agenda



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IBERDROLA

# REPORT OF THE BOARD OF DIRECTORS OF IBERDROLA, S.A. REGARDING THE PROPOSED AMENDMENTS OF THE *BY-LAWS* INCLUDED IN ITEMS NUMBER SIX AND SEVEN ON THE AGENDA FOR THE 2020 GENERAL SHAREHOLDERS' MEETING

## 1. Object of the Report.

This report has been prepared by the Board of Directors of IBERDROLA, S.A. ("**Iberdrola**" or the "**Company**") in order to provide a rationale for the proposed amendments of the *By-Laws* included in items number six and seven on the agenda.

Based on the distinct nature of the amendment of article 10 of the *By-Laws* proposed under item eight on the agenda, which is intended to reflect the amount of share capital resulting from the reduction thereof by means of the retirement of own shares, said proposed amendment is the subject of a separate report of the Board of Directors.

Pursuant to the provisions of section 286 of the *Companies Act (Ley de Sociedades de Capital)*, the Board of Directors has prepared this report setting out the purpose of and rationale for the proposed amendments of the *By-Laws* included in items number six and seven on the agenda, attaching said proposal below.

In addition, to help the shareholders compare the new text of the articles of the *By-Laws* proposed to be amended and the text currently in effect, attached to this report as an annex is a verbatim transcription of both texts organised in a two-column table, for information purposes. The text contained in the right-hand column shows the changes proposed to be made to the text currently in force, which is contained in the left-hand column.

## 2. Purpose of and Rationale for the Proposal.

The amendment of the *By-Laws* submitted for the approval of the shareholders at the General Shareholders' Meeting is mainly intended to strengthen Iberdrola's commitment to the social dividend and ethical values, updating the definitions of corporate interest and social dividend and strengthening the compliance function, for this purpose proposing the amendment of articles 6, 7, 8 and 17 of the *By-Laws*.

A detailed description of the rationale for the amendments affecting each of the by-law provisions is set forth in the sections below.

### 2.1 By-Law recognition of the link between the *Code of Ethics* and the corporate interest.

Article 6 of Iberdrola's *By-Laws* defines its corporate interest.

Iberdrola's current conception of the corporate interest is inseparable from the demand it makes upon itself for the highest ethical standards. In recent years, the Board of Directors has worked intensely on the enrichment of its *Code of Ethics*. It has steadily included new requirements therein, aligned it with best international practices, and extended its coverage beyond Iberdrola's directors and professionals to include its suppliers. In this way, Iberdrola has assumed leadership in the transmission of these principles throughout its entire value chain.

The last step in this process of continuous update, which is never finished, has been the unification of all of the ethical demands of the group within a common, modern *Code of Ethics* focused on the achievement of the United Nations Sustainable Development Goals (SDGs).

Together with the *Purpose and Values of the Iberdrola group*, the commitment to ethical values, and particularly to its *Code of Ethics*, it is now an element that defines and structures all facets of its business enterprise, and which will be the main assurance of the ethical and

responsible conduct of all persons who contribute to meeting the corporate object with their work and efforts.

Therefore, the Board of Directors believes that it is required to recognise the *Code of Ethics* as a key aspect in the formation of the corporate interest and to put it at the highest regulatory level within the Corporate Governance System by expressly recognising it within the *By-Laws*, for which purpose it proposes to amend article 6 thereof so that the *Code of Ethics*, together with the *Purpose and Values of the Iberdrola group*, will be a vector contributing to the achievement of the corporate interest upon the terms set out in the *By-Laws*.

## 2.2 Further development of the definition of the social dividend.

The by-law amendment submitted to the shareholders at the General Shareholders' Meeting also seeks to further develop and update the definition of the social dividend, as both an expression and the result of carrying out the activities included in the corporate object, with a special emphasis on Iberdrola's innovation and digital transformation strategy, which the Board of Directors considers to be essential in confronting the challenges of the coming decade, and which must be focused on the sustainable creation of value, in accordance with the *Purpose and Values of the Iberdrola group* and with the commitments made in its *Code of Ethics*.

As reflected in Iberdrola's *Innovation Policy*, the wager on innovation is a priority for ensuring sustainability, efficiency and competitiveness and to keep the Company at the forefront of developing new products, services and business models that are transforming the industry, with one of the foundations of the innovation strategy being the push for the digital transformation of its businesses to improve the operation and maintenance of its assets.

The amendment also highlights the fact that the activities performed by the Company to achieve its corporate object must be focused on the sustainable creation of value, which is how Iberdrola conceives of its corporate interest.

