

PHARMA MAR, S.A. BOARD OF DIRECTORS REGULATIONS

Chapter I. PRELIMINARY

Article 1. Purpose

The purpose of these Regulations is to establish the principles of conduct for the Board of Directors of PHARMA MAR, S.A. (the “**Company**”), the basic rules of its organization and functioning, and the conduct rules for its members, in accordance with good governance recommendations and standards and the regulations in force from time to time.

Article 2. Interpretation

These Regulations shall be construed in accordance with legal and bylaw provisions governing the Board of Directors, paying particular attention to the requirements applicable to the content hereof by virtue of PHARMA MAR, S.A.'s status as a listed company.

Article 3. Amendment

1. These Regulations may only be amended at the request of the Chairman, of three Directors or of the Audit Committee. Any proposed amendment shall be accompanied by a justifying report.
2. The Audit Committee shall prepare a report on the proposed amendments.
3. The text of the proposal, the justifying report issued by the authors of the proposal and, as the case may be, the report of the Audit Committee, shall be attached to the meeting notice for the Board meeting convened to deliberate on the proposal. The meeting notice shall be issued not less than ten days in advance.
4. The amendment of these Regulations shall only be valid if the resolution was adopted by a two-thirds majority of the Directors present. Furthermore, amendments to the Regulations shall be reported to the General Meeting.

Article 4. Dissemination

1. The members of the Board of Directors have a duty to know, comply with and enforce compliance with these Regulations. For such purpose, the Board Secretary shall provide all members with a copy of these Regulations.

The Board of Directors shall adopt appropriate measures to ensure the widespread dissemination of these Regulations among its shareholders and the investing public in general. In particular, and notwithstanding other potential measures, the Regulations shall be reported to the Spanish Securities Market Commission and registered with the Mercantile Registry, in accordance with applicable regulations, and shall also be made available on the Company's website.

Chapter II. MISSION OF THE BOARD

Article 5. Duties and Powers of the Board of Directors

1. Except in those matters reserved to the General Meeting and notwithstanding, as the case may be, any delegations made, the Board of Directors is the Company's highest governing and management body.
2. Notwithstanding the fact that the Board shall be required to exercise all duties deemed to be non-delegable by law or as otherwise reserved thereto by these Regulations, the Board of Directors shall delegate the day-to-day management of the Company to its executive members, the Management team and the Executive Committee, focusing its activity on establishing the general policies and strategies for the Company and its group, as well as on monitoring activities.
3. The Board shall in any case directly exercise the following responsibilities:
 - (a) As regards defining the Company's general strategies, it shall be responsible for:
 - (i) Developing the Company's general policies and strategies.
 - (ii) Approving, as the case may be, the strategic or business plan and the annual budget, establishing economic and management objectives and the main courses of action as well as specific plans and policies aimed at attaining those objectives. In particular, approving, as the case may be, the investment and financing policy, the Sustainability policy and the dividends policy.
 - (iii) Supervising long-term commercial, industrial or financial agreements of particular strategic importance for the Company.
 - (iv) Determining the the general policy of communication of economic-financial, non-financial and corporate information.
 - (v) Establishing the Company's tax strategy.
 - (vi) Defining the structure of the group of companies over which the Company is a parent company.
 - (vii) Coordinating all of the matters referred to in this section a), as the case may be, with investee companies, within legally defined limits, acting in such regard for and on behalf of the common interests of the Company and its investees.
 - (b) As regards management guidelines, the Board of Directors shall be responsible for:
 - (i) Approving the treasury stock policy.
 - (ii) Approving the creation or acquisition of shares in special purpose vehicles or organizations resident in a country or territory that is classified as a tax haven and any other transaction or operation of a similar nature which, based on its complexity, could compromise the transparency of the Company or its group.
 - (iii) Approving investments, divestments or transactions of any kind that, due to their high amount or specific characteristics, are considered strategic or that pose particular tax risks, unless approval thereof is entrusted to the General Shareholders Meeting.

- (iv) Granting securities or other similar deeds to guarantee the obligations of entities not held by the Company.
 - (v) Monitoring commitments under employee welfare arrangements that involve long-term financial liabilities for the Company.
 - (vi) Establishing the risk control and management policy, including as regards tax risks, and identifying the primary risks faced by the Company, in particular those risks inherent in derivative transactions. Implementing and monitoring adequate internal control and reporting systems.
 - (vii) Approving, following a report from the Appointments and Compensation and Sustainability Committee, the transactions carried out by the Company or its group companies:
 - with Directors, under the terms of Articles 229 and 230 of the Spanish Capital Corporations Law, or
 - with significant shareholders, either individually or collectively with other shareholders, including shareholders represented on the Board of Directors of the Company or of any of its group companies, or with persons related thereto, in the terms and subject to the exceptions established by applicable law.
 - (viii) Adopting any resolution related to powers that have been delegated to the Board by the General Meeting, unless expressly authorized thereby to sub-delegate such powers.
- (c) As regards the transparency and accuracy of the Company's information in Securities Markets, the Board shall:
- (i) Ensure the independence and professional suitability of the external auditor.
 - (ii) Decide whether to approve the regular economic-financial and non-financial information issued to shareholders or to the market in general.
 - (iii) Coordinate and monitor the reporting to financial markets of, in particular, as many events, decisions and circumstances as may be relevant to the price of the shares.
 - (iv) Adopt all measures required to ensure, to the extent possible, the proper establishment of prices for the shares of the Company and, as the case may be, of its investees.
 - (v) Approve the Company's Internal Regulations on Conduct in Securities Markets and, as the case may be, any relevant amendments thereto.
- (d) As regards its organization and functioning, the Board is responsible for:
- (i) Appointing, as the case may be, Directors by co-optation and accepting any resignation thereof.
 - (ii) Appointing and removing Directors to be included on the Committees provided for in these Regulations and, as the case may be, delegating duties to the Chairman, Vice Chairman, Managing Director(s), Executive Committee and Secretary, as well as to all other Committees as provided for

in these Regulations, notwithstanding any restrictions established by law and the bylaws, or as established by the Board itself.

