

**HBX GROUP INTERNATIONAL PLC  
BOARD REGULATIONS**

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# 1. Introduction

The regulations (the Regulations) of the Board of Directors (the Board) of HBX Group International Plc (the Company) supplements and supports the Company's articles of association (the Articles), which sets out in detail the principal regulations and rules relating to the Board and its Directors, their powers and proceedings.

The Regulations have been prepared taking into account the nature of the Company as the ultimate holding company and controlling entity of the HBX Group, having regard for applicable legal and regulatory rules, the Articles, the recommendations set out in the Good Governance Code of Listed Companies (the Code) issued by the Comisión Nacional del Mercado de Valores (CNMV), as revised from time to time, as well as generally recognised governance best practice in the United Kingdom (the Company's country of incorporation).

## A. Purpose of the Regulation

The Regulations set out in one place the principles of conduct of the Board of the Company, the basic rules and procedures for the organisation and operation of the Board as well as in relation to the selection, appointment, re-election, removal and conduct of the Board's members. To this end the Board has adopted and keeps under review a HBX Group Governance Manual which sets out the formal corporate governance systems and procedures which supports not only the Board's work and procedures in the achievement of its purposes but also those of the Company's subsidiaries (together the Group or HBX Group) and their boards.

## B. Effect, interpretation and amendment

The Regulations take effect from the date of admission to listing of the Company's shares in the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. Any questions that may arise in connection with the interpretation or application hereof shall be resolved by the Board. The Regulations will be subject to periodic review at least annually and the Board may resolve to amend the Regulations as it sees fit, informing the Company's shareholders of any amendment at the next General Shareholders' Meeting after the changes have been made.

As stated, the Regulations support and supplement the Company's Articles, which provisions, as well as those applicable provisions of the Companies Act 2006 (the "UK Companies Act"), shall prevail in the event of conflict with the provisions set forth herein.

## C. Dissemination

The up-to-date Regulations and the Articles shall be made available on the Company's corporate website.

## 2. Principles of conduct

As a fundamental principle, in its work and engagement with shareholders and other stakeholders, the Board shall strictly observe applicable law and regulation, the Company's Articles, and follow (and actively promote) the HBX Group Code of Conduct and its other corporate governance policies.

### A. Directors' duties and corporate interest

The Directors of the Company must act in accordance with their duties under the UK Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole. In practice this means the Directors must act in the best interests of the Company and the shareholders as a whole, considering the likely consequences of any decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships, the impact of such operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the Company.

The Board shall carry out its duties as a unitary board, with unity of purpose and independent judgement. In so doing the Board will have regard to environmental, social and governance aims as set out in the HBX Group ESG Policy, endeavouring to act in ways that engenders trust with HBX Group stakeholders. Board members have a duty to exercise reasonable care, skill and diligence and to avoid conflicts of interest.

### B. Stakeholder engagement

The Board shall endeavour to ensure there is effective engagement with the Company's shareholders and other key stakeholders. As set out in the HBX Group Communications Policy, the Board is committed to being clear and transparent in its communications with all its shareholders and stakeholders. In relation to the Company's shareholders, the Board will afford equal treatment to all shareholders in the same situation. The HBX Group Communications Policy is available on the Company's website at [www.hbxgroup.com](http://www.hbxgroup.com).

### C. Ethical Requirements

The Board and all Group employees are not only expected to conform and adhere to applicable law, regulation and constitution, but the Company and its Board have set behaviour and conduct expectations based on ethical principles and generally accepted principles of social responsibility. The Company has adopted the HBX Group Code of Conduct which sets out the ethical framework around how all Board members and HBX Group employees operate and work together to deliver products and services globally. It gives clarity to employees and everyone we deal with about how we do business. It sets out what we stand for.

The HBX Group Supplier Code of Conduct provides guidelines to the standard of ethical conduct, values and principles HBX Group expects suppliers to adhere to when dealing with workers, agents, suppliers, and customers on HBX Group's behalf.

## **3. Structure and powers**

### **A. Board structure**

Management of the Company is vested in the Board. It shall have a Chair that is non-executive and a Chief Executive Officer, with their respective responsibilities set out in the Statement of Division of Responsibilities between the Chair and the Chief Executive Officer (see section G(vi)). The Chief Executive Officer shall report to the Board. All members of the Board other than the Chief Executive Officer will be non-executive directors whose respective roles are set out in further detail in section G. Independent and proprietary non-executive directors will at all times represent a majority over executive directors, and independent non-executive directors will at all times represent a majority over proprietary non-executive directors of the Board.

### **B. Powers of the Board of Directors**

Subject to the provisions of the UK's Companies Act 2006, the Company's Articles and to any directions given by resolution of the shareholders, the Board has the broadest powers and authority to manage and represent the Company. A meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.

The Board shall have the broadest powers to obtain information regarding any aspect of the Company, to examine its books, records, documents and other background information on corporate transactions, to inspect all of its facilities and to communicate with the members of senior management of the Company and the Group.

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

### **C. Delegation of Board powers**

In accordance with the Company's Articles, the Board may delegate any of its powers to any committee consisting of one or more Board members. It may also delegate to the Chief Executive Officer or any other director holding executive office, such of its powers as the Board considers desirable to be exercised by the director. Any such delegation shall, in the absence of express provision to the contrary in the terms of delegation, be deemed to include authority to sub-delegate to one or more directors (whether or not acting as a committee) or to any employee or agent of the Company all or any of the powers delegated and may be made subject to such conditions as the Board may specify and may be revoked or altered.

The Board has delegated certain powers and responsibilities to three Board Committees, being the Audit and Risk, Remuneration and Nomination. The duties and delegated responsibilities of each of the Committees are set out in terms of reference, summarised in section 4 of the Regulations.

The Board has also entrusted the duties of strategic supervision, organisation, coordination and management at the Group level to the Chief Executive Officer, who, with the assistance of the senior executive management team in the form of the Executive Committee (see section 3D), shall disseminate, implement and monitor the overall strategy within the basic guidelines established by the Board for the management and supervision thereof.

## D. The Executive Committee

The Chief Executive Officer has appointed a senior executive management committee called the Executive Committee. The Executive Committee **is not** a committee of Executive Directors with delegated authority from the Board (as referenced in section III.3.4.1 of the Code), but rather a management committee whose membership includes the Chief Executive Officer (who acts as Chair) and his direct senior management reports. The Chief Executive Officer is the only Company Director on the Committee.

The Executive Committee has terms of reference approved by the Chief Executive Officer with the support of the Board.

## E. Matters reserved for the Board

Although a key focus of the Board will be determining, providing oversight and monitoring the Company's and HBX Group's purpose, values and strategy, there are other matters reserved for the Board which are set out in the Company's Matters Reserved for the Board Schedule, as follows:

### 1. Strategy and management

- 1.1. Responsibility for the overall leadership of the Company, determining the Group's purpose, values and standards.
- 1.2. Setting and approving the Group's strategy and long-term objectives which should promote the long-term sustainable success of the Company and the Group.
- 1.3. Monitoring the Group's culture and its alignment with the Group's purpose, values and strategy.
- 1.4. Approving and then monitoring the annual operating and capital expenditure budgets and any material changes to them.
- 1.5. Approving material unbudgeted capital or operating expenditures (outside pre-determined tolerances set out in the HBX Group Approval Matrix).
- 1.6. Oversight of the Group's operations, ensuring that there is:
  - competent and prudent management;
  - sound planning;
  - sound risk management and internal controls;
  - adequate accounting and other records; and
  - compliance with statutory and regulatory obligations.
- 1.7. Reviewing and monitoring the Group's performance in light of the Group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.8. Any extension of the Group's activities into new business or geographic areas.
- 1.9. Consideration of ceasing to operate all or any material part of the Group's business.