Furthermore, as a result of continuous reflection to advance in the commitment to the social dividend, it is proposed to reformulate and summarise the definition thereof, connecting it directly to the contribution of value of the activities performed by the Company, and particularly to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.

As part of the review of the concept of social dividend, it is also proposed to link it to the statement of non-financial information, to be approved by the shareholders at the General Shareholders' Meeting, as a suitable document to reflect the direct, indirect or induced contribution of value of the Iberdrola group's activities for all Stakeholders.

It is proposed to amend articles 7 and 17 of the *By-Laws* in order to incorporate the issues described above, revising and further developing the definition of the social dividend.

## 2.3 By-law recognition of the Compliance System and of the Compliance Unit.

Iberdrola promotes a culture of "zero tolerance" towards corruption and fraud as it is aware that these are phenomena that stifle economic growth, weaken democracy and undermine social justice and the Rule of Law, causing serious harm to the economy and to society.

This culture takes form in the promotion of and demand for ethical and honest conduct at all levels of the organisation, in a commitment to continuously monitor and to punish fraudulent acts and conduct, and in the implementation and development of effective mechanisms to communicate with and raise the awareness of all professionals of the group.

The Iberdrola group thus has a robust and well-established Compliance System that ensures its conduct is in accordance with ethical principles and applicable law, preventing improper

conduct or conduct that is contrary to ethics, the law or the Corporate Governance System that might be committed by the professionals of the Company within the organisation.

This Compliance System, which is under continuous review to include the most advanced international practices in this area, is key to and fundamental for the Company being able to engage in the activities included in the corporate object while in compliance with the purpose and values of the group, which constitute its identity, its *raison d'être* and its corporate philosophy.

The Compliance Unit, linked to the Board of Directors' Sustainable Development Committee, is the body responsible for proactively ensuring the effective application of the Compliance System. It has the broadest powers, budgetary autonomy and independence of action to meet its goals.

The Board of Directors, aware of the importance of the Compliance System and of the Compliance Unit, which is the body responsible for the application and further development thereof, considers it appropriate to regulate both concepts within the foundational rules of the Company, thus giving them the highest regulatory support, and for this reason proposing the amendment of article 8 of the *By-Laws*.

### 3. **Layout of Proposed Amendments.**

To facilitate the proper exercise of voting rights by the shareholders, pursuant to the provisions of section 197 *bis* of the *Companies Act* and article 40.1 of the *Regulations for the General Shareholders' Meeting*, the amendments of articles 6, 7, 8 and 17 of the *By-Laws* are submitted for the approval of the shareholders at the General Shareholders' Meeting grouped into two separate blocks: on the one hand, it is proposed to amend articles 6, 7 and 17 to redefine the concepts of corporate interest and social dividend, and on the other, it is proposed to amend article 8 in order to give recognition in the *By-Laws* to the Compliance System and the Compliance Unit.

### 4. **Proposed Resolutions Submitted to the Shareholders at the General Shareholders' Meeting.**

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:

#### **“ITEM NUMBER SIX ON THE AGENDA**

***Amendment of articles 6, 7 and 17 of the By-Laws in order to redefine the concepts of corporate interest and social dividend.***

#### **RESOLUTION**

*Amendment of articles 6, 7 and 17 of the By-Laws in order to redefine the concepts of corporate interest and social dividend. Said articles shall hereafter read as follows:*

#### **“Article 6. Corporate Interest**

*The Company conceives of the corporate interest as the common interest of all persons owning shares of an independent company focused on the sustainable creation of value by engaging in the activities included in its corporate object, taking into account other Stakeholders related to its business activity and its institutional reality, in accordance with the Purpose and Values of the Iberdrola group and with the commitments made in its Code of Ethics.”*

**“Article 7. Social Dividend**

1. *The performance of the activities included in the corporate object, particularly the Company’s innovation and digital transformation strategy, must be focused on the sustainable creation of value, in accordance with the Purpose and Values of the Iberdrola group and with the commitments made in its Code of Ethics.*
2. *The Company conceives of the social dividend as the direct, indirect or induced contribution of value of its activities for all Stakeholders, particularly through its contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations.*
3. *The statement of non-financial information formulated by the Board of Directors and approved by the shareholders at the General Shareholders’ Meeting presents the Company’s performance in the social, environmental and sustainability areas, as well as the social dividend generated and shared with its Stakeholders.*
4. *The Company shall promote the public dissemination of its non-financial information and of the social dividend generated, especially among its Stakeholders.”*