- (iii) Appointing and removing its officers and, as the case may be, the officers of its Committees.
 - (iv) Appointing and removing (i) the Managing Directors and (ii) officers that report directly to the Board or to any of its members, as well as establishing their general conditions of contract, in accordance with applicable law.
 - (v) Supervising both the effective performance of the Committees formed, if any, and the actions of delegated bodies and appointed executives, if any.
 - (vi) Establishing the corporate governance policy for the Company and, as the case may be, for the group it controls; its organization and functioning and, in particular, approving the Board of Directors Regulations and, as the case may be, the regulations of its Committees, as well as any appropriate amendments thereto.
 - (vii) Approving the Annual Corporate Governance Report for its presentation to the Company's Annual General Shareholders Meeting.
 - (viii) Approving the authorization or waiver of obligations arising from the duty of loyalty, in accordance with applicable regulations.
 - (ix) Adopting resolutions on Director compensation, within the framework of the bylaws and, as the case may be, on the compensation policy approved by the General Meeting.
- (e) As regards the Annual Financial Statements and the Management Report, both individual and consolidated, the Board of Directors shall draft said documents and ensure that they show a true and fair view of the equity, financial position and performance of the Company, pursuant to the provisions of law, and each and every Director shall be provided, in advance, with all information required to approve the preparation of the Annual Financial Statements.
- (f) Other duties:
- (i) Calling the General Shareholders Meetings and drafting the agenda and proposed resolutions.
 - (ii) Drafting any type of report that the management body is legally required to draw up when the operation addressed therein may not be delegated.
 - (iii) Any other duties provided for by law or the Bylaws.
4. Notwithstanding the provisions of this section, in the event of duly justified urgency circumstances, and except as prohibited by law, resolutions on the aforementioned matters may be adopted by delegated bodies or individuals, and said resolutions shall be ratified by the first Board of Directors meeting held after said resolution was adopted.

Article 6. Creation of Shareholder Value

1. The conduct of the Board of Directors shall at all times be guided by the Company's interests, defined as achieving a profitable business that is sustainable in the long-term, promoting the continued existence of the Company and maximizing its economic value.

2. Pursuant to this approach, the Board shall establish and revise the Company's business and financial strategies in accordance with the following guidelines:
 - (a) The planning of the company shall focus on obtaining secure returns and maximizing long-term cash flows.
 - (b) The adoption of new investment projects shall be based on obtaining adequate returns in relation to the company's cost of capital.
 - (c) Discretionary treasury stock not required for new investment projects or to maintain the financial stability of the Company may be distributed among the shareholders.
3. As regards corporate organization, the Board shall adopt the necessary measures to ensure:
 - (a) that company management seeks to create shareholder value and that it has the proper incentives to do so;
 - (b) that company management is under the effective supervision of the Board;
 - (c) that no individual or small group of individuals holds decision making power not subject to counterweights and controls;
 - (d) that no shareholder receives privileged treatment as compared to other shareholders who are subject to identical conditions.

Article 7. Other Interests

The Board of Directors' efforts to maximize corporate value in the interests of the shareholders shall necessarily be carried out in conformity with laws and regulations, following good faith and ethical principles and observing commonly accepted customs and good practices, aiming to reconcile the corporate interests with, as applicable, the legitimate interests of its employees, suppliers, clients and other interest groups that may be affected, as well as with the impact of the Company's activities on the environment and the community as a whole.

Chapter III. COMPOSITION OF THE BOARD

Article 8. Qualitative Composition

1. The Directors of the Company shall be classified, as from the time of their appointment, as Executive Directors or as External or Non-Executive Directors and, within this latter category, as independent, shareholder-appointed or other external. These categories shall be defined as provided in the Spanish Capital Corporations Law.
2. The Board of Directors, in performing its duties of making proposals to the General Meeting and covering vacancies by co-optation, shall aim to ensure that Non-Executive Directors represent a substantial majority over Executive Directors on the Board.
3. The Board shall also aim to ensure that the number of Independent Directors represents at least one third of the total number of Directors.
4. The Board of Directors shall aim to develop Director selection policies and procedures that favor diversity as regards gender, experience and knowledge, ensuring that there are no implicit flaws that could result in any type of discrimination and, in particular, that promote the selection of female Directors.

Article 9. Quantitative Composition

1. The Board of Directors shall be comprised of a number of Directors to be determined by the General Meeting within the limits established in the Company's Bylaws.
2. The Board shall propose a number of Directors to the General Meeting deemed to be most appropriate, based on the changing circumstances of the company, to ensure the due representation and efficient operation of the body. The proposed number shall under no circumstances be greater than fifteen.

Chapter IV. STRUCTURE OF THE BOARD OF DIRECTORS

Article 10. Board Chairman

1. The Chairman of the Board of Directors shall be appointed from among its members following a report from the Appointments and Compensation and Sustainability Committee.
2. The Chairman shall, unless no executive duties have been attributed thereto by virtue of delegation or any other means, act as the Company's top executive. Any powers considered delegable in accordance with the law, the Bylaws and these Regulations may be delegated thereto, in which case the Chairman shall be responsible for the effective management of the Company's business, in accordance in all cases with the decisions made and criteria established by the General Shareholders Meeting and by the Board of Directors in relation to their respective competencies.
3. The appointment of the Chairman shall require, unless no executive duties are granted thereto, the favorable vote of two thirds of the members of the Board of Directors.
4. The Chairman shall be the highest responsible person for the effective operation of the Board of Directors. The Chairman shall have, *inter alia*, the following functions and duties:
 - (a) To convene the Board of Directors, draft the agenda, chair its meetings and guide discussions, encourage active participation of the Directors, safeguarding their right to freely make decisions, and ensure that enough time is spent debating strategic issues. Nevertheless, the Chairman shall convene the Board, in accordance with the provisions of the Bylaws, when so requested by at least three Directors or by the Coordinating Director.
 - (b) To preside over the General Shareholders Meeting.
 - (c) To ensure that Directors receive enough information in advance to discuss the agenda items.
 - (d) To organize and coordinate the regular assessment of the Board and of the Company's top executive, if other than the Chairman itself.
 - (e) To ensure the existence of update programs that enable Directors to update their knowledge when circumstances so advise.
 - (f) To prepare and submit a schedule and topics to be addressed at its annual meetings to the Board of Directors. This schedule may be amended by resolution of the Board of Directors itself or by the decision of its Chairman, who shall notify the Directors of such amendment at least five days from the date originally set for the meeting or, if sooner, from the new date set to substitute the original meeting.

