

**BYLAWS  
OF  
REPSOL S.A.**

(TRANSLATION OF THE ORIGINAL IN SPANISH. IN CASE OF ANY  
DISCREPANCY, THE SPANISH VERSION PREVAILS)





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## **PART I**

### **Corporate name, Corporate purpose, Registered office and Duration**

#### **Article 1. Corporate name**

The corporate name of the Company is REPSOL, S.A. It is governed by these Bylaws, its Internal Regulations, the legal provisions governing listed joint stock companies and any applicable general provisions.

#### **Article 2. Corporate purpose**

2.1. The Company is established with the following corporate purposes:

- I. Research, exploration, exploitation, importing, storage, refining, petrochemistry and other industrial operations, transport, distribution, sale, exporting and marketing of hydrocarbons of whatsoever nature and their by-products and waste products.
- II. Research and development of alternative sources of energy to those deriving from hydrocarbons and the exploitation, production, importing, storage, distribution, transport, sale, exporting and marketing thereof.
- III. Exploitation of the real estate, intellectual property and technology owned by the Company.
- IV. Marketing of all kinds of products at establishments annexed to service stations and petrol pumps and through the sales networks established for products manufactured by the Company, and the provision of services linked to the consumption or use of the latter.
- V. Planning, commercial management, factoring and technical or financial assistance services for its subsidiaries, excluding any activities that may lawfully be provided only by financial and credit institutions.

2.2. All or some of the above activities may be performed, in whole or in part, by the Company indirectly, through any of the means permitted by law, and particularly through the holding of stocks or shares in companies having identical or similar purpose.

#### **Article 3. Registered office**

The registered office of the Company is at Méndez Álvaro, 44, Madrid. The Board of Directors is authorised to move the registered office elsewhere within the same municipality and to set up offices, branches, agencies, representative offices or departments anywhere and of whatsoever nature whenever this is considered to be in the Company's interests.



#### **Article 4. Duration**

The Company is organised with perpetual existence and commenced its activities on the date of its incorporation.

### **PART II Capital and Shares**

#### **Article 5. Share Capital**

The capital stock amounts to 1,327,396,053 EUROS, fully subscribed and paid up.

#### **Article 6. Shares**

The capital stock is divided into 1,327,396,053 SHARES of 1 EURO each, all of the same class, issued in book-entry form. The shares in the capital are considered marketable securities and, as such, are subject to stock market regulations.

The shares are issued in book-entry form by virtue of being entered in the corresponding accounting records, including the details set forth in the issue deed and whether or not they are fully paid-up, as the case may be.

Authority to exercise shareholders' rights, including the right to transfer shares, where appropriate, is acquired through entry in the accounting records, which presumes lawful ownership and authorises the registered holder to demand recognition by the Company as shareholder. This authority may be evidenced with the appropriate certificates issued by the entity keeping the accounting records.

Should the Company make any payment in favour of the holder presumed legitimate, this shall have discharging effect for the Company even though the latter may not be the real holder of the share, provided that the Company has acted in good faith and without gross negligence.

#### **Article 7. Shareholders' rights**

The share confers upon its legitimate holder the condition of shareholder and the rights established in law and these Bylaws.

All shareholders shall have at least the following rights, as established in law and save as otherwise provided therein:

- a) The right to have a share in the profits and in the assets upon liquidation.
- b) The pre-emption right in the subscription of new shares or convertible debentures.



- c) The right to attend and vote at general meetings and to contest corporate resolutions.
- d) The right to information.

#### **Article 8. Non-voting shares**

The Company may issue non-voting shares with a par value not exceeding one-half of the paid-up capital.

Holders of non-voting shares shall be entitled to a minimum annual dividend of five per cent of the paid-up capital for each non-voting share plus any other rights established in law. After the minimum dividend has been resolved, the holders of non-voting shares will have the same dividend rights as holders of ordinary shares.