### 2. Structure and capital

- 2.1. Changes relating to the Company's capital structure, including reduction of capital, share issues (except under already approved employee share plans) and share buy backs.
- 2.2. Major changes to the Group's corporate structure, including, but not limited to acquisitions and disposals of shares which are material relative to the size of the Group.
- 2.3. Material changes to the Group's management and control structure.
- 2.4. Any changes to the Company's listing or its status as a public limited company.

### 3. Borrowing and guarantees

- 3.1. Approval of any material borrowing (other than by way of agreed facilities) or of any acceptance of credit (other than normal trade credit).
- 3.2. Approval of any material guarantee or indemnity or contract of suretyship or any other commitment by a Group company in respect of the due payment of money or the performance of any contract, engagement or obligation of any person or body other than a Group company.
- 3.3. Approval of any commitment by the Company to any guarantee or indemnity for the performance of a Group subsidiary or associate.
- 3.4. Approval of any mortgage or charge over the whole or any part of the Group's undertakings other than charges solely in the ordinary course of business.

### 4. Financial reporting and controls

- 4.1. \* Approval of the half-yearly report, quarterly trading statements and any preliminary announcement of the final financial results.
- 4.2. \* Approval of the Company's Annual Report and Accounts, the Annual Corporate Governance Report and Directors' Remuneration Report.
- 4.3. \* Approval of the dividend policy.
- 4.4. \* Declaration of the interim dividend and recommendation of the final dividend.
- 4.5. Approval of any significant changes in accounting policies or practices.
- 4.6. Approval of treasury policies, including foreign currency exposure (except in the normal course of business) and the use of financial derivatives.

\*These items may be considered by the whole Board but with the formal decision being delegated to a committee (set up solely for that purpose). This allows time for any changes requested at the Board meeting to be incorporated into the final document before publication.

### 5. Risk and internal controls

- 5.1. Except as specifically delegated to the Audit and Risk Committee pursuant to its terms of reference, to ensure the maintenance of a sound system of internal control and risk management.
- 5.2. To consider matters or recommendations escalated to the Board by the Audit and Risk Committee on internal controls or risk management, including:
  - Approving the Group's risk appetite statements;
  - Receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
  - Approving procedures for the detection of fraud and the prevention of bribery;
  - Undertaking an annual assessment of these processes; and
  - Approving an appropriate statement for inclusion in the annual report.

### 6. HBX Group Approval Matrix

- 6.1. Approval of the HBX Group Approval Matrix which sets out delegated authorities and provides the levels of authority required to approve or enter into commitments relating to contracts, acquisitions, expenditure and other types of transaction or financing, and which sets out the specific levels of authority for commitments or transactions which are reserved for the Board.
- 6.2. Oversight of the execution and delivery of contracts, expenditure and other types of transactions which have been considered and approved by the Board.

## 7. Communication

- 7.1. Ensuring a satisfactory and transparent dialogue with shareholders based on the mutual understanding of objectives.
- 7.2. \*Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 7.3. \*Approval of all circulars, notices of meetings, or other documents to shareholders, including prospectuses or listing particulars (though approval of routine matters may be delegated to the Disclosure Committee or another Board committee).
- 7.4. \*Approval of any regulatory announcement, other than urgent announcements or routine notifications, for example regarding interests in shares etc. (for which approval may be delegated to the Disclosure Committee, another Board committee or to the Company Secretary and the Company Secretariat).
- 7.5. \* Approval of press releases concerning matters decided by the Board.

## 8. Board membership and other appointments

- 8.1. Changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee.
- 8.2. Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board, delegating responsibilities to the Nomination Committee as the Board sees fit.
- 8.3. Appointment of the Chair of the Board and the Chief Executive Officer.
- 8.4. Appointment of Senior Independent Director should the Board determine that one is required to provide a sounding board for the Chair of the Board and to serve as intermediary for the other directors when necessary.
- 8.5. Appointment of the members and chairs of the Board Committees following recommendations from the Nomination Committee.
- 8.6. At the recommendation of the Nomination Committee, considering and determining the continuation in office of Directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate, making recommendations to the shareholders as appropriate.
- 8.7. Considering and determining the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company, subject to law, regulation, the Articles and their service contract.
- 8.8. Appointment, or removal of the Company Secretary.
- 8.9. Appointment, reappointment or removal of the external auditor to be put to shareholders for approval in general meeting, following the recommendation of the Audit and Risk Committee.

## 9. Remuneration

- 9.1. Determining the remuneration policy for the Directors and other senior executives following recommendation from the Remuneration Committee.
- 9.2. Determining the remuneration of the Non-executive Directors, subject to the Articles.
- 9.3. The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

## 10. Delegation of authority

- 10.1. The division of responsibilities between the Chair of the Board and the Chief Executive Officer.



- 10.2. Establishing Board Committees and approving their terms of reference, and approving material changes thereto.
- 10.3. Receiving reports from Board Committees on their activities.

#### 11. Corporate governance matters

- 11.1. Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors, and the division of responsibilities.
- 11.2. Determining the independence of Non-executive Directors, with input as necessary from the Nomination Committee, both at initial appointment of the director and then at least annually prior to them being considered for re-election by shareholders at the AGM, but also prior to consideration by the Board of a director's continuation in office at the end of their term of office. Reporting the same in the Annual Corporate Governance Report and Annual Report and Accounts.
- 11.3. Ensuring effective engagement with the Company's key stakeholders.
- 11.4. As part of its decision making, considering the Company's objectives and strategy against the balance of interests of the Company's key stakeholders and societal expectations.
- 11.5. Review of the Company's and the Group's overall corporate governance arrangements, including reviewing and approving the HBX Group Governance Manual.
- 11.6. Receiving reports on the views of the Company's shareholders / investors.
- 11.7. Authorising conflicts of interest where permitted by the Company's Articles and in accordance with the UK Companies Act 2006.

#### 12. ESG and Corporate Social Responsibility

- 12.1. Maintaining oversight of ESG matters, including overseeing the implementation of the HBX Group ESG Policy and ensuring that the Board is kept updated on ESG progress at the Group level as needed, though delegating responsibility for supervising compliance with the HBX Group ESG Policy and associated rules to the Audit and Risk Committee, which shall report to the Board as necessary and as part of the Board's forward agenda as it relates to ESG matters.
- 12.2. Monitoring the Group's culture, conduct and diversity, including associated initiatives, objectives, policies and reporting.

#### 13. Policies

- 13.1. Approval of Group policies, including:
  - The HBX Group Board Regulations;
  - The HBX Group Code of Conduct;
  - The HBX Group Supplier Code of Conduct;
  - The HBX Group ESG Policy;
  - The HBX Group Board of Directors' Selection and Diversity Policy;
  - The HBX Group Communications Policy;
  - The HBX Group Disclosure Policy;
  - The HBX Group Share Dealing Code; and
  - The HBX Group Enterprise Risk Management Framework and related Risk Management Policies

#### 14. Other

- 14.1. The making of charitable or political donations.
- 14.2. Approval of any transaction with a related party.
- 14.3. Approval of the appointment of the Group's principal professional advisers.

- 14.4. Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism being material to the interests of the Group.
- 14.5. Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and the indemnification of directors.
- 14.6. Major changes to the rules or administrative arrangements of the Group's pension schemes.
- 14.7. Any decision likely to have a material impact on the Company or the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 14.8. This schedule of matters reserved for Board decisions.