- (g) All other duties attributed thereto by law or the Bylaws.
- 5. In the event of a tied vote, the Chairman shall have a casting vote.
- 6. The Board shall appoint a Vice Chairman, following a report from the Appointments and Compensation and Sustainability Committee, who shall replace the Chairman if the latter is unable to attend or act as the Chairman.

Article 10 bis. Coordinating Director

If the Chairman is an Executive Director, the Board of Directors, with all Executive Directors abstaining, shall necessarily appoint a Coordinating Director from among the Independent Directors, who shall be specifically empowered to convene a meeting of the Board of Directors, add new items to the agenda for Board meetings that have already been called, preside over the Board of Directors in the absence of the Chairman and of the Vice Chairmen, coordinate and gather Non-Executive Directors, coordinate the succession plan for the Chairman and, as the case may be, carry out periodic assessments of the Chairman of the Board of Directors.

Article 11. Board Secretary

- 1. The Board of Directors, following a report from the Appointments and Compensation and Sustainability Committee, shall appoint a Secretary and, as the case may be, one or more Vice Secretaries. The same procedures shall be followed to remove the Secretary and, as the case may be, each Vice Secretary. The Secretary and Vice Secretaries of the Board of Directors need not be Directors.
- 2. The Secretary, in addition to any other duties that may be assigned thereto by law or the Corporate Bylaws, shall have the following functions and duties:
 - (a) To support the Chairman in its tasks related to the proper functioning of the Board and, in particular, to support the Chairman to ensure that Directors receive the information required to exercise their duties sufficiently in advance and in the proper format.
 - (b) To keep custody of the corporate documents, duly record the proceedings of meetings in the minutes books and certify the resolutions passed by the body.
- 3. The Secretary shall ensure that the conduct of the Board of Directors is in line with applicable regulations and with the Corporate Bylaws and other internal regulations, further ensuring that the Board of Directors is aware, at all times, of corporate governance recommendations applicable to listed companies in Spain.

Article 12. Committees of the Board of Directors and Advisory Boards

- 1. Notwithstanding those duties delegated individually to the Chairman or to any other Director (Managing Directors) or collectively to an Executive Committee, the Board of Directors shall establish an Audit Committee and an Appointments and Compensation and Sustainability Committee with the authority to report, provide advising and make proposals on those matters set forth in the following articles, notwithstanding the duties attributed thereto by law and the Corporate Bylaws.
- 2. The Audit Committee and the Appointments and Compensation and Sustainability Committee, in accordance with the provisions of law and the bylaws, shall govern their own operation in all matters not addressed by the Corporate Bylaws or these Regulations.

3. The Board of Directors, as it deems convenient for optimal performance of its duties, may also establish advisory boards comprised of third party experts and, in particular, an advisory board addressing scientific and medical matters. If the latter is established, its members shall be invited to attend the meetings of the Board of Directors at least three times during the fiscal year in order to provide their opinion on technical matters that affect the development of the Company's activity and that fall within its competencies.

Article 13. Audit Committee

1. An Audit Committee shall be established within the Board of Directors and shall be comprised of a minimum of three and a maximum of five Directors appointed by the Board. The members of said Committee shall be exclusively Non-Executive Directors and the majority of the members of the Audit Committee shall be independent.

The members of the Audit Committee as a whole, and especially its Chairman, shall be appointed in consideration of his or her knowledge and experience in the area of accounting, auditing and risk management, both financial and non-financial, and so that, as a whole, they have the relevant technical expertise in relation to the sector of the activity in which the Company operates.

The position of Secretary shall be held by one of the Directors on the Committee, the Board Secretary, the Vice Secretary, or the Legal Counsel of that body, as determined by the Board. Its meetings may be attended by, whenever deemed convenient by its Chairman, in addition to the external auditor and the Company's internal auditor, any employee of the Company whose activity may be related to the duties performed by the Committee.

The Chairman of the Committee shall be appointed by the Board of Directors from among the Independent Directors on the Committee and shall be replaced every four years, but may be reappointed one year after removal thereof has lapsed, regardless of his or her continued membership or reappointment as a member of the aforesaid Committee. In the absence or inability of the Chairman to perform his or her duties, the Independent Director on the Committee, as temporarily designated for such purpose by the Board of Directors or, otherwise, the oldest Committee member, shall replace the Chairman.

2. The Audit Committee shall have the following duties:
 - (a) To notify the General Shareholders Meeting regarding matters arising within the scope of the Committee's competencies and, in particular, about audit results, explaining how the audit has contributed to the integrity of the financial information provided, and about the involvement of the Audit Committee in this process.
 - (b) To supervise the effectiveness of the Company's internal controls, internal auditing and financial risk management and control systems relating to the Company, and where applicable, the group, as well as non-financial risks, as well as discuss with the statutory auditor any significant weaknesses in the internal control system detected during the audit, without undermining its independence. For such purpose, as the case may be, recommendations or proposals may be submitted to the board of directors, including the periods established for compliance.
 - (c) To supervise the preparation and presentation of all required financial information and present recommendations or proposals to the board of directors, aimed at safeguarding the integrity thereof.
 - (d) To refer proposals for the selection, appointment, reappointment and removal of the

statutory auditor, taking responsibility for the selection process in accordance with applicable regulations, as well as on the hiring conditions thereof, to the Board of Directors, and regularly gather information from the external auditor on the auditing plan and implementation thereof, in addition to maintaining its independence in carrying out its duties.

- (e) To establish the relevant relationships with the external auditor in order to receive information on all matters which may threaten their independence, to be examined by the Committee, as well as on any other matters related to the auditing of the accounts, and, as applicable, on the authorization of services other than services prohibited under applicable regulations, including all communications as provided for by accounting and auditing legislation and standards. In any event, the external auditors shall issue an annual statement on their independence in relation to the company or any of its directly or indirectly related entities, including detailed and personalized information on additional services of any nature that were provided together with the applicable fees received from such entities by either the external auditor or other persons or entities related thereto, as set forth in applicable legislation on the auditing of accounts.
- (f) To issue an annual report, prior to issuance of the audit report, expressing an opinion on whether the independence of the statutory auditor or audit firms is comprised. This report shall, in any event, include a motivated assessment of the value of each and every one of the additional services referred to in the preceding paragraph, accounted for both individually and collectively, which were provided apart from the legal auditing and in relation to independence requirements or regulations governing statutory audit activities.
- (g) To provide the Board of Directors with advance notice regarding all matters provided for by law, the Bylaws and these Regulations and in particular, regarding:
 - 1. all financial information that the Company must periodically make public.
 - 2. the creation or acquisition of shares in special purpose vehicles or companies incorporated in foreign countries or territories that are considered tax havens, and
- (h) To ensure that the financial statements presented by the Board of Directors to the General Shareholders Meeting are prepared in accordance with accounting regulations. In those cases in which the external auditor has included in its audit report some reservation, the Board of Directors may agree that the Chairman of the Audit Committee explains them to the General Shareholders' Meeting and expresses his or her opinion about the content and scope of the same, making available to the shareholders at the time of the publication of the notice of the General Shareholders' Meeting, together with the rest of the proposals and reports of the Board of Directors, a summary of such opinion.