#### **Article 9. Pending payments and defaulting shareholders**

In the case of existing any shares that have not been fully paid up, the shareholders are obliged to pay any sums outstanding on their shares as and when decided by the Board in a maximum period of five years from the date of the share capital increase decision. Regarding the way and the details of the payment, will be according to the share capital increase decision, this agreement may stipulate the way of payment either through a monetary contribution or a non monetary contribution.

Any shareholder who has not paid up the corresponding sum within the specified time shall be declared in default.

Shareholders in arrears with the payment of pending payments may not exercise their voting rights. The amount of such shares will be deducted from the capital when calculating the quorum for general meetings.

Defaulting shareholders may not receive dividends or exercise their pre-emption right in the subscription of new shares or convertible debentures. Once the overdue calls on pending payments have been paid, together with any interest accrued thereon, the shareholder may claim payment of any dividends that have not lapsed, but may not claim any pre-emption subscription right if the time for exercising that right has expired.

Whenever a shareholder is in default, the Company may, as appropriate and according to the nature of the defaulted payment, demand fulfilment of the obligation to pay the overdue sum, together with the legal interest and any damages caused by the default, or otherwise sell the shares for the account and risk of the defaulting shareholder or take action against the



shareholder's assets for collection in cash of the outstanding amount of capital and interest thereon.

Should the Company opt to sell the shares and such sale is not possible, the shares will be redeemed, with the consequent reduction of capital, any sums already received on account of the share being forfeited in favour of the Company.

The buyer of the unpaid share shall be liable jointly and severally with all preceding sellers, and at the option of the Company Directors, for payment of the sum outstanding thereon.

Sellers shall be so liable for a period of three years from the date of their respective transfer.

#### **Article 10. Documentation of shares**

All shares issued shall be recorded in the corresponding issue deeds, containing the following details: name, number of shares, par value and any other terms and conditions of the shares included in the issue. The Company shall comply with the applicable Stock Market regulations in respect of all shares issued.

#### **Article 11. Joint ownership and property rights over the shares**

Joint ownership, usufruct, pledging and attachment of shares in the Company will be subject to the provisions of the Stock Companies Act and other applicable provisions.

#### **Article 12. Modification of capital**

The capital may be increased or reduced on one or several occasions, subject to the applicable legal requirements.

Capital increases may be made by issuing new shares or raising the par value of existing shares. In both cases they may be paid up by means of monetary contributions, including the set-off of credits, non-monetary contributions or through the application of profits or retained earnings. Capital increases may be made partly against new contributions and partly against retained earnings.

If the capital increase is not fully subscribed within the specified time, the capital shall be increased by the amount actually subscribed, save otherwise provided in the resolution to increase the capital.

The general meeting may delegate to the Directors the power to resolve to increase the capital, on one or several occasions, up to a given sum, as and when they may decide and within the





limits stipulated in law. This delegation may include the power to eliminate the pre-emption right.

The general meeting may also delegate to the Directors the power to decide when to implement the resolution already adopted to increase the capital and to establish any terms and conditions of such increase not contemplated by the Shareholders' Meeting.

#### **Article 12 bis. Pre-emption right**

In any capital increase involving the issue of new shares in consideration of monetary contributions, the existing shareholders may exercise the right to subscription in the new issue to a number of shares in proportion to the nominal value of the shares already held, within the time limit established for that purpose by the General Meeting of Shareholders or by the Board of Directors, which may not be less than the time period established by applicable law in force at the time.

The General Meeting or the Board of Directors as the case may be, that resolves to increase the capital may resolve to fully or partially suppress the pre-emption right, for reasons of corporate interest.

In particular, corporate interest may justify suppression of the pre-emption right whenever this is necessary to facilitate (i) the acquisition by the Company of any assets (including stocks and shares in companies) that may be convenient for the Company's business purpose; (ii) the placement of new shares on foreign markets permitting access to sources of financing; (iii) the capture of resources through the use of placement techniques based on prospecting demand with a view to maximizing the issue price of the shares; (iv) incorporation of an industrial or technological partner; or (v) in general, any operation that may be convenient for the Company.