In addition, and in support of the above matters reserved, the Board will be expected to occupy itself with, inter alia:

- Strategic oversight of the global Group, its organisation and coordination and with the dissemination, implementation and compliance with appropriate policies, strategies and general guidelines covering the Group based on the characteristics and particularities (including legal, regulatory and business environment) of their respective territories, countries or businesses. The Board will decide on matters of strategic importance at the Group level.
- Consideration and approval of the Company's purpose and values, attending to the approval and update of corporate policies that not only reflect those purposes and values, but which are also consistent with the Articles and relevant law and regulation.
- Consideration and approval of HBX Group's governance framework as set out in the HBX Group Governance Manual and delegations of authority set out in the HBX Group Approval Matrix, which not only supports and safeguards the Group's strategic aims and achievement of those aims, but which reflects corporate governance best practice and recommendations and is consistent with the Articles and relevant law and regulation.
- The promotion, establishment and supervision of the overall strategy for engaging the Company's shareholders in corporate life, ensuring the principle of equality of treatment of all shareholders who are in the same situation and establishing a policy that actively encourages it. To this end, considering and approving the HBX Group Communications Policy, setting out the principles for shareholder engagement, including at General Shareholders' Meetings. The Board shall be regularly informed of changes in share ownership and of the views of the Company's major shareholders, investors and rating agencies as they relate to the Company and the Group.

Matters which the Board considers suitable for delegation are contained in the terms of reference of its Board Committees or set out in the HBX Group Approval Matrix. In addition, the Board will receive reports and recommendations on any matter which it considers significant to the Group.

## **F. Checks and balances**

The Board of Directors shall supervise the activities of the Chair of the Board and the Chief Executive Officer, and thus ensure the effectiveness of the checks and balances system provided by law, regulation, the Articles and the HBX Group Governance Manual.

## **G. Composition of the Board**

### **i. Number of Directors**

The Board of Directors shall be composed of a minimum of five and a maximum of fifteen directors.

## ii. Appointment

A person willing to act as a director, either to fill a vacancy or as an additional director, may be appointed director either by ordinary resolution of the Company with effect from the end of a general meeting of shareholders, or by the Board. Pursuant to the terms of the Articles of Association, CPPIB, a significant shareholder of the Company, is limited in the number of votes that it may cast at a general meeting, or on any other shareholder resolution, in connection with the appointment or removal of Directors to a maximum of 30% of the votes that are entitled to vote in respect of the appointment or removal of Directors on such resolution after taking into account that aforementioned 30% threshold limitation.

A Director appointed by the Board shall be required to put themselves forward for re-appointment at the next Annual General Meeting of the Shareholders held following their appointment by the Board.

A Director shall not be required to hold any shares by way of qualification.

The HBX Group Board of Directors' Selection and Diversity Policy sets out how the Board of Directors will ensure an appropriate composition of the Board based on competencies required, a director selection process that promotes appropriate diversity and which is non-discriminatory and transparent. The HBX Group Board of Directors' Selection and Diversity Policy is available on the Company's website at [www.hbxgroup.com](http://www.hbxgroup.com).

Recognising that directors must dedicate and devote sufficient time to understanding and informing themselves of the HBX Group business and properly prepare to contribute at Board and Board Committee meetings, it is expected that the Company's Executive Directors serve on no more than one other listed company board and Non-executive Directors serve on no more than three other listed company boards. The Nomination Committee will review, at least on an annual basis, individual Board member time commitment and responsibilities (i.e. in terms of specific roles, such as Committee Chair or Senior Independent Director etc., either at the Company or at other listed companies) and may determine that the maximum number of other listed company boards on which a director can serve should be less than that specified above.

## iii. Term of office

**Non-executive Directors** - The terms of the appointment of a Non-executive Director are set out in a letter of appointment. Other than for the Chair of the Board (see below), the appointment is for an initial term of a maximum of three years, concluding at the Company's Annual General Meeting ("AGM") last occurring within the period of three years from the director's date of appointment, unless terminated earlier by either party giving to the other party one month's written notice. If the shareholders do not re-elect the director (see (iv) below), or if the director retires from office for any other reason set out in the Articles, the appointment shall terminate automatically, with immediate effect and without compensation.

Non-executive Directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional (and last) three-year period. Any term renewal is subject to Nomination Committee recommendation, Board review and AGM re-election. Notwithstanding any mutual expectation, there is no right to re-nomination by the Board, either annually or after any three-year period.



**Chair of the Board** - The terms of the appointment of the Chair of the Board are set out in a letter of appointment and are similar to those of the Non-executive Directors, except that there is no fixed term, and the period of notice to terminate that either party must give to the other is six months. The Chair of the Board is otherwise subject to the same re-election or retirement provisions set out in the Articles as all other Board members.

**Chief Executive Officer** – As an employee of the Company holding executive office, the Chief Executive Officer’s terms of employment are set out in an employment contract. As a permanent employee, the appointment is not subject to a fixed term and the period of notice to terminate from the Executive Director is six months and from the Company three months. The Chief Executive Officer is otherwise subject to the same re-election or retirement provisions set out in the Articles as all other Board members.

#### iv. **Director retirement and re-election at AGM**

At every AGM, all the directors at the date of the notice convening the AGM will retire from office. Directors who retire at an AGM may, if willing to act, be re-appointed. If the Company does not fill the vacancy at the meeting at which a director retires, the retiring director will, if willing to act, be deemed to have been re-appointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-appointment of the director is put to the meeting and lost.

If (a) any resolution or resolutions for the appointment or re-appointment of the persons eligible for appointment or re-appointment as directors are put to the AGM and lost, and (b) at the end of that meeting the number of directors is fewer than the minimum number of directors required under the Articles (being 5 directors of the Company), all retiring directors who stood for re-appointment at that meeting will be deemed to have been re-appointed as directors and will remain in office, with the limitations set out in the Articles of Association.

The Board will submit recommendations to the shareholders at an AGM for director reappointment, setting out why in its opinion it is appropriate to reappoint each of the directors putting themselves forward for re-election, and this will include consideration of their continued availability to discharge their responsibilities as directors and to effectively contribute to Board deliberations.

The Articles also sets out that no person other than a retiring director shall be appointed a director at any General Meeting unless:

- the person is recommended by the Board; or
- not less than seven nor more than 42 days before the date appointed for the meeting, notice by a Shareholder qualified to vote at the meeting (not being the person to be proposed) has been received by the Company of the intention to propose that person for appointment stating the particulars which would, if they were so appointed, be required to be included in the Company’s register of directors, together with notice by that person of their willingness to be appointed.

#### v. **Classes of Director**

The Board of Directors shall endeavour to ensure that the number of Executive Directors is the minimum necessary and that a majority of the members of the Board are independent. The following summarises the different classes of director in more detail:

**Executive Directors** - Those directors who perform executive or management duties within the Company or the Group shall be deemed Executive Directors. The Company currently has just one Executive Director, the Chief Executive Officer.

**Non-executive Directors** - All other directors of the Company, whether Proprietary, or Independent, shall be deemed Non-executive Directors. There are two different types of Non-executive Director, as set out below:

- **Proprietary Directors (Consejeros Dominicales):** those directors who represent a shareholding interest that is equal to or greater than that legally regarded as significant at any time, or who have been appointed owing to their status as shareholders, even if their shareholding interest does not reach such amount. In the case of HBX Group there are two Proprietary Directors, each representing significant shareholders, Cinven and Canadian Pension Plan Investment Board. In the absence of a separate shareholder agreement, the Board of Directors shall endeavour to ensure that the relation between the number of proprietary directors to other directors and the number of independent directors shall reflect, as far as possible, the ratio of the Company's voting share capital represented by Proprietary Directors to the rest of the share capital.

Proprietary Directors who cease to have such status as a result of the shareholder which proposed their appointment selling its interest may only be re-elected as independent directors when such shareholder has sold all of its shares of the Company and they meet the other requirements for classification as an Independent Non-executive Director.

- **Independent Directors:** those Non-executive Directors who, having been appointed because of their personal and professional qualities, skills and experiences, and who are able to carry out their duties without being conflicted by relationships with the Company or its Group, its significant shareholders, its executive management or with the other Directors. Director independence is initially determined and then reviewed regularly by the Nomination Committee and reported to the Board of Directors.