**“Article 17. Powers of the Shareholders Acting at a General Shareholders’ Meeting**

1. *The shareholders acting at a General Shareholders’ Meeting shall decide the matters assigned thereto by law, the Regulations for the General Shareholders’ Meeting or other rules of the Corporate Governance System, and particularly regarding the following:*
  - a) *The approval of the annual accounts, the allocation of profits or losses and the approval of corporate management.*
  - b) *The approval of the statement of non-financial information.*
  - c) *The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.*
  - d) *The approval of the director remuneration policy.*
  - e) *The approval of the establishment of systems for remuneration of the Company’s directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.*
  - f) *Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders’ Meeting, as well as from the obligation not to compete with the Company.*
  - g) *The appointment, re-election and removal of the statutory auditors.*
  - h) *The amendment of these By-Laws.*
  - i) *An increase or reduction in share capital.*
  - j) *The delegation to the Board of Directors of the power to increase share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.*

- k) *The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.*
  - l) *The exclusion or limitation of pre-emptive rights.*
  - m) *The authorisation for the derivative acquisition of the Company's own shares.*
  - n) *The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.*
  - o) *The dissolution of the Company and the appointment and removal of the liquidators.*
  - p) *The approval of the final liquidating balance sheet.*
  - q) *The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by law.*
  - r) *The exercise of derivative liability actions against directors, statutory auditors and liquidators.*
  - s) *The approval and amendment of the Regulations for the General Shareholders' Meeting.*
  - t) *The transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.*
  - u) *The acquisition, transfer or contribution of key assets from or to another company.*
  - v) *The approval of transactions having an effect equivalent to liquidation of the Company.*
2. *The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the Company's Corporate Governance System."*

## ITEM NUMBER SEVEN ON THE AGENDA

### **Amendment of article 8 of the By-Laws in order to give recognition in the By-Laws to the Compliance System and to the Compliance Unit.**

#### **RESOLUTION**

Amendment of article 8 of the By-Laws in order to give recognition in the By-Laws to the Compliance System and to the Compliance Unit. Said article shall hereafter read as follows:

#### **“Article 8. Applicable Legal Provisions, Corporate Governance System and Compliance System**

1. *The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Corporate Governance System.*
2. *The Corporate Governance System is the Company’s internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best development of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.*
3. *The Company’s Corporate Governance System is made up of these By-Laws, the Purpose and Values of the Iberdrola group, the Code of Ethics, the corporate policies and the other governance and compliance rules.*
4. *The Purpose and Values of the Iberdrola group set out its raison d’être, the ideological and axiological foundation of its business enterprise, which, due to its size and the importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.*
5. *The Purpose and Values of the Iberdrola group also inspires and takes form in the corporate policies and in the other rules of the Corporate Governance System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.*
6. *The shareholders acting at a General Shareholders’ Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.*
7. *Full or summarised versions of the rules making up the Corporate Governance System can be viewed on the Company’s corporate website.*
8. *The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Corporate Governance System itself, as well as to contribute to the full realisation of the Purpose and Values of the Iberdrola group and the corporate interest.*
9. *The application and further development of the Company’s compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors.”*

In Bilbao, on 24 February 2020

## ANNEX

<p><b>Article 6. Corporate Interest</b></p> <p>The Company conceives of the corporate interest as the common interest of all persons owning shares of an independent company focused on the sustainable creation of value by engaging in the activities included in its corporate object, taking into account other Stakeholders related to its business activity and its institutional reality, in accordance with the <i>Purpose and Values of the Iberdrola group</i>.</p>	<p><b>Article 6. Corporate Interest</b></p> <p>The Company conceives of the corporate interest as the common interest of all persons owning shares of an independent company focused on the sustainable creation of value by engaging in the activities included in its corporate object, taking into account other Stakeholders related to its business activity and its institutional reality, in accordance with the <u><i>Purpose and Values of the Iberdrola group and the commitments made in its Code of Ethics.</i></u></p>
<p><b>Article 7. Social Dividend</b></p> <ol style="list-style-type: none"> <li>1. The Company conceives of the social dividend as the sustainable creation of value for all Stakeholders affected by the activities of the Group, the advancement of business communities which the Company participates in and leads, both from the economic viewpoint and from the perspective of business ethics, the promotion of equality and justice, the encouragement of innovation and protection of the environment, as well as through the generation of quality employment and leadership in the fight against climate change.</li> <li>2. The social dividend measures the direct, indirect and induced impacts of all of the Company's activities in the economic, social and environmental areas, and particularly its contribution to the Sustainable Development Goals (SDGs) approved by the United Nations.</li> </ol>	<p><b>Article 7. Social Dividend</b></p> <ol style="list-style-type: none"> <li>1. <u><i>The performance of the activities included in the corporate object, particularly the Company's innovation and digital transformation strategy, must be focused on the sustainable creation of value, in accordance with the Purpose and Values of the Iberdrola group and with the commitments made in its Code of Ethics.</i></u></li> <li>2. <del>4.</del> The Company conceives of the social dividend as the <del>sustainable creation of value</del><u>direct, indirect or induced contribution of value of its activities</u> for all Stakeholders, <del>affected by the activities of the Group, the advancement of business communities which the Company participates in and leads, both from the economic viewpoint and from the perspective of business ethics, the promotion of equality and justice, the encouragement of innovation and protection of the environment, as well as through the generation of quality employment and leadership in the fight against climate change.</del><u>2.</u> <del>The social dividend measures the direct, indirect and induced impacts of all of the Company's activities in the economic, social and environmental areas, and particularly</del> <u>through</u> its contribution to <u>the achievement of</u> the Sustainable Development Goals (SDGs) approved</li> </ol>