Existing shareholders will have no pre-emption right when the capital increase is made to convert debentures into shares, for the takeover of another Company or part of the assets spun off from another Company, or when the Company has made a takeover bid, the consideration of which is, entirely or partly, to be paid in the form of shares issued by the Company.

### **PART III Debentures**

#### **Article 13. Debentures**

The Company may issue numbered series of debentures or other securities acknowledging or creating a debt, in pursuance of the applicable laws and regulations. All such securities shall be subject to the rules and regulations on debentures established in the prevailing legal provisions;



they may be issued in book-entry form or represented by registered or bearer certificates, and may include mortgage bonds or naked bonds.

## **PART IV** **Corporate Bodies**

### **Article 14**

The governing bodies of the Company are the Shareholders' Meeting and the Board of Directors.

## **CHAPTER I** **The Shareholders' Meeting**

### **Article 15. General Shareholders' Meeting**

The shareholders assembled in a duly called Shareholders' Meetings shall decide by the majorities required in each case on all matters within the competence of the Shareholders' Meetings.

The resolutions adopted by the Shareholders' Meetings shall be binding on all shareholders, including those dissenting or absent at the relevant meeting.

The matters corresponding to the Shareholders' Meetings shall be regulated in specific regulations, in pursuance of the law and Bylaws.

In any case the Shareholders' Meeting shall decide on the matters assigned to it by law, the Bylaws or the Regulations of the General Shareholders' Meeting, especially the following:

- (a) Approval, if appropriate, of the Annual Financial Statements of REPSOL, S.A. and the Consolidated Annual Financial Statements of REPSOL, S.A. and its subsidiaries, the management of corporate affairs by the Board of Directors and the application of earnings.
- (b) Appointment and removal of directors and ratification or revocation of provisional appointments of directors made by the board.
- (c) Approval of the remuneration policy for directors.
- (d) Appointment and, as the case may be, removal of auditors.
- (e) Authorization for the acquisition of treasury stock.
- (f) Increase or reduction of capital, including authorization of the Board of Directors to



increase the capital on the terms established in law and cancellation or limitation of the preferential subscription right.

- (g) Approval, whenever so provided in law, of structural modifications, particularly the transformation, merger, division and global assignment of assets and liabilities and moving the registered office abroad.
- (h) Winding-up of the company.
- (i) Approval of the final balance sheet for liquidation.
- (j) Approval of amendments of the Bylaws.
- (k) Approval of issues of debentures and authorization of the Board of Directors to make such issues.
- (l) Releasing of a director, on an individual basis, from the obligations deriving from his duty of loyalty in the following cases:
  - a. Authorization of the related party transactions contemplated in Art. 22bis of the Bylaws.
  - b. Release from the prohibition to obtain benefits or remunerations from third parties other than the company and its group associated with the performance of the director's duties, except pure complementary gifts.
  - c. Release from the obligation not to compete with the Company, pursuant to Art. 44bis of the Bylaws.
- (m) Acquisition, disposal or contribution to another company of essential operating assets of the Company.
- (n) Transfer to subsidiaries of essential activities performed up to that time by the Company, although the Company retains full control over those activities.
- (o) Approval of operations having the equivalent effect of liquidating the Company.

#### **Article 16. Types of Shareholders' Meeting**

Shareholders' Meetings may be ordinary or extraordinary.



#### **Article 17. Ordinary Shareholders' Meeting**

The ordinary shareholders' meeting shall necessarily be held within the first six months of each financial year, duly called, to review the management of corporate affairs, approve the accounts of the previous year, if appropriate, and resolve on the application of profits.

The shareholders' meeting may also adopt resolutions on any other issues put to it for consideration.

#### **Article 18. Extraordinary Shareholders' Meeting**

Any shareholders' meetings other than that contemplated in the preceding article shall be extraordinary.