The provisions of paragraphs d), e) and f), *supra*, shall be interpreted notwithstanding any statutory audit regulations.

- 3. In addition to the duties provided for in the preceding section, the Audit Committee shall have the following duties related to the internal reporting and control systems and to the external auditor:
 - (a) To supervise the preparation process and the integrity of the financial and non-financial information relating to the Company and, as the case may be, to the group, reviewing compliance with regulatory requirements, the proper scope of the

consolidated Group and the correct application of accounting principles.

- (b) To ensure the independence of the internal auditing unit; propose the selection, appointment and removal of the party responsible for the internal auditing services; propose or propose approval to the Board of Directors of the orientation and annual work plan of the internal audit, ensuring that the activity focuses primarily on relevant risks for the Company; receive from the head of the internal audit unit information on the execution of the annual work plan, including possible incidents and limitations to the scope presented in its development, the results and the follow-up of its recommendations; receive from the head of the internal audit unit at the end of each year an activity report; and verify that senior management takes the conclusions and recommendations of such reports into account.
 - (c) To establish and monitor a mechanism that allows employees to communicate, confidentially, any potential significant irregularities, in particular financial and accounting irregularities, observed from within the company.
 - (d) To ensure in general that the policies and systems established for internal control are effectively applied in practice.
 - (e) If the external auditor resigns, to examine the circumstances leading to this resignation.
 - (f) To ensure that compensation of the external auditor does not compromise quality or independence.
 - (g) To oversee that the Company reports the change of auditor through the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores - CNMV*), which shall be accompanied by a statement on any potential disagreements with the outgoing auditor and, if any, the content thereof.
 - (h) To ensure that the external auditor holds an annual meeting with a plenary session of the Board of Directors in order to inform them of the work performed and the financial position of and risks faced by the Company.
 - (i) To ensure that the Company and the external auditor respect rules in force on the provision of non-auditing services, limits on the concentration of the auditor's business and, in general, any other rules on the independence of the auditors.
4. The Audit Committee shall meet as often as the Chairman calls a meeting, when so resolved by at least two of its members or at the request of the Board. The meetings of the Committee shall be held at the registered offices or any other location designated by the Chairman and indicated in the meeting notice. The necessary quorum shall be met when the majority of its members attend, in person or by proxy, adopting resolutions by the favorable vote of the majority of its members in attendance at the meeting. In the event of a tie, the Chairman or Acting Chairman shall have the casting vote.
5. Any member of the executive team or employee of the Company shall attend any Committee meetings he/she is summoned to, as required, and shall provide assistance and access to all relevant information held thereby. The Committee may also require that external statutory auditors attend the Committee meetings.

Article 14. Appointments and Compensation Committee and Sustainability

1. The Committee shall be comprised of a minimum of three and a maximum of five Non-

Executive Directors appointed by the Board, at least two of which shall be Independent Directors. The Board shall be responsible for appointing the Chairman from among the Independent Directors on said Committee. The person responsible for implementing the Company's compensation policy, or any other Company employee as deemed convenient by the Committee, may attend its meetings. The position of Secretary of the Committee shall be held by one of the Committee members, the Board Secretary, the Vice Secretary or the Legal Counsel of that body, as determined by the Board of Directors, who shall draft minutes for all resolutions adopted.

2. The Appointments and Compensation and Sustainability Committee shall have the following duties:
 - (a) To assess the skills, knowledge and experience needed on the Board of Directors. For such purpose, the Committee shall define the functions and skills necessary in the candidates to cover each vacancy and evaluate the time and dedication required in order that they may properly perform their mandate.
 - (b) To establish a representation goal for the least-represented gender on the Board of Directors and develop guidelines on how to reach such objective.
 - (c) To raise all proposals for the appointment of Independent Directors to the Board of Directors for their appointment by co-optation or by submission to the decision of the General Shareholders Meeting, as well as all proposals for the reappointment or removal of said Directors by the General Shareholders Meeting.
 - (d) To provide notification of all proposals for appointment of the remaining Directors for their appointment by co-optation or by submission to decision of the General Shareholders Meeting, as well as all proposals for their reappointment or removal by the General Shareholders Meeting.
 - (e) To report proposals for the appointment or removal of senior executives as well as to report on or propose the basic terms of their contracts.
 - (f) To assess and coordinate the succession of the Chairman of the Board of Directors and of the Company's top executive and, as the case may be, develop proposals for the Board of Directors such that said succession may be completed as smoothly and orderly as possible.
 - (g) To propose a policy to the Board of Directors for the compensation of Directors and general managers or other individuals carrying out senior management duties under the direct supervision of the board, the executive committees or the Managing Directors, as well as for individual compensation and other contractual terms of the Executive Directors.
 - (h) To verify annually the compliance of the compensation policy by reporting it in the Annual Corporate Governance Report and to periodically review it, including share compensation systems and their application, as well as to ensure that the individual compensation of the Company's Directors and senior executives is proportionate to the that paid to other Directors and senior executives.
 - (i) To ensure that any potential conflicts of interest do not threaten the independence of any external advising provided to the Committee.
 - (j) To verify information regarding compensation of Directors and senior executives as provided in various corporate documents, including the annual Directors' compensation report.
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- (k) To report to the Board of Directors in advance regarding proposed resolutions for related-party transactions.
3. In addition to the functions set out in the previous section, the Appointments and Remuneration and Sustainability Committee will exercise the following functions in the area of sustainability:
- (a) Evaluate and periodically review the system of corporate governance and the Sustainability policy, so that they fulfil their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of the other interest groups.
 - (b) To supervise that the Company's actions in the area of sustainability (environmental, social and corporate governance) are in line with the strategy and policies approved by the Board of Directors and, if appropriate, to propose recommendations to improve the Company's position in this area, submitting the corresponding report or proposal to the Board of Directors.
 - (c) To supervise compliance with the rules of corporate governance and the internal codes of conduct of the Company, also ensuring that the corporate culture is aligned with its purpose and values.
 - (d) To supervise the application of the general policy regarding the communication of economic-financial, non-financial and corporate information. Likewise, the way in which the entity communicates and relates to small and medium shareholders will be monitored.
 - (e) To supervise and evaluate the processes of relationship with the different interest groups.
 - (f) Establish the general principles that guide the preparation of the statement of non-financial information.
 - (g) To review and validate, prior to its approval by the Board of Directors, the statement of non-financial information that the Company must make public.
 - (h) To analyze the actions and proposals in matters of sustainability that are proposed or agreed upon by the different business units of the Company.
 - (i) Any other related to the matters of its competence and that are requested by the Board of Directors.
4. The Committee shall analyze the suggestions submitted thereto by the Chairman, Board members, executives or shareholders of the Company.
5. The Appointments and Compensation and Sustainability Committee shall meet whenever the Board or its Chairman requests that a report be issued or a proposal be adopted and, in any case, whenever convenient for the proper performance of its duties and, in any case, shall monitor information on the compensation of the Board of Directors.