<p>3. Through its sustainable development strategy, the Company causes all of its Stakeholders to participate in the social dividend generated by its activities, sharing the created value with them.</p>	<p>by the United Nations.</p> <p><del>3. Through its sustainable development strategy, the Company causes all of its Stakeholders to participate in the social dividend generated by its activities, sharing the created value with them.</del> <u>The statement of non-financial information formulated by the Board of Directors and approved by the shareholders at the General Shareholders' Meeting presents the Company's performance in the social, environmental and sustainability areas, as well as the social dividend generated and shared with its Stakeholders.</u></p> <p><u>4. The Company shall promote the public dissemination of its non-financial information and of the social dividend generated, especially among its Stakeholders.</u></p>
<p><b>Article 8. Applicable Legal Provisions and Corporate Governance System</b></p> <p>1. The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Corporate Governance System.</p> <p>2. The Corporate Governance System is the Company's internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best development of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.</p> <p>3. The Company's Corporate Governance System is made up of these <i>By-Laws</i>, the <i>Purpose and Values of the Iberdrola group</i>, the <i>Code of Ethics</i>, the corporate policies and the other governance and compliance rules.</p>	<p><b>Article 8. Applicable Legal Provisions <del>and</del>, Corporate Governance System <u>and Compliance System</u></b></p> <p>1. The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Corporate Governance System.</p> <p>2. The Corporate Governance System is the Company's internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best development of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.</p> <p>3. The Company's Corporate Governance System is made up of these <i>By-Laws</i>, the <i>Purpose and Values of the Iberdrola group</i>, the <i>Code of Ethics</i>, the corporate policies and the other governance and compliance rules.</p>

<p>4. The <i>Purpose and Values of the Iberdrola group</i> set out its <i>raison d'être</i>, the ideological and axiological foundation of its business enterprise, which, due to its size and the importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.</p> <p>5. The <i>Purpose and Values of the Iberdrola group</i> also inspires and takes form in the corporate policies and in the other rules of the Corporate Governance System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.</p> <p>6. The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.</p> <p>7. Full or summarised versions of the rules making up the Corporate Governance System can be viewed on the Company's corporate website.</p>	<p>4. The <i>Purpose and Values of the Iberdrola group</i> set out its <i>raison d'être</i>, the ideological and axiological foundation of its business enterprise, which, due to its size and the importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.</p> <p>5. The <i>Purpose and Values of the Iberdrola group</i> also inspires and takes form in the corporate policies and in the other rules of the Corporate Governance System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.</p> <p>6. The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Corporate Governance System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.</p> <p>7. Full or summarised versions of the rules making up the Corporate Governance System can be viewed on the Company's corporate website.</p> <p>8. <u><a href="#">The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Corporate Governance System itself, as well as to contribute to the full realisation of the <i>Purpose and Values of the Iberdrola group</i> and the corporate interest.</a></u></p> <p>9. <u><a href="#">The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors.</a></u></p>
<p><b>Article 17. Powers of the Shareholders</b></p>	<p><b>Article 17. Powers of the Shareholders</b></p>