#### **Article 19. Notice of call**

Ordinary and Extraordinary shareholders' meetings shall be called by the Board in a notice published as stipulated in law and in these Bylaws at least one month prior to the date of the meeting, unless longer notice is required by law, in which case the legal provisions shall be heeded. The notice of call shall be published at least in the following media: (i) the Official Gazette of the Commercial Registry or one of the daily newspapers having the largest circulation in Spain; (ii) the website of the National Securities Market Commission (CNMV); and (iii) the Company's website. The notice published on the Company's website shall be permanently available at least up to the date of the Shareholders' Meeting. The Board of Directors may also publish announcements in other media, if considered appropriate to give the notice of call greater publicity.

The notice of call shall contain the details required by law and shall at least state the name of the Company, the date and time of the meeting on first call, all the business to be transacted and the position of the person or persons calling the meeting. It may also contain the date and time for holding the meeting on second call, if necessary. In this case, there must be at least twenty-four hours between the first and second calls. The notice of call shall also indicate the date as of which shareholders must have registered in their name the shares entitling them to attend and vote at the Shareholders' Meeting, how and where copies of the full text of the documents and proposed resolutions can be obtained and the address of the Company's website where the information is available.

In addition, the notice shall contain clear, precise details of the procedures for attending and voting at the General Shareholders' Meeting, with particular mention of the following:

- a) The right to request information, include new items on the agenda and submit proposals for resolutions, and the time within which these rights may be exercised.



If it is stated that more detailed information on these rights is available on the Company's website, the notice may merely indicate the time for exercising them.

- b) The procedure for proxy voting, with special mention of the forms to be used for proxy voting and the means to be used for the Company to accept electronic notification of the proxies granted.
- c) The procedures established for distance voting prior to the holding of the General Shareholders' Meeting, whether postal or electronic.
- d) The terms, means and procedures by virtue of which the shareholders, or their proxies, may attend and exercise their rights on the General Shareholders' Meeting by telematic means, when this possibility has been enabled by the Board of Directors in the call of the General Shareholders' Meeting.

The General Shareholders' Meeting will be held at the venue indicated in the notice of call within the city in which the Company has its registered office.

If the duly called Shareholders' Meeting is not held on first call and no date has been specified for second call, the second meeting shall be called subject to the same publicity requirements within fifteen days after the inquorate meeting and at least ten days prior to the date of the meeting on second call.

Pursuant to Article 519 of the Companies Act, shareholders representing at least three per cent (3%) of the capital may request the publication of a supplementary notice of call to add one or several items to the agenda, provided the new items are accompanied by a justification or, where appropriate, a justified proposed resolution. This right shall be exercised by sending attested notice proving that the aforesaid percentage of the capital is held, to be received at the registered office within five days after publication of the original notice of call. The supplementary notice shall be published at least fifteen days prior to the date scheduled for the meeting.

#### **Article 20. Power and obligation to call shareholders' meetings**

The Board may call Extraordinary Shareholders' Meetings whenever this is considered in the interests of the Company.

Shareholders' meetings shall also be called whenever requested by shareholders representing at least three per cent (3%) of the capital, stating in their request the business to be transacted. In this case, the Board shall call the shareholders' meeting to be held within two months of being so required through notarial channels.

The Board shall draw up the agenda, necessarily including the items stated in the request.



#### Article 21. Quorum

1. Shareholders' meetings shall be quorate on first call when attended, in person or by proxy, by shareholders representing at least twenty-five per cent of the subscribed voting capital.

On second call, the shareholders' meeting shall be quorate irrespective of the capital attending.

2. This notwithstanding, if the Shareholders' Meeting, Ordinary or Extraordinary, is called to discuss any amendment of the Bylaws, including an increase or reduction of capital, an issue of debentures, cancellation or limitation of shareholders' preferential subscription right over new shares, or the transformation, merger, demerger, global assignment of assets and liabilities, moving the registered office abroad or winding-up of the Company, it must be attended on first call, in person or by proxy, by shareholders representing at least fifty per cent (50%) of the subscribed voting capital. On second call, the attendance of twenty-five per cent (25%) of that capital will be sufficient.