Article 15. Executive Committee

1. The Committee shall be comprised of three Directors appointed by the Board of Directors. The Chairman of the Board of Directors shall act as the Committee Chairman. The position of Committee Secretary shall be performed by one of the Directors on the Committee, the Board Secretary, the Vice Secretary or the Legal Counsel of said body, as determined by

the Board of Directors.

2. The Executive Committee shall perform those duties delegated thereto by the Board of Directors in relation to the day-to-day management, administration and representation of the Company in conformity with the same operational principles established in the Bylaws and these Regulations in relation to the Board of Directors.

Notwithstanding the Executive Committee's decision-making autonomy in relation to the delegated powers, and its resolutions being valid and effective without any requirement of ratification by Board, in those cases in which, in the opinion of the Chairman, the circumstances so require, the resolutions passed by the Executive Committee shall be submitted to the ratification of the Board, following the same regime as applicable to those matters for which the Board has delegated their analysis to the Committee but reserving the final decision thereon to the Board, in the latter case which the Executive Committee shall be limited to submitting the relevant proposal to the Board.

Information will be provided in the Board meetings on the main decisions adopted, as the case may be, in the meeting(s) of the Executive Committee that were held after the most-recent Board meeting, and all minutes for such meetings shall be made available to the Directors for their evaluation.

Notwithstanding the provisions of the Bylaws and the preceding paragraphs of this article, the Executive Committee shall primarily focus its activities on the following:

- (a) Ongoing monitoring and oversight of the daily operation and management of the Company, regularly monitoring financial management and implementation of the Company's strategic proposals and plans.
 - (b) Discussing those matters related to the following topics prior to submitting them to the Board:
 - (i) Accounts, management report and proposed application of earnings for each fiscal year.
 - (ii) Budgets and action plans, guidelines for managing the Company.
 - (iii) Oversight of the foundations of the corporate organization in order to ensure its maximum efficiency.
 - (iv) Tangible or financial investments and divestments that are particularly relevant for the Company.
 - (c) In general, assisting the Board with all decisions related to those matters set forth in paragraphs a) and b) of Article 5.3 of these Regulations.
3. The Executive Committee shall meet regularly based on needs and, at least, ten times per year.
 4. Any member of the management team or Company employee as required for such purpose may attend the meetings of the Committee and provide their assistance.

Chapter V. FUNCTIONING OF THE BOARD

Article 16. Meetings of the Board of Directors

1. The Board of Directors shall meet whenever so required in the interests of the Company

and, at least, once per quarter, although it shall aim to meet at least eight times during the year. The Board shall meet at the initiative of its Chairman or of the Acting Chairman, or at the request of three Directors or, as the case may be, of the Coordinating Director. In the latter case, the meeting shall necessarily be held within five days following the request.

2. The annual meetings shall be called by letter or e-mail issued by the Secretary at the demand of the Chairman or the Acting Chairman. The meeting notice shall be made at least five days in advance, except as provided in Article 3.3 of these Regulations, and shall include the agenda for the meeting, which shall clearly list the agenda items on which the Board must make a decision or pass a resolution.

The prior and express consent of a majority of the Directors in attendance shall be required, and duly recorded in the minutes, if the Chairman wishes to submit to the Board, for urgency reasons, the approval of decisions or resolutions not listed on the agenda.

The annual meetings of the Board will discuss the general operations and financial results of the Company and, as the case may be, of its subsidiaries, as well as those matters referred to in Article 5 of these Regulations, if applicable and, in any case, shall discuss the agenda items.

The Board of Directors shall receive information in these regular meetings on the most relevant aspects of the business management since the last meeting of said body was held as well as on all actions in such regard proposed by Senior Management.

3. Special meetings of the Board may be convened by phone and the deadline and other requirements referred to in the preceding section shall not apply when, in the opinion of the Chairman or Acting Chairman, the circumstances so justify.
4. Board meetings may also be held in one or more locations simultaneously provided there is interactivity and intercommunication, in real time, by means of audiovisual or telephone systems, thereby guaranteeing simultaneity of developments. In such case, the meeting notice shall indicate the connection system and, as the case may be, the locations where the technical means to attend and participate at the Meeting are available. Resolutions shall be deemed to have been adopted in the place where the Chairman is located.

Article 17. Proceedings of Meetings

1. Board Meetings shall be validly convened if one half plus one of its members are in attendance at the meeting, in person or by proxy. The proxy shall be granted to another Director specifically for each Board meeting either in writing or by telegram, fax or e-mail. No individual Director may hold more than three proxies. Non-Executive Directors may only delegate their proxy to another non-executive director. The Chairman may decide, as it deems convenient, to let any persons attend the meeting, regardless of whether or not they are officers of the Company.
2. Subject to the provisions of law, resolutions shall be adopted by the absolute majority of the Directors attending, in person or by proxy, and the Chairman or Acting Chairman shall resolve ties and manage debates, and shall further have the authority to establish, in his or her prudent opinion, the order for such debates as well as the manner for voting.

Voting in writing in lieu of a meeting will only be accepted if no Director opposes said procedure.