A Director who has a shareholding interest in the Company may have the status of Independent Non-executive Director provided that the director satisfies all conditions set out either by law, regulation or the Code, and so long as the interest held is not deemed significant, as determined by the Nomination Committee.

A record of the rationale for the status and class of each Director shall be given by the Board of Directors at the Shareholders' General Meeting or AGM at which the appointment is either made or when a director is reappointed or reelected in accordance with the Articles. This shall be maintained or, if applicable, modified annually in the Annual Corporate Governance Report after verification by the Nomination Committee and the Board of Directors.

## vi. **Key Board roles – Chair and Chief Executive Officer**

At HBX Group the roles of the Non-executive Chair and the Chief Executive Officer are separate. The Chair's primary role is one of Board leadership whilst that of the Chief Executive Officer is to provide the overall management and leadership of the Company in the running of its operations and activities and the development and implementation of strategy. It is the responsibility of both to uphold and promote the highest standards of integrity and probity within the Company and the HBX Group.

The respective duties and responsibilities of each of the Chairman and the Chief Executive Officer have been agreed by the Board and are detailed below.

**Chair of the Board** - As set out in the Articles, the Chair of the Board of Directors shall be elected from among its members, following a recommendation from the Nomination Committee. The Chair of the Board shall have the powers provided by the Articles and those entrusted to him by the Board itself. The Board may also appoint a Deputy Chair. The Chair of the Board of HBX Group is a Non-executive role.

**Primary Responsibility** – Leadership of the Board

#### **Other Responsibilities**

- Chairing Board and Nomination Committee meetings and shareholders' general meetings;
- Leading the Board and ensuring its effectiveness in all aspects of its role;
- Running the Board and setting the agenda for Board meetings which should be forward-looking and concentrate on strategic matters, taking full account of the issues and the concerns of all Board members;
- Supporting the strategic process, by encouraging and supporting the Chief Executive Officer with the development of strategy;
- Ensuring that the Board receives accurate, timely and clear information to enable the Board to make sound decisions and effectively monitor the business and the implementation of Board decisions;
- Managing the Board to ensure that sufficient time is allowed for discussion of complex or contentious issues;
- Encouraging active engagement by all the members of the Board and promoting a culture of openness and debate, facilitating contributions from the Non-executive Directors;
- Ensuring a clear structure for, and the effective running of, Board Committees;
- Ensuring that there are effective processes for maintaining relations or communications with shareholders or investors so that the Board has a clear understanding of the views of significant investors, including their key issues and concerns;
- Maintaining an effective and complementary Board, identifying and meeting the development needs of individual directors as well as addressing the development needs of the Board as a whole;
- Taking the lead on the Board effectiveness review;
- Ensuring that new Non-executive Directors receive a properly constructed induction programme that is comprehensive and appropriate, facilitated by the Company Secretary, and that each Non-executive Director receives regular refresher induction or training as circumstances require;
- Holding meetings with the Non-executive Directors, without Executive Directors present;
- Ensuring that appropriate plans are in place for Board succession;
- Providing support and advice (a mentoring role) to the Chief Executive Officer, agreeing annual performance objectives, leading his or her appraisal and making recommendations to the Remuneration Committee in relation to remuneration;
- Ensuring that the Company operates within an appropriate corporate governance framework;
- Guiding and influencing the tone from the top set by the Board, ensuring that the Company's values are maintained and observed at all times; and

- Representing the Company and assuming an “ambassadorial role” when necessary.

**Chief Executive Officer** – Is appointed in accordance with the Articles of Association, which state that the Board may appoint one or more of its body to be the holder of an executive office. The Chief Executive Officer is the sole Executive Director.

**Primary Responsibility** – Management and leadership of the Company’s and HBX Group’s operations and activities and the development and implementation of strategy.

### **Other Responsibilities**

- Providing clear leadership, inspiring and supporting the Company’s and the HBX Group’s employees in all areas of the Company’s business, including the development of ideas, products and operations;
- Formulating and proposing the corporate objectives and strategic direction of the Company for agreement and regular discussion by the Board;
- Implementing the Board’s agreed strategic business plan in accordance with the Company’s values;
- Leading HBX Group’s executive management team, determining composition of and terms or reference for the Executive Committee, and chairing Executive Committee meetings;
- Ensuring that Board decisions are effectively implemented and progress reported back to the Board;
- Having overall responsibility for the operational and financial performance of the Company and the HBX Group;
- Managing the Company’s affairs and resources on behalf of the Board, except for those reserved for decision by the Board;
- Ensuring appropriate communications and provision of relevant up to date information to the Group’s management and employees, including relevant information from or to the Board;
- Proposing, and then ensuring the implementation of, Company policies to be agreed by the Board;
- Receiving reports from senior executives;
- Ensuring the Company and the HBX Group has appropriate organisational structures;
- Drawing up plans for the succession to the key management positions within the Company, ensuring that appropriate plans are made for other levels of management within the business, and ensuring that these plans are discussed with the Board or Nomination Committee and progress reported. This includes the identification, development and promotion of high performing employees into appropriate positions of leadership including proposing new Executive Directors;
- Ensuring that key relationships with customers, suppliers and other key stakeholders are fostered;
- Being the main day to day contact with existing and potential investors, working with Investor Relations to provide the appropriate level of information about the Company’s business, its results and strategic direction;
- Acting as a liaison between the Company and the public, with ultimate responsibility for fostering and maintaining the profile of the Company;
- Ensuring that there are appropriate processes in place to identify and to manage risk; and
- Agreeing the annual performance objectives of Executive Committee members, evaluating performance against those objectives and to make recommendations as to their remuneration within the framework of applicable policies and guidance.

## vii. Company Secretary

The Company Secretary is appointed in accordance with the Articles, which state that the Company Secretary shall be appointed by the Board for such term, at such remuneration and on such conditions as it may think fit. Any Company Secretary so appointed may be removed by the Board.

In accordance with the UK Companies Act 2006, the Company (being a public company) is required to appoint a Company Secretary who must be a person who appears to the Board to have the requisite knowledge and experience to discharge the functions of Company Secretary and have one or more of the qualifications as set out in s273 of the UK Companies Act 2006. The Company Secretary of the Board of Directors does not hold director status, consequently shall have a voice but no vote.

**Primary Responsibility** – In addition to the duties entrusted under the Companies Act and the Company’s Articles, the Company Secretary shall assist and support the Chair and the Board in their tasks, facilitating the proper functioning of the Board and Board meetings and ensuring that Board decisions and actions are informed by the governance recommendations of the Code.

### **Other Responsibilities**

- Providing directors with required advice and information to support them in fulfilling their duties and responsibilities;
- Working with the chairs of the Board and Committees on the annual forward agendas of each of those forums;
- Planning and supporting induction for new directors;
- Preserving corporate documentation;
- Attending and preparing minutes of Board and Committee meetings which capture the sense of the meeting and faithfully reflect discussion and decisions;
- Supporting the Board in complying with the Company’s Articles, relevant laws and regulations; and
- Supporting the annual Board and Committee performance evaluation exercise.

## viii. Disqualification and removal of Board members

Pursuant to the Company’s Articles, a person ceases to be a director as soon as:

- Such person ceases to be a director by virtue of any provision of the UK Companies Act 2006 or is prohibited from being a director by law;
- A bankruptcy order is made against such person;
- A composition is made with that person’s creditors generally in satisfaction of such person’s debts;
- A registered medical practitioner who is treating such person gives a written opinion to the Company stating that such person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- A notification is received by the Company from the director stating that such director is resigning or retiring from office, and such resignation or retirement has taken effect in accordance with its terms;
- Such person has been absent for more than six consecutive months without permission of the Board from meetings of the Board held during that period and his/her alternate Director (if any) has not attended in his/her place during such



- period and the Board resolves that their office be vacated;
- Such person receives notice executed by not less than three quarters of the other directors stating that that person should cease to be a director. In calculating the number of directors who are required to give such notice to the director, (i) an alternate director appointed by such director acting in his/her capacity as such shall be excluded; and (ii) a director and any alternate director appointed by such director and acting in his/her capacity as such shall constitute a single director for this purpose, so that notice by either shall be sufficient. The directors should not deliver a notice of removal of an Independent Non-executive Director before the expiry of their tenure except where they find just cause, based on a recommendation from the Nomination Committee; or
  - the Company shareholders, by ordinary resolution, removes a person as Director from office.