#### Article 22. Majorities

1. In general, resolutions shall be adopted by simple majority, such that a resolution shall be deemed adopted whenever it receives more votes for than against from those cast by the capital present or represented at the meeting.
2. However, in order to validly adopt the resolutions contemplate in Article 21.2 of these Bylaws (except those cases expressly contemplated in paragraph 3 below), if the capital present or represented at the meeting exceeds fifty per cent (50%) of the subscribed capital with voting rights, the favourable votes of the absolute majority shall suffice, such that the resolution shall be deemed adopted when the votes in favour represent more than half of the votes corresponding to all the shares present and represented at the meeting. When shareholders attending the meeting on second call represent twenty-five per cent (25%) or more of the subscribed capital with voting rights but less than fifty per cent (50%), the favourable vote of two-thirds of the capital present or represented at the Shareholders' Meeting will be required.
3. Special resolutions shall be required, adopted with the favourable votes of seventy-five per cent (75%) of the voting capital attending the shareholders' meeting, on both first and second call, to validly adopt resolutions on the following matters:
  - a) the amendment of Articles 22bis and 44bis of the Bylaws concerning related party transactions and the prohibition of competition for Directors;



- b) authorization of related party transactions in the cases contemplated in Article 22bis of the Bylaws;
- c) waiving a Director from his no competition obligation pursuant to Article 44bis of the Bylaws; and
- d) the modification of point 3 of this Article 22.

#### **Article 22bis. Related party transactions**

Transactions made directly or indirectly by the Company with Directors, majority shareholders represented on the Board or persons related to them (i) for an amount exceeding 5% of the Group's assets according to the latest consolidated annual financial statements approved by the General Shareholders' Meeting; (ii) in respect of strategic assets of the Company; (iii) involving a transfer of significant technology of the Company; or (iv) intended to establish strategic alliances and are not merely agreements for actions under or execution of previously established alliances; may only be concluded if they meet the following conditions:

- (a) the transaction is fair and efficient for the Company's interests;
- (b) after obtaining the corresponding report from an independent expert renowned in the financial community indicating that the related party transaction is made on reasonable, arm's length terms, the Nomination and Compensation Committee issues a report on its fulfilment of the requirement stipulated in paragraph (a) above; and
- (c) The Shareholders' Meeting authorizes the related party transaction with the favourable votes of seventy-five per cent (75%) of the capital present and represented at the Shareholders' Meeting. This notwithstanding, whenever it is considered advisable, for reasons of opportunity, not to wait for the next General Shareholders' Meeting and provided the value of the transaction does not exceed 10% of the assets, the transaction may be approved by the Board of Directors, provided that (i) the report by the Nomination and Compensation Committee contemplated in paragraph (b) above is favourable for the transaction, and (ii) the resolution is adopted with the favourable votes of at least two-thirds of the Board members who are not affected by a conflict of interest. In this case, the Board shall report on the terms and conditions of the transaction at the next Shareholders' Meeting held thereafter.

When calling a Shareholders' Meeting at which authorization of a related party transaction is to be discussed or reported on, the Board shall make available to the shareholders the reports issued by the Nomination and Compensation Committee and the independent expert contemplated in paragraph (b) above and, should it so deem fit, its own report on the issue.



All other related party transactions shall be submitted to the relevant provisions of the Regulations of the Board of Directors.

### **Article 23. Right to attend and vote**

Shareholders' meetings may be attended by shareholders holding any number of shares, provided their shares are entered in the corresponding accounting record five days before the meeting and they obtain the corresponding attendance card proving that they meet the requisites, as indicated in the notice of call. Attendance cards shall be issued by the entities participating in the body that manages such accounting record or directly by the Company, bearing the name of the shareholder.