3. Except where the Board of Directors has been convened on an urgent basis, the Directors shall have prior and sufficient access to the information required to form an opinion on each

of the agenda items, and the Chairman shall be responsible, with the assistance of the Secretary and, as the case may be, the Legal Counsel, for preparing said information. The Chairman may invite as many officers to the meeting as he or she deems appropriate in order to supplement the information provided to the Directors on the agenda items.

4. The deliberations and resolutions of the Board shall be recorded in a minutes book, which shall be signed by the Secretary with the approval of the acting Chairman for the meeting. The minutes shall be approved by the Board itself either upon conclusion of the meeting or at the following meeting. The minutes shall also be deemed to be approved when, within five days following receipt of a draft copy of the minutes, no Director has made any objections.

Article 17 bis. Performance Assessment

1. On an annual basis, the Board of Directors shall evaluate:
 - (a) the efficiency of their functioning and quality of their performance;
 - (b) diversity in its composition and skills;
 - (c) the performance of duties by the Board Chairman and, if any, by the Managing Director, in view of the report submitted thereto by the Appointments and Compensation and Sustainability Committee;
 - (d) the performance and contributions of each Director, paying particular attention to the heads of the different Committees;
 - (e) the functioning and composition of its Committees in view of the reports submitted thereby to the Board.

For such purpose, the Chairman of the Board of Directors shall organize and coordinate with the Chairmen of the Committees regarding the aforementioned assessment process.

2. In the event that the Chairman of the Board of Directors is performing executive duties, assessment of his or her performance shall be directed by the Coordinating Director.
3. An action plan to correct identified deficiencies shall be developed during the assessment process.
4. The results of the assessment shall be included in the meeting minutes or as an attachment thereto.
5. Furthermore, at least every four years, the Board of Directors shall be assisted in carrying out an assessment by an external consultant, the independence of which shall be verified by the Appointments and Compensation and Sustainability Committee.

Chapter VI. APPOINTMENT AND REMOVAL OF DIRECTORS

Article 18. Appointment of Directors and Term of Office

1. The Directors shall be appointed by the General Meeting or, in the event of an unexpected vacancy, by co-optation by the Board of Directors itself up until the next General Meeting is held and, if a vacancy arises after the General Meeting has already been called but before it is held, until the following General Meeting. Directors appointed by co-optation shall not be required to be shareholders.

The appointment of substitutes shall not be required.

2. The Appointments and Compensation and Sustainability Committee shall be responsible for the proposals for the appointment or reappointment of Directors as regards Independent Directors, and in all other cases, responsibility shall lie with the Board itself.

The proposal shall, in any case, be accompanied by a justifying report of the Board of Directors assessing the skills, experience and merits of the proposed candidate. This report shall be attached to the minutes for the General Meeting or for the Board itself.

The proposal for appointment or reappointment of any non-independent Director shall be preceded by a report from the Appointments and Compensation and Sustainability Committee.

These provisions shall also apply to natural persons designated as representatives of a corporate Director. The proposal for a natural representative shall be subject to the report of the Appointments and Compensation and Sustainability Committee.

3. The Directors shall serve in their positions for a maximum term of four years and may be reappointed for periods of like duration. The term of the mandate of the Directors shall be calculated as of the date of the General Meeting in which their appointment or ratification, in the event of prior appointment by co-optation by the Board of Directors, was made.
4. The Board of Directors may make proposals to the Shareholders Meeting for the appointment as an Honorary Director of those Directors who, based on their merits and dedication to the Company, deserve to be granted such title following their removal as members of the Board of Directors. The appointments made may be deemed void by the Board itself based on the circumstances of each case. In such case, the General Meeting shall be provided notice of such circumstances.

Honorary Directors may attend and participate in Board meetings, but with no right to vote, provided the Board of Directors itself deems it appropriate and they are called to the meeting by the Chairman in the terms required.

Honorary Directors shall have the right to receive compensation for their condition as such and, as the case may be, for advising the Board, to the extent determined by the Board of Directors itself by virtue of the relevant resolution and, as the case may be, execution of the relevant contractual advising relationship.

Article 19. Removal of Directors

1. The Directors shall be removed when the period for which they were appointed has elapsed and was not renewed as well as when determined by the General Meeting.
2. The Directors shall tender their resignation to the Board of Directors and formalize the pertinent resignation, if deemed appropriate by the Board, in the following cases:
 - (a) If they are involved in any circumstance of incompatibility or prohibition provided by law, the Corporate Bylaws or these Regulations.
 - (b) If situations arise that affect them, whether or not they are related to their actions in the Company itself, as a result of which their continued membership on the Board of Directors could put at risk or harm the Company's interests, credit or reputation.
 - (c) When they no longer hold an executive position to which their appointment was linked or, in general, when the reasons for their appointment no longer exist (e.g.

when the shareholder represented by a Director disposes of its shareholding in the Company that motivated the Director's appointment).

- (d) When the Director has missed four consecutive Board meetings without granting a proxy to another Board member.

The Board of Directors may only propose the removal of an Independent Director to the General Shareholders Meeting before the period provided for in the Bylaws has lapsed and when the Director has not tendered his or her resignation after having met any of the said circumstances referred to in this article or when any other just cause as determined by the Board exists, following a report of the Appointments and Compensation and Sustainability Committee. In particular, just cause shall be deemed to exist when the Director accepts additional obligations that prevent said Director from dedicating the required time to the performance of its duties, breaches any duties inherent in its position or otherwise is in any circumstances that prevent its independence. The Board of Directors may also propose the removal of Independent Directors as a result of public offers of acquisition, merger or other similar corporate transactions that entail a change to the Company's capital structure, provided such structural changes to the Board of Directors are a result of application of the proportionality criteria set forth in corporate governance recommendations for listed companies in Spain.

3. The Appointments and Compensation and Sustainability Committee may make a proposal to the Board of Directors for submission to the General Shareholders Meeting on the removal of Directors when their behavior could negatively affect the functioning of the Board or the credit and reputation of the Company.
4. Having been informed of or otherwise become aware of any of the situations mentioned in paragraph 2 above, the Board of Directors will examine the case as soon as possible and, taking into account the specific circumstances, will decide, following a report from the Appointments and Compensation and Sustainability Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the Director or proposing his or her removal, reporting on this in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which must be recorded in the minutes.
5. When a Director resigns or is removed by resolution of the General Meeting before the end of his or her term, he or she shall provide a sufficient explanation of the reasons for said resignation or, in the case of non-executive directors, his or her opinion on the reasons for the dismissal by the General Meeting, in a letter to be issued to all members of the Board of Directors.
6. Insofar as it is relevant for investors, the Company shall publish as soon as possible the termination of the Director's employment, including sufficient reference to the reasons or circumstances provided by the Director.