Directors must tender their resignation to the Board and formalise such resignation in the following cases:

- In the case of a **Proprietary Director**, (i) when the shareholder whose interests such director represents, fully transfers or reduces in the due proportion its shareholding in the Company, thereby losing all or part of its entitlement to appoint Proprietary Directors or (ii) when such shareholder requests it.
- In the case of **Independent Non-executive Directors**, when they become part of the executive team of HBX Group or, for any other reason, any of the circumstances incompatible with the status of an independent director arises.
- In the case of **Executive Directors**, when they cease to hold the executive position with which their appointment as directors was associated.
- **For all directors**, when they are affected by any of the rules on incompatibility or prohibition prescribed by law or the Articles or when (i) their continuance as directors could threaten or harm the interest, credibility or reputation of the Company, (ii) when the reasons for which they were appointed cease to apply, including, but not limited to, when significant changes occur in connection with their professional status or in the circumstances under which they were appointed. Directors must disclose any serious criminal proceedings in which they are under investigation, as well as any subsequent events in those proceedings.
- **For all directors**, when, due to actions and events attributable to the directors, related or not to the Company, their continued membership to the Board may entail great harm to the Company's properties or reputation, according to the rest of the Board.

## 4. Delegated bodies of the Board

As set out in section 3C of the Board Regulations, the Board has delegated certain powers and responsibilities to three Board Committees, being the Audit and Risk, Remuneration and Nomination Committees. The composition and delegated duties and responsibilities of each of the Committees are set out in terms of reference, which are summarised below.

The terms of reference include some procedural elements, however otherwise procedurally (i.e. in respect of attendance at meetings, appointment of alternates, voting, written resolutions, conflicts of interest etc.) the Board Committees shall operate procedurally like the Board (see section 5) and those relevant provisions in the Articles that relate to proceedings of the Board also relate to the Board Committees. The terms of reference for all Board Committees are available on the Company's website at [www.hbxgroup.com](http://www.hbxgroup.com).

### A. Audit and Risk Committee

The Audit and Risk Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing HBX Group's annual financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the work and effectiveness of the internal audit function.

The Audit and Risk Committee also has oversight responsibilities in relation to HBX Group's framework of internal control, governance, whistleblowing and fraud systems, having due regard to listing and regulatory requirements, oversight of the company's policies, principles and processes for monitoring risks and determining risk appetite and HBX Group's principal risks. The Audit and Risk Committee has supervisory responsibilities in relation to compliance with HBX Group's policies as they relate to environmental, social and governance matters and is also responsible for determining matters requiring approval or recommendation in accordance with its terms of reference.

#### i. Terms of reference – duties and responsibilities

The terms of reference of the Audit and Risk Committee set out its duties and responsibilities, including:

- Monitoring the preparation and submission and the integrity of the financial statements of the Company and the Group, including its annual and half-yearly reports, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain, having regard to matters communicated to it by the auditor and submitting recommendations or proposals to the Board to safeguard the integrity of the statement, report or announcement. Monitoring the preparation and the integrity of the non-financial information and the control and management systems for non-financial risks, excluding matters relating to the identification and disclosure of inside information.
- Reviewing the content of the financial statements, advising the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's and HBX Group's performance, business model and strategy, and ensuring that the financial statements that are presented to the General Shareholders' Meeting are drawn up

in accordance with the applicable accounting legislation or standards. If the auditor includes any qualification in its report, the Committee shall ensure that a summary of that qualification is made available to the shareholders at the time of the publication of the notice of the General Shareholders' Meeting and the chair of the Audit and Risk Committee shall provide a clear explanation at the General Shareholders' Meeting of the qualification's scope and content.

- Reviewing any other statements requiring Board approval which contain financial information, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation.
- Analysing and reporting to the Board on the economic conditions and accounting impact of any material structural changes or corporate transactions the Company is planning, before they are approved.
- Reviewing internal control and risk management systems on a regular basis, so policies and systems are effectively applied and main risks are properly identified, managed and disclosed, reviewing and approving the statements to be included in the Company's annual report concerning internal control and risk management, including the assessment of principal risks and emerging risks.
- Overseeing compliance with HBX Group's controls and control protocols.
- Monitoring the independence and efficacy of the internal audit function, which will be supervised by and report to the Audit and Risk Committee, including notifying the Board of its opinion on the selection, appointment, reappointment and removal of the head of internal audit, approving or making a proposal for approval of the Board of the priorities and the annual work programme of the internal audit function, focusing on the Company's principal risks and business priorities; receiving regular reports on its activities and results, reviewing the activities reports submitted by the head of internal audit and verifying that management is acting on the findings and recommendations of the internal audit function's reports.
- Establishing and supervising the operation of a mechanism that allows employees and other persons related to the Company (including directors, shareholders, suppliers, contractors or subcontractors) to report, confidentially, any potentially important irregularities, particularly financial and accounting irregularities, within the Company. To this end, the Audit and Risk Committee will be able to meet with any Group employee or manager (even without the presence of another senior manager).
- Considering and making recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the selection, appointment, reappointment and removal of the external auditor, being responsible for the selection process, overseeing the terms and conditions of the external auditor's engagement and ensuring that the remuneration of the external auditor does not compromise its quality or independence. Investigating, as the case may be, the reasons for the external auditor's resignation.
- Assessing annually the external auditor's independence and objectivity taking into account relevant law, regulation, any professional requirements and HBX Group's

relationship with the auditor as a whole, including monitoring any threats to the auditor's independence. Assessing the safeguards applied to mitigate those threats including the provision of any non-audit services and ensuring procedures are in place for the committee to authorise non-audit services. The Audit and Risk Committee will annually prepare a report, before the issuance of the audit report, where it expresses its opinion regarding whether the independence of the auditors is compromised. This report should be published on the Company's website.

- Receiving regular information from the external auditor on the progress and findings of the audit programme, monitor that senior officers are acting on its recommendations and ensure that at least once a year the Board in full meets with the external auditor without other management being present, to discuss the auditor's remit and any issues arising from the audit.
- Ensuring that the Company makes an announcement, through the CNMV, on the change of external auditor together with a statement about any disagreements with the outgoing auditor and, if applicable, the nature of those disagreements;
- Overseeing compliance with the HBX Group Communications Policy and/or HBX Group Disclosure Policy as they relate to the communication of economic and financial, non-financial and corporate information, including communications with shareholders, investors, proxy advisors and other stakeholders.
- Overseeing compliance with the HBX Group ESG Policy or other Company policies as they relate to environmental, social and governance matters, monitoring compliance with the Company's code of conduct and corporate governance framework as set out in HBX Group Governance Manual. Periodically evaluating the effectiveness of the Company's corporate governance system and policies relating to environmental and social matters, to confirm that they are fulfilling their mission to promote the corporate interest and ensure that the Company's environmental and social practices are in accordance with the established strategy and policy and catering, as appropriate, to the legitimate interests of stakeholders.
- Attending General Shareholders' Meetings and responding to questions which are posed on the subject of the Audit and Risk Committee's functions.
- Preparing reports about related party transactions which are subject to approval by the General Shareholders' Meeting or the Board.

## ii. Procedures and membership

The terms of reference of the Audit and Risk Committee also set out certain provisions in relation to procedure and membership, including:

- The Audit and Risk Committee will meet as often as is required for its proper functioning, but at least four times each year (to coincide with key dates in the financial reporting and audit cycle).
- The Audit and Risk Committee will consist of at least three members, all of which shall be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial, and with at least one member of the Audit and Risk Committee to be a financial expert with

relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.