Whenever the Board of Directors resolves to do so at the time of the call of each General Meeting, providing that the technology allows it and the conditions of security, opportunity and simplicity are met, the shareholders entitled to attend the General Meeting, or their proxies, may do so remotely through telematic means that duly guarantee the identity and legitimacy of the shareholder or his proxy and enable the correct exercise of the shareholder's rights.

Telematic attendance at the General Meeting shall be governed by the provisions of the Regulations of the General Shareholders' Meeting. Likewise, it shall be governed by the procedural rules approved by the Board of Directors for the holding of the General Shareholders' Meeting.

Directors are obliged to attend shareholders' meetings.

Management and officers of the Company may attend shareholders' meetings whenever invited by the Board.

The Chairman may authorise the attendance of such other persons as he may deem fit, although this authorisation may be overruled by the shareholders' meeting.

The procedures and systems for counting votes on the proposed resolutions shall be established in the Regulations of Shareholders' Meeting.

In pursuance of the Regulations of the Shareholders' Meeting, shareholders may delegate their votes on the proposals included on the agenda for any shareholders' meeting, or exercise their voting right by post, e-mail or whatsoever other means of distance communication, provided the identity of the person exercising the voting right is duly guaranteed. Shareholders using distance voting procedures shall be counted as present for the purpose of establishing whether the shareholders' meeting is quorate.





#### **Article 24. Proxies**

Any shareholder entitled to attend a general meeting may be represented by a proxy, who need not be a shareholder.

Proxies will be made in writing or by any form of distance communication, provided the identity of the parties is duly guaranteed. Proxies will be granted specially for each Shareholders' Meeting, other than those stated in article 187 of the Stock Companies Act. The legal procedures established and the Regulations of the Shareholders' Meeting will be followed in all cases.

#### **Article 25. Chairman of the General Meeting**

Shareholders' meetings shall be chaired by the chairman of the Board, or in his absence by the vice-chairman, or failing both, by such shareholder as may be elected in each case by those attending the meeting.

The chairman shall submit the items on the agenda to discussion and direct the debates to ensure an orderly procedure. He shall have the necessary powers of order and discipline to ensure this and may expel anyone who disturbs the normal procedure of the meeting and even decide to temporarily suspend the meeting.

The chairman shall be assisted by a Secretary, who shall be the secretary of the Board, or in his absence the vice-secretary or, failing both, by such person as may be appointed by the shareholders' Meeting.

The Directors shall form the presiding Board of the shareholders' meeting.

#### **Article 26. Attendance list**

Before discussing the items on the agenda, an attendance list shall be drawn up, indicating the nature or representation of each person attending and the number of shares they hold or represent.

The attendance list may also be produced in files or on a computer medium, in which case the means used shall be stated in the minutes of the meeting and adequate identification shall be affixed to the sealed cover of the file or medium, signed by the Secretary and countersigned by the chairman.

The number of shareholders present and represented shall be stated at the end of the list, together with the amount of capital held by those shareholders, specifying the capital corresponding to shareholders with voting rights.



The chairman shall, if necessary, appoint two or more shareholders to act as scrutineers, assisting the presiding Board in drawing up the attendance list and, if necessary, in counting the votes.

#### **Article 27. Discussion and adoption of resolutions**

Once the meeting has been declared open, the secretary shall read out the items on the agenda.

Following the report by the Chairman of the Board and any persons he may have authorized to speak, the Chairman will give the floor to any shareholders who so request, directing the debate and confining it to the agenda, save as provided in Articles 223.1 and 238 of the Stock Companies Act. The Chairman will close the debate when he considers the subject sufficiently discussed, and will then put the proposed resolutions to the vote.

Voting rights may not be transferred or assigned, not even through the granting of a proxy, in exchange for any financial benefit or consideration.