Chapter VII. INFORMATION TO DIRECTORS

Article 20. Information and Advising Powers

1. The Directors, as required to perform their duties, shall have ample powers to make inquiries on any matter related to the Company and, for such purpose, shall have access to any and all documents, registries, records or any other necessary elements. Information requests

shall be made to the Chairman and will be processed by the Secretary of the Board of Directors, who shall directly provide the Directors with such information or otherwise notify the relevant intermediaries in the Company and, in general, shall establish all necessary measures to ensure full compliance with the Director's right to information.

2. Any Director, in the exercise of the specific duties entrusted thereto either individually or by virtue of its membership on any of the Board Committees, may request that the Chairman hire, at the Company's expense, legal, accounting, technical, financial, commercial or any other advisers deemed necessary to assist in the performance of its duties related to specific problems of particular relevance and complexity that warrant said advising. The Chairman, according to the circumstances of the particular case, may deny or authorize the proposal by notice to the Board Secretary, who shall, if authorized, coordinate the hiring of the expert.

The Chairman may also bring the proposal to the Board of Directors, who may refuse to approve financing for the advisory services on the grounds that they are not necessary for the performance of the duties entrusted, that their amount is disproportionate to the importance of the issue, or if it considers that such technical assistance could be adequately provided by Company personnel.

Chapter VIII. DIRECTOR COMPENSATION

Article 21. Director Compensation

Directors shall have the right to the compensation established by the Board of Directors in accordance with the provisions of law and the bylaws and with the compensation policy approved by the General Meeting, following the proposal of the Appointments and Compensation and Sustainability Committee.

In this regard, both the Board and the aforesaid Committee shall take into account the Company's income and, for each Director, the objective circumstances they deem relevant, including the duties and responsibilities attributed thereto, the position they hold on the Board and its Committees, their effective dedication, attendance at meetings of the statutory bodies and of the various committees, and the Director's category, working to ensure that the compensation provided to those Directors whose connection to the Company is exclusively limited to their membership on the Board incentivizes their dedication without compromising their independence.

Notwithstanding the potential consequences of their classification in a certain director category, the position of Director shall be compatible with the performance of executive duties or the provision of certain services to the Company that give rise to compensation beyond that applicable to Directors in their condition as such, and the Appointments and Compensation and Sustainability Committee shall be fully aware of said additional duties and the pertinent compensation applicable thereto, thus ensuring compliance with the principle of transparency in relation to the compensation of Directors for all relevant items.

Chapter IX. DIRECTORS' DUTIES

Article 22. Directors' General Duties

1. The Directors shall have the duty to contribute to the functioning of the Board and to promote and monitor the day-to-day management of the Company and, to the extent legally

permitted, of the investee companies. The Directors shall carry out their positions in good faith, following the guidelines of a loyal representative and with the diligence of a prudent businessman. They shall also act based on the corporate interests and in defense of the collective interests of the shareholders.

2. The Directors shall, in particular, be required to:

- (a) Request the necessary information and adequately prepare meetings of the Board and of any Committees of which they are a member.
- (b) Attend meetings of the corporate bodies of which they are a member and actively participate in debates, effectively contributing to the formation of the body's will and to the decision-making process. If a Director is unable, for just cause, to attend a meeting to which he or she has been called, the Director shall duly instruct the Director representing him or her, if any.

Furthermore, the Director shall encourage those individuals with the power to call a meeting of the statutory bodies to which they belong to exercise such power, when deemed appropriate in the corporate interests, proposing Agenda items as considered appropriate.

- (c) Attend the General Meetings.
- (d) Perform the specific duties entrusted thereto by the body to which it belongs, otherwise expressly stating the reasons that prevent them from performing the relevant mandate.

3. In any case, the Directors shall dedicate the necessary time and effort to its position in order to effectively carry out their duties and shall report to the Appointments and Compensation and Sustainability Committee regarding any other obligations held thereby, in case said obligations could interfere with the required dedication. Directors may not be a member on more than four boards of directors of public limited companies and of eight boards of directors of limited liability companies not forming part of the Company's corporate group or of the participated companies of the aforesaid Directors.

Article 23. Director's Duty of Confidentiality

1. The Director shall maintain the confidentiality of all deliberations of the Board of Directors and its delegated bodies or Committees forming part thereof and, in general, shall refrain from disclosing information to which they have access due to their position, except as required or permitted by law.
2. The obligation of confidentiality shall survive after the director ceases to hold office.
3. If the Director is a legal person, the duty of confidentiality shall also apply to the natural person representative, notwithstanding the fact that the latter may share information with the legal person.

Article 24. Non-Compete Covenant and Conflicts of Interest

1. The Company's Directors, in compliance with their duty of loyalty, shall be required to report to the Board, through the Chairman or Secretary, any conflict of interest with the Company and its group companies, prior to it arising or as soon as they become aware of its existence, and shall be required to immediately resign if based on the nature and continuance of the conflict their presence on the Board goes against the Company's interests.

The Directors shall also establish necessary measures to prevent their interests, whether for themselves or on behalf of third parties, from coming into conflict with corporate interests and their duties to the Company, in accordance with the provisions of law. In particular, the duty to prevent conflicts of interest requires that the Directors abstain from engaging in the conduct described in Article 229 of the Capital Corporations Law, except as waived in accordance with the provisions of Article 230.

A conflict of interest shall be deemed to exist when the interests of the Company and the interests of the Directors directly or indirectly clash. The Director shall be deemed to have an interest when he or she is directly affected or if any related party thereto is so affected, as provided in Article 231 of the Capital Corporations Law.

2. The Directors shall also abstain from debating and voting on those matters in which they have an interest, whether directly or indirectly through a related party, that conflicts with the interests of the Company.

This obligation to abstain shall not apply to those resolutions that affect the Directors in their condition as, including resolutions for appointment, reappointment or removal. Voting by the Directors or, as the case may be, by the Committee in question on these types of resolutions may be made anonymously if so requested by any of its members.