- The members of the Audit and Risk Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Audit and Risk Committee chair.
- All members should be Non-executive Directors, with more than half of the members of the Audit and Risk Committee and its chair being independent within the meaning of the Spanish Governance Code.
- The Audit and Risk Committee may not be chaired by a former executive Director.
- The quorum necessary for the transaction of business is any two members.

Members of the Committee are not subject to a fixed term but shall cease to be a Committee member on ceasing to be a director. As noted above, the Audit and Risk Committee is subject to the same procedural rules on voting and majorities for the adoption of resolutions as those applicable to the Board pursuant to the Articles and the Board Regulations. Where, at any meeting of the Audit and Risk Committee, an equal number of votes have been cast for and against any resolution, the Audit and Risk Committee chair shall have a casting vote.

## **B. Remuneration Committee**

The Remuneration Committee assists the Board in recommending to the Board a formal remuneration policy, overseeing and monitoring its implementation and key remuneration issues relating to the Company and HBX Group, including (but not limited to) the remuneration, bonus arrangements and main contractual terms of executive directors and senior managers, the terms of any employee share-based remuneration plans and the participation by directors, senior managers and employees in those plans. The Remuneration Committee is also responsible for determining matters requiring approval or recommendation in accordance with its terms of reference.

### **i. Terms of reference – duties and responsibilities**

The terms of reference of the Remuneration Committee set out its duties and responsibilities, including:

- Determining, designing and recommending to the Board for approval, the policy for directors' remuneration and setting remuneration for the Company's Chair of the Board and executive directors, as well as the Company Secretary.
- Establishing remuneration plans that promote long-term shareholding by executive Directors and senior management that support alignment with long-term shareholder interests, determining total vesting and holding periods for awards and any formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.
- Designing remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums or share awards under appropriate specified

circumstances.

- In determining remuneration policy, considering requirements of law or regulation as well as recommendations set out in the Spanish Governance Code (as defined below) as issued by the CNMV as they relate to director or senior manager remuneration, including any direction on clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
- Determining how remuneration policy shall attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders.
- Reviewing the ongoing appropriateness and relevance of the remuneration policy.
- Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive Officer, as appropriate, determining the total individual remuneration package of each executive director, the Chair of the Board and certain senior managers including bonuses, incentive payments and share options or other share awards.
- Determining the financial, non-financial and strategic measures appropriate for relevant elements of remuneration, exercising independent judgement and discretion when determining remuneration awards, taking account of Company and individual performance, and wider circumstances.
- Reviewing the design of all share incentive plans for approval by the Board and, where required, shareholders.
- Reviewing workforce remuneration and related policies.
- Ensuring that potential conflicts of interest do not diminish the independence of the external advice provided to the Remuneration Committee.
- Reviewing the information on directors' and senior managers' remuneration contained in corporate documents, including the annual report on remuneration of Directors.

## ii. Procedures and membership

The terms of reference of the Remuneration Committee also set out certain provisions in relation to procedure and membership, including:

- The Remuneration Committee will meet as often as is required for its proper functioning, but at least three times each year.
- The Remuneration Committee will consist of at least three members all of which should be Non-executive Directors.
- The members of the Remuneration Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Remuneration Committee chair.

- More than half of the members of the Remuneration Committee and its chair must be independent within the meaning of the Spanish Governance Code.
- The Remuneration Committee may not be chaired by a former executive director.
- The quorum necessary for the transaction of business is any two members.

Members of the Committee are not subject to a fixed term but shall cease to be a Committee member on ceasing to be a director. As noted above, the Remuneration Committee is subject to the same procedural rules on voting and majorities for the adoption of resolutions as those applicable to the Board pursuant to the Articles and the Board Regulations. Where, at any meeting of the Remuneration Committee, an equal number of votes have been cast for and against any resolution, the Remuneration Committee chair shall have a casting vote.

## C. Nomination Committee

The Nomination Committee assists the Board in reviewing the structure, size and composition of the Board, considering the balance of skills, knowledge, experience and diversity of the Board, and proposes appointments and reappointments. It periodically assesses the functioning of individual directors, a director's independence and is also responsible for reviewing succession plans for the directors.

### i. Terms of reference – duties and responsibilities

The terms of reference of the Nomination Committee set out its duties and responsibilities, including:

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes that it may require in order for it to competently discharge its duties, having regard to the strategic direction of HBX Group.
- Ensuring plans are in place for orderly succession to Board and senior management positions, including the Chief Executive Officer and Chair, and overseeing the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board and in senior management in the future.
- Keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- Having defined the aptitudes that candidates should have to be appointed as director, identifying and nominating for the approval of the Board, candidates to fill board vacancies, including those of independent directors, as and when they arise.
- Overseeing the performance evaluation process for the Board, Board Committees and individual directors, ensuring that the performance evaluation is externally facilitated at least every three years.

- Making recommendations to the Board on the membership of the Board Committees.
- Making recommendations to the Board on any proposed re-election of an existing director retiring by way of rotation or otherwise at any annual general meeting of the Company, taking into consideration the evaluation of the retiring director's performance.
- Assessing and making recommendations to the Board in relation to the independence of Non-executive Directors on appointment, and then annually and whenever any interests or relationships are disclosed by a director.
- Ensuring that Non-executive Directors have sufficient time available to discharge their functions effectively.

## ii. Procedures and membership

The terms of reference of the Nomination Committee also set out certain provisions in relation to procedure and membership, including:

- The Nomination Committee will meet as often as is required for its proper functioning, but at least two times each year.
- The Nomination Committee will consist of at least three members all of which should be Non-executive Directors.
- The members of the Nomination Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Nomination Committee chair.
- The Nomination Committee chair shall be an independent Non-executive Director
- At least half of the members of the Nomination Committee must be independent within the meaning of the Spanish Governance Code.
- The quorum necessary for the transaction of business is any two members, both required to be independent Non-executive Directors.

Members of the Committee are not subject to a fixed term but shall cease to be a Committee member on ceasing to be a director. As noted above, the Nomination Committee is subject to the same procedural rules on voting and majorities for the adoption of resolutions as those applicable to the Board pursuant to the Articles and the Board Regulations. Where, at any meeting of the Nomination Committee, an equal number of votes have been cast for and against any resolution, the Nomination Committee chair shall have a casting vote.



## 5. Proceedings of the Board and its meetings

The proceedings of the Board, including in relation to attendance at meetings, appointment of alternates, voting, directors' written resolutions and conflicts of interest, is governed by provisions in the Company's Articles. Unless specifically indicated otherwise in a Board Committee's terms of reference, the same provisions that relate to the Board and Board meetings are also relevant for the Board Committees and Board Committee meetings.

### A. Meetings

In accordance with the Company's Articles, the Board may regulate its proceedings as it thinks fit. The Board has determined that, in accordance with the recommendations of the Code, it shall endeavour to meet in pre-scheduled meetings at least eight times in each financial year of the Company.

#### i. Convening Board meetings

The dates of the scheduled Board meetings will be set at the start of each financial year and the Chair of the Board and the Company Secretary will prepare draft forward agendas for the year to which each director may propose the addition of initially unscheduled matters or items. It is recognised that meeting agendas may change during the year, with the Chair of the Board or other director proposing previously unscheduled agenda items.

A director may, and the Company Secretary at the request of a director shall, call a meeting of the Board by giving notice of the meeting to each director, which may be delivered personally, by word of mouth, hard copy or in electronic form.

The agendas of Board meetings shall indicate on which matters directors must take decisions. The Chair may exceptionally present resolutions that were not on the agenda for Board approval subject to the express prior consent of the majority of directors in attendance.