**Acting at a General Shareholders' Meeting**

1. The shareholders acting at a General Shareholders' Meeting shall decide the matters assigned thereto by law, the *Regulations for the General Shareholders' Meeting* or other rules of the Corporate Governance System, and particularly regarding the following:
  - a) The approval of the annual accounts, the allocation of profits or losses and the approval of corporate management.
  - b) The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.
  - c) The approval of the director remuneration policy.
  - d) The approval of the establishment of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.
  - e) Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.
  - f) The appointment, re-election and removal of the statutory auditors.
  - g) The amendment of these *By-Laws*.
  - h) An increase or reduction in share capital.
  - i) The delegation to the Board of Directors of the power to increase share capital, in which case it may

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  - b) [The approval of the statement of non-financial information.](#)
  - ~~c) b)~~ The appointment, re-election and removal of directors, as well as the ratification of directors designated by interim appointment to fill vacancies.
  - ~~d) e)~~ The approval of the director remuneration policy.
  - ~~e) d)~~ The approval of the establishment of systems for remuneration of the Company's directors consisting of the delivery of shares or of rights therein or remuneration based on the value of the shares.
  - ~~f) e)~~ Releasing the directors from the prohibitions arising from the duty of loyalty, when authorisation is attributed by law to the shareholders acting at a General Shareholders' Meeting, as well as from the obligation not to compete with the Company.
  - ~~g) f)~~ The appointment, re-election and removal of the statutory auditors.
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<p>also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.</p> <p>j) The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.</p> <p>k) The exclusion or limitation of pre-emptive rights.</p> <p>l) The authorisation for the derivative acquisition of the Company's own shares.</p> <p>m) The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.</p> <p>n) The dissolution of the Company and the appointment and removal of the liquidators.</p> <p>o) The approval of the final liquidating balance sheet.</p> <p>p) The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms</p>	<p>share capital, in which case it may also grant thereto the power to exclude or limit pre-emptive rights, upon the terms established by law.</p> <p><u>k</u>) <del>j</del>—The delegation to the Board of Directors of the power to carry out an increase in capital already approved by the shareholders at a General Shareholders' Meeting, within the periods set forth by law, indicating the date or dates of execution and establishing the conditions for the increase as to all matters not provided for by the shareholders. In this case, the Board of Directors may make use of such delegation in whole or in part, or may refrain from using it, in view of market conditions or the condition of the Company itself, or of particularly relevant facts or circumstances that justify such decision, and shall report thereon to the shareholders at the first General Shareholders' Meeting held after the end of the period granted for the use of such delegation.</p> <p><u>l</u>) <del>k</del>—The exclusion or limitation of pre-emptive rights.</p> <p><u>m</u>) <del>l</del>—The authorisation for the derivative acquisition of the Company's own shares.</p> <p><u>n</u>) <del>m</del>—The transformation, merger, split-off or overall assignment of assets and liabilities and the transfer of the registered office abroad.</p> <p><u>o</u>) <del>n</del>—The dissolution of the Company and the appointment and removal of the liquidators.</p> <p><u>p</u>) <del>o</del>—The approval of the final liquidating balance sheet.</p> <p><u>q</u>) <del>p</del>—The issuance of debentures and other negotiable securities and the delegation to the Board of Directors of the power to issue them, as well as the power to exclude or limit pre-emptive rights, upon the terms established by</p>
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<p>established by law.</p> <p>q) The exercise of derivative liability actions against directors, statutory auditors and liquidators.</p> <p>r) The approval and amendment of the <i>Regulations for the General Shareholders' Meeting</i>.</p> <p>s) The transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.</p> <p>t) The acquisition, transfer or contribution of key assets from or to another company.</p> <p>u) The approval of transactions having an effect equivalent to liquidation of the Company.</p> <p>2. The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the Company's Corporate Governance System.</p>	<p>law.</p> <p><u>r)</u> <del>q)</del>—The exercise of derivative liability actions against directors, statutory auditors and liquidators.</p> <p><u>s)</u> <del>r)</del>—The approval and amendment of the <i>Regulations for the General Shareholders' Meeting</i>.</p> <p><u>t)</u> <del>s)</del>—The transfer to controlled entities of core activities that were previously carried out by the Company itself, while maintaining full control thereof.</p> <p><u>u)</u> <del>t)</del>—The acquisition, transfer or contribution of key assets from or to another company.</p> <p><u>v)</u> <del>u)</del>—The approval of transactions having an effect equivalent to liquidation of the Company.</p> <p>2. The shareholders at a General Shareholders' Meeting shall also decide on any matter that the Board of Directors or shareholders submit for the consideration thereof, upon the terms and with the requirements established by law and the Company's Corporate Governance System.</p>
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