3. The Directors shall disclose any interest held thereby in the capital of a company engaging in activity identical, analogous or complementary to that constituting the corporate purpose, as well as any offices held or duties performed thereby for such company, as well as the pursuit, for their own account or that of another, of an activity of a type identical, analogous or complementary to that constituting the corporate purpose. This information shall be included in the justifying report.
4. The Director's duties of loyalty as addressed in various aspects in this article and other articles of these Regulations also cover the activities performed by the spouse, ancestors, descendants and siblings of the Director or by companies in which the Director holds an executive position or is a significant shareholder or is otherwise directly or indirectly involved in any of the situations provided for in Article 4 of the Spanish Securities Market Law.

Article 25. Use of Corporate Assets

Directors may not use the assets of the Company or its subsidiaries for private purposes or for the benefit of persons related thereto and may not use their position therein to obtain a financial advantage, unless sufficient consideration is paid. Waiver of this requirement shall require the prior report of the Appointments and Compensation and Sustainability Committee.

If the benefit is attained in their condition as a partner, the principle of equal treatment of shareholders must be followed.

The Board of Directors shall include a summary of the operations or transactions completed by the Company with its Directors and significant shareholders in the Annual Corporate Governance Report, all in the manner provided for by the regulations in force from time to time.

Article 26. Non-Public Information

1. Directors may only use the non-public information of the company or its investees for private purposes if the following conditions are met:
 - (a) said information is not applied in connection with transactions for the sale or

- acquisition of securities of the company;
- (b) such use does not cause any harm whatsoever to the company; and
 - (c) the company does not have an exclusive right or an analogous legal position over said information being used.
2. In addition to the condition established in paragraph a), *supra*, Directors shall observe all rules of conduct established by securities market legislation and, in particular, those rules codified in the Company's Internal Regulations on Conduct in Securities Markets.

Article 27. Business Opportunities

Directors may not take advantage, whether directly or on behalf of a related party thereto, of any potential investments or commercial transactions or of any nature of which they became aware in the performance of their office, using the information means of the Company or of its investee companies or in such circumstances that could give rise to an assumption that the action was actually led by the Company.

This prohibition shall not govern when the Board has previously offered the business opportunity to the Company or when authorized by the Board by prior report of the Appointments and Compensation and Sustainability Committee, whenever the Company has not dismissed said investment or transaction through the influence of the Director.

Article 28. Directors' Reporting Duty

1. The Director and its representative, when a company, shall report to the Company on the shares thereof that are held directly or indirectly thereby through companies in which it is a significant shareholder or on any other shares of the Company that are owned by any other companies forming part of the group to which the Corporate Director belongs. Furthermore, any representative of a Corporate Director as well as any Director being a natural person shall report on all other shares held, directly or indirectly, by his or her spouse or children under his or her custody.
2. Directors shall also inform the Company of any positions that they hold or activities that they carry out in other companies or entities and, in general, of any other fact or circumstances that could be relevant to its conduct as a director of the Company and of any transactions that could cause harm to the Company or of any other activities that could constitute competition for the Company or any of its Group companies.
3. The Director must also inform the Company of any situations affecting him or her, whether or not they are related to his or her actions in the Company itself, which may endanger or harm the interests, credit and reputation of the Company and, in particular, he or she must inform the Board of Directors of any criminal case in which he or she appears as being under investigation, as well as of any procedural vicissitudes.

Article 29. Transactions with Significant Shareholders and Directors

1. Whenever a significant shareholder or Director of the Company wishes to carry out a transaction with the Company, it shall provide prior and immediate notice to the Board of Directors, through the Chairman, unless the transaction relates to ordinary transactions that are made under standard conditions for all clients and are immaterial, understood as those for which information is not required to express a true and fair view of the Company's equity,

financial position and profits.

2. The Company may authorize performance by any Director or any related party thereto of a certain transaction with the Company. The authorization shall necessarily be granted by the General Shareholders Meeting when it relates to a transaction whose value is greater than ten percent of the corporate assets.

In all other cases, the authorization may also be granted by the Board of Directors, following a report from the Appointments and Compensation and Sustainability Committee, provided that independence of the members granting the authorization is guaranteed as regards the excepted Director or executive. In addition, it shall also be required to show that the transaction authorized will be harmless to the company's equity or, as the case may be, that it is being carried out under arm's length conditions and through a transparent process.

Chapter X. RELATIONSHIPS OF THE BOARD

Article 30. Relationships with Shareholders

1. In regular informational meetings held on the progress of the Company with those shareholders considered to hold the most relevant financial venues within Spain and abroad, as well as in any other meetings that may be held with investors that are financially significant shareholders in the Company but that are not represented on the Board of Directors, particular steps shall be taken to ensure that all shareholders and the market in general have the same information on the performance of the Company, ensuring that no special treatment is provided such as would place them in a privileged position or at an advantage with respect to the other shareholders.
2. Public proxy requests made by any Board member for the General Meeting must establish the direction of the vote, if the shareholder does not otherwise provide instructions.

Article 31. Relationships with the Markets

1. The Board of Directors shall ensure that the Company complies with the duty to report to the markets on:
 - (a) privileged information or other relevant information in accordance with applicable stock market regulations;
 - (b) substantial changes in the share structure of the Company of which it was aware and substantial amendments to the governing rules of the Company;
 - (c) treasury stock transaction in conformity with legal provisions; and
 - (d) other information as required by the regulations in force.
2. The Board of Directors, primarily through the Audit Committee, shall adopt measures to ensure that the quarterly, semi-annual and other financial reporting required to be made available to the markets is drafted in accordance with the same professional principles, criteria and practices applied to the preparation of the annual financial statements and with the same reliability as the latter.

Article 32. Relationships with the Auditors

1. The relationships of the Board with the external auditors of the Company shall be channeled through the Audit Committee.
2. The Board of Directors shall abstain from contracting those audit firms that are involved in any circumstances that could affect their independence in performing their duties, respecting in all cases the prohibitions and incompatibilities legally provided.
3. The Board of Directors shall publicly report the overall professional fees paid by the Company to the audit firm for non-auditing services.
4. The Board of Directors shall aim to prepare the final annual financial statements such that there are no reservations made by the auditor. Notwithstanding the above and as deemed necessary by the Board to maintain its criteria, the Board shall publicly explain the scope and content of the discrepancy.