Recognising that the Company's central management and control is in the United Kingdom, the Board intends to hold its annual pre-scheduled Board (and Board Committee) meetings in London or elsewhere in the United Kingdom, with an expectation that Board members make themselves available to attend these meetings in person. In the case that a Board member is unable to attend a Board (or Board Committee) meeting in person at the meeting location, members may use electronic communication means to attend at the meeting location set out in the notice of the meeting. Those not physically attending at the meeting location who use electronic communication means that allow them to speak to and be heard by all those present simultaneously at the meeting location, will be considered attendees for all purposes, be counted in the quorum and may cast their vote through the communications means used.

There may be instances when an extraordinary or short-notice meeting of the Board (or a Board Committee) will be required and it will be impractical or impossible for all Board members to attend that meeting in person. In those circumstances, the meeting will be called with as much notice as practically possible while trying to achieve the greatest Board member attendance. In accordance with the provisions of the Articles, the meeting may be held partly or entirely by electronic communication means that allow Board members to speak to and be heard by all those present or deemed to be present simultaneously at the meeting. A director so deemed to be present shall be entitled to vote (through the communications means used) and be counted in the quorum. Such meeting shall be deemed to take place where it is convened to be held or (if no director is present in that place) where the largest group of those participating is assembled, or if there is no such group, where the Chair of the meeting is.

In the case that a Board member is unable to attend a Board or Board Committee meeting, whether in person or by electronic communication means, then the director must advise the Chair of the Board or Board Committee in advance and seek his or her express approval to be absent from the meeting. The absent director may appoint an alternate director (see section 5Aiii). Director absences should at all times be kept to a minimum.

## **ii. Quorum**

The Articles state that the quorum for the transaction of business may be fixed by the Board and unless so fixed at any other number, shall be two. The Board has determined that the quorum for Board meetings is two. This quorum may include a person who holds office only as an alternate director so long as their appointer is not present. A director acting also as alternate to one or more directors shall count as only one for the purpose of determining whether a quorum is present.

## **iii. Alternate directors**

Any director (other than an alternate director) may appoint any other director, or any other person approved by resolution of the Board and willing to act, to be an alternate director and may remove from office an alternate director so appointed. An alternate director shall be entitled to receive notice of Board meetings (or meetings of Board Committees which their appointor is a member), to attend and vote at any such meeting at which their appointor is not personally present, and generally to perform all the functions of their appointor (except as regards power to appoint an alternate) as a director in the appointor's absence.

Detailed provisions in relation to the process for appointing an alternate director are set out in the Articles.

## **iv. Decisions or resolutions of the Board**

Questions, decisions or resolutions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chair shall have a second or casting vote. A resolution in writing agreed to by all the directors entitled to vote at a meeting of the Board or of a Board Committee (not being less than the number of directors required to form a quorum) shall be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a Board Committee. The Articles set out how director consent or agreement to written resolutions shall be given.

Except in certain circumstances set out in the Articles, a director shall not vote at a meeting of the Board or a Board Committee on any resolution concerning a matter in which the director has an interest which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company. For these purposes, in relation to an alternate director, an interest of their appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director otherwise has.

If a question arises at a meeting of the Board or of a Board Committee as to the entitlement of a director to vote, the question may be referred to the Chair of the meeting. If any such question arises in respect of the Chair of the meeting, it shall be decided by resolution of the Board (on which the Chair shall not vote). In both circumstances, such determination shall be final and conclusive except in a case where the nature and extent of the interests of the director have not been fairly disclosed.

## **v. Minutes**

Minutes of all proceedings at Board or Board Committee meetings shall be prepared, including the names of the directors present. The minutes should not only capture the sense of the meetings, debate and discussion, but should clearly set out decisions, resolutions or actions, or clear and strong opposition to a matter that the Board is being asked to approve. Draft minutes shall be circulated to all members of the Board or Board Committee and shall be approved at a subsequent meeting of the Board or Board Committee. Any such minutes, if purporting to be authenticated by the chair of the meeting to which they relate or of the next meeting, shall be sufficient evidence of the proceedings at the meeting without any further proof of the facts stated in them.

## **B. Directors' interests and conflicts**

Conflicts of interest are governed by both the UK Companies Act 2006 and, by voluntary application, by the Code. Directors have a statutory duty under the UK Companies Act to avoid conflicts of interest with the Company and to disclose the nature and extent of any such interest to the Board. Similarly, the Code requires the Directors to avoid any form of conflict of interest with the Company and to immediately report any (potential) conflict of interest to the Chair, providing all relevant information in so doing. The Company's Articles set out how directors' potential or actual conflicts, inter alia, must be notified, disclosed or authorised.

The Board shall determine whether there is a conflict of interest in respect of a director outside the presence of the relevant director, who will recuse themselves for those deliberations.

### **i. Situational conflicts**

Directors have a statutory duty under the UK Companies Act to avoid a situation in which they have or can have a direct or indirect interest that conflicts or possibly may conflict with the interests of the Company. This duty includes both a conflict of interest and a conflict of duties. Directors are required to disclose the nature and extent of any such interest to the Board. This duty is not infringed if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest or if the matter has been authorised by the Board in accordance with the UK Companies Act and the Articles. The Board may impose express terms or limitations to any such authorisation and may vary or terminate such authorisation at any time.

The Board will consider whether their action is most likely to promote the success of the Company when considering whether to authorise a conflict in accordance with the articles of association. Authorisation of a situational conflict will only be given by directors who are independent of the conflict in question.

## **ii. Transactional conflicts**

If a director is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company, it is a statutory duty under the UK Companies Act that the director declare the nature and extent of that interest to the Board. A director is also required to declare an interest, whether it is direct or indirect, in any existing transaction or arrangement into which the Company has entered. Except in certain circumstances as set out in the Articles, a director shall not vote on any resolution of the Board concerning a matter in which the director has an interest which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company and shall be expected to recuse themselves from discussions in relation thereto.

## **iii. Conflict of interest administration and reporting**

Directors must disclose to the Company their other directorships or partnerships outside of the HBX Group or any other activities the director carries out at other companies and, in general, the facts, circumstances or situations which may be relevant in respect of his duties and responsibilities as a Director of the Company.

Directors are also required to disclose to the Company the number of the Company's shares or securities they hold, whether directly or indirectly through their related persons or "Persons Closely Associated", in accordance with the provisions of the HBX Group Share Dealing Code.

The Company shall maintain a register of both situational conflicts authorised by the Board and transactional conflicts declared. The Register shall also record interests in the Company's shares or securities and directorships or partnerships outside of the HBX Group or any other relevant activities.

Decisions to enter into transactions in which there are conflicts of interest with Directors that are of material significance to the Company and/or to the relevant Director require the approval of the Board. Such transactions should be published in the annual board report. As permitted by the UK Companies Act, the Board may authorise any matter which would otherwise involve a director breaching this duty to avoid conflicts of interest.

The Company should not grant Directors any personal loans, guarantees or the like unless in the normal course of business and on terms applicable to other HBX Group employees as a whole, and after approval of the Board.

## C. Other directors' duties

Although briefly referenced in section 2 A above, the UK Companies Act sets out other statutory duties of directors as follows:

### i. Duty to act within powers

There is a requirement that directors comply with the Company's Articles and only exercise powers for the purpose for which they are conferred. Directors must exercise their powers only in accordance with the terms for which they were granted and for a proper purpose. What constitutes a proper purpose must be ascertained in the context of the specific situation under consideration.

### ii. Duty to promote the success of the Company

This is referenced in section 2 A of the Board Regulations, the statutory provision stating that a director must act in the way he considers, in good faith, will be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, he must have regard (amongst other matters) to the six factors below.

- The likely consequences of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between shareholders of the Company. If directors are also shareholders, or represent one or more major shareholders, they should recognise their duties as directors are owed to the Company and should be exercised for the benefit of its members as a whole.

Note that this list of factors is not exhaustive and directors should consider other matters which would include any other stakeholders or factors relevant to the Company's circumstances and which could impact the success of the Company. At times these factors or stakeholders that are being considered may be in conflict, but key for the setting of strategy, decision-making, or approving policies is that the directors should choose the action that they believe will promote the overall success of the Company for the benefit of members as a whole, even if that may sometimes have a negative impact on one or more of the factors or stakeholders.

In addition, directors should express their opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, Independent Non-executive Directors or other directors not subject to potential conflicts of interest should challenge any decision that could harm the interests of shareholders lacking Board representation. When directors or the Company Secretary express concerns and such concerns are not resolved at the meeting, they should be recorded in the minutes if the person expressing them so requests.

Directors or, as the case may be, the Company Secretary, who give up their position or are removed before their tenure expires, should state the reasons for their resignation or their opinion of the reasons for their removal in a letter to be sent to all members of the Board.

### **iii. Duty to exercise independent judgement**

There is a fundamental principle that a director must exercise their judgment independently of the influences of others. Practically that means that a director should ensure that they do not allow personal interests, for example in a particular contract, to affect the exercise of their independent judgment in the interest of the Company. A director associated with a major shareholder should set any 'representative' function aside and make decisions on their own merits.

This duty does not prevent a director from exercising their power to delegate, but they must do so appropriately and still exercise their own judgment in deciding whether to follow the action suggested. They should not abrogate all responsibility. Similarly, a director would not be prevented by this duty from seeking legal or other professional advice (and, indeed, where needed should do so) but, ultimately, the director's final judgment would need to be independent. The extent to which they rely on any external advice should be reasonable in the circumstances.

### **iv. Duty to exercise reasonable care, skill and diligence**

A director owes a duty to the Company to exercise the same standard of care, skill and diligence that would be exercised by a reasonably diligent person with:

- the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the director in relation to the Company (an objective test); and
- the general knowledge, skill and experience that the director has (a subjective test).

### **v. Duty not to accept benefits from third parties**

A director must not accept a benefit from a third party that is conferred because of their being a director or their doing or not doing anything as a director. However, only those benefits which could reasonably be regarded as likely to give rise to a conflict of interest fall within the scope of this duty.

Benefits which fall within the ambit of this this statutory duty are unable to be authorised by the Board. The acceptance of a benefit can, however, be approved by the Company's shareholders.

### **vi. Duty of confidentiality**

This is not a statutory duty, but directors are required to keep confidential the deliberations of the Board and Board Committees and, in general, shall refrain from disclosing any non-public information to which they have had access in the exercise of their position. This confidentiality obligation survives even after the director has stepped down or been removed from the Board. This obligation excludes those disclosures required by law, regulation or supervisory authority, in which case, the communication of such information must comply with the provisions of the relevant laws or regulations.

Directors are also subject to the Company's policies in relation to the treatment of confidential and/or inside information, in particular to the HBX Group Disclosure Policy is available on the Company's website at [www.hbxgroup.com](http://www.hbxgroup.com).

Proprietary Directors may disclose information they receive in their capacity as Directors to the shareholder(s) which they represent or which nominated them for appointment, subject to applicable law and regulation. Any such Proprietary Director shall not be required to disclose information to the Board or the Group which they receive in a capacity other than that of a Proprietary Director. These terms shall be reflected in the appointment letters of such Proprietary Directors.

#### **D. Assistance of experts or advisers**

Where it is deemed necessary and appropriate in the exercise of their duties, the Chair of the Board or other Non-executive Director may request the hiring of legal, accounting, financial or other experts at the expense of the Company. The request should relate to a specific matter or issue of a certain importance and complexity arising in the performance of the director(s) duties. This may be rejected by the Board if it is considered:

- not necessary for the full performance of the duties of the relevant director(s);
- that the cost thereof is unreasonable in view of the importance of the problem and of the assets and income of the Company;
- that the technical assistance being obtained may be adequately provided by the Company's own experts and technical staff; or
- it may entail a risk to the confidentiality of the information to be handled.

#### **E. Board evaluation**

The Board shall conduct an annual evaluation of Board and Board Committee performance. Every three years an external facilitator shall be engaged to conduct the evaluation. The process followed, areas evaluated and actions agreed to be taken to address any areas of weakness will be reported in the annual corporate governance report.

## 6. Contracts and remuneration

### A. Contracts and letters of appointment

Directors appointed to an executive role (such as Chief Executive Officer) shall enter into an employment contract/agreement between the director and the Company, which must be previously approved by the Board. Non-executive Directors shall be engaged through letters of appointment.

Employment contracts/agreements and letters of appointment must be consistent with the approved Remuneration Policy (see below).

### B. Remuneration

The Company's remuneration policy (the Remuneration Policy) has been initially approved by the Board of the Company prior to the Company's admission to listing, to be subsequently ratified by the first meeting of the Remuneration Committee of the Company and taken again for approval to the Company's first annual general meeting of shareholders in early 2026.

The Remuneration Policy sets out that Directors' remuneration must be adequate to the circumstances existing at each moment in time, paying particular attention to the evolution compensation practices, recommendations, and national and international trends and standards in relation to the remuneration of directors of listed companies and the prevailing market conditions, and must be proportional to the performance of executive duties by the executive directors.

The Remuneration Policy is designed to provide a remuneration framework based on the following principles:

- **Transparency:** the level of transparency will be in line with the best corporate governance to create trust among all stakeholders.
- **Prudent and efficient risk management:** the amount of remuneration will be based on the principle of prudence and is an incentive to reward their dedication, qualifications and responsibility, without being an obstacle to their duty of loyalty or the long-term sustainability of the Company.
- **Flexibility:** the variable remuneration will not be guaranteed and will be sufficiently flexible so there will a possibility of not paying this compensation.
- **Suitability:** the remuneration should be sufficient to compensate directors' dedication, qualification and responsibility.
- **Competitiveness:** the remuneration should help to attract and retain the best professionals while remaining in line with the best market practices, recommendations and national and international trends and standards.
- **Pay for performance:** a significant part of the total remuneration for executive directors will be variable and subject to the achievement of financial, business and sustainability objectives.
- **Fair pay:** the remuneration will be in line with the Company's status and the sector in which it operates, as well as the economic situation at any given time.



- Good governance: the Company will adopt any measures required to ensure good governance.
- Equality and diversity: the Remuneration Policy should avoid any discrimination based on sex, culture, race, religion, or disability.

The Remuneration Policy also differentiates between the remuneration of Executive and Non-executive Directors. Non-executive Directors will be remunerated for the performance of supervisory and collegial decision-making tasks within the Board and Board Committees in a manner that is adequate and sufficient for their dedication, qualifications, and responsibilities, without compromising their independence of judgment. Executive Directors' remuneration will be proportional to the performance of their executive duties.

**Non-executive Directors** - In accordance with the Company's Articles, the ordinary fees of the Non-executive Directors for their services will be determined by the Board, within the framework of the approved Remuneration Policy.

Any Non-executive Director who performs special services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of additional fee, salary, commission or otherwise as the Board may determine.

**Executive Directors** - In accordance with the delegation by the Board to the Remuneration Committee (as set out in the Remuneration Committee's terms of reference), the remuneration of Executive Directors will be determined by the Remuneration Committee, within the framework of the approved Remuneration Policy.

**Expenses** - In addition, where appropriate, directors will be paid expenses properly incurred by them in connection with their attendance at meetings of the Board, Board Committees, general meetings, or otherwise in connection with the discharge of their duties.

### C. Directors and officers insurance and indemnity

Subject to the provisions of the UK Companies Act and to the Company's Articles, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director of the Company shall be indemnified out of the assets of the Company against any liability incurred by him or her for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that the Articles shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause the Articles, or any element of them, to be treated as void under the UK Companies Act 2006.

The directors and officers of the Company will be insured under a directors and officers liability insurance policy.