#### **Article 28. Right to information**

From the publication of this notice up to the fifth calendar day (inclusive) prior to the date of the Shareholders' meeting, shareholders may request in writing such further information or clarifications or submit such written questions as they may deem fit in respect of the items on the agenda. In the same form and time, shareholders may request in writing such explanations as they may deem fit on the information available to the public submitted by the Company to the National Securities Market Commission since the date of the previous General Shareholders' Meeting and the Auditors' Report.

The Board shall provide such information in writing up to the date of the Shareholders' Meeting.

During the Shareholders' Meeting, shareholders may orally request such information or clarifications as they may deem fit on the business included on the agenda or request such explanations as they may deem fit on the information available to the public submitted by the Company to the National Securities Market Commission since the date of the previous General Shareholders' Meeting and the Auditors' Report. If it is not possible to provide the requested information at that time, the Board will be obliged to provide the information in writing within seven days after the end of the Shareholders' Meeting.



The Board will be obliged to provide any information requested in pursuance of this article, unless that information is unnecessary for protecting the interests of the shareholder, there are objective reasons to consider that it could be used for non-corporate purposes or if publicising of the information is detrimental to the Company or related companies. Information may not be so denied when the request is backed by shareholders representing at least one-quarter of the capital.

Valid requests for information, clarifications or questions received in writing from shareholders exercising their right to information and the replies provided in writing by the directors shall be included on the Company's website.

When the information requested by shareholders is clear, expressly and directly available to all shareholders in the FAQ section of the Company's website, the Board of Directors may limit its reply to a referral to the information provided in that section.

#### **Article 29. Minutes**

The minutes of shareholders' meetings may be approved at the end of the shareholders' meeting, or otherwise within fifteen days thereafter by the chairman of the meeting and two scrutineers, one representing the majority and the other representing the minority.

The minutes approved by either method shall be enforceable as from the date of approval.

Whenever a general meeting has been held in the presence of a notary required by the Board to issue a certificate, the notarial minute will have the consideration of minutes of the shareholders' meeting and will not require approval.

## **CHAPTER II Board of Directors**

### **SECTION 1 General Provisions**

#### **Article 30. Administrative structure of the Company**

The Company shall be administered and governed by the Board of Directors.

The Board shall approve the Regulations of the Board, setting down its rules of procedure and internal regulations, in development of the law and Bylaws. The shareholders' meeting shall be informed on the approving of the Regulations of the Board and any subsequent amendments thereto.



The Regulations of the Board shall take into account the principles and rules contained in the good governance recommendations most widely recognised from time to time, adapting them to the specific circumstances and needs of the Company. This indication is intended purely as a guideline and shall by no means deprive the Board of its powers and liabilities of self-regulation.

## **SECTION 2**

### **Composition, Powers and Procedures of the Board**

#### **Article 31. Number of Directors**

The Board shall consist of no more than sixteen nor fewer than nine Directors.

Directors shall be appointed and removed by the shareholders' meeting, which shall also decide on the exact number of Directors.

Board members shall be elected by vote. For this purpose, any shares pooled to obtain a sum of capital equal to or greater than the result of dividing the capital by the number of Board members shall be entitled to appoint the corresponding number of Directors, calculating whole fractions. If this right is used, the shares thus pooled may not participate in the appointment of the remaining Board members.

#### **Article 32. Qualitative composition of the Board**

The Regulations of the Board of Directors shall regulate the different categories of Directors (Executive, External Proprietary, External Independents and other External Directors) in accordance with the applicable legal provisions.

Notwithstanding the sovereignty of the shareholders' meeting and efficiency of the proportional system, which is compulsory in any cases of share-pooling contemplated in the Companies Act, the shareholders' meeting, and the Board when proposing appointments to the shareholders' meeting and exercising its powers of cooptation to fill vacancies, will endeavour to ensure, in respect of the composition of the Board, (i) that the number of External or Non-Executive Directors considerably outweighs the number of Executive Directors; and (ii) that policies are applied which favour professional, international and gender diversity and a broad array of experience and expertise.

#### **Article 33. Powers of administration and supervision**

The Board shall be responsible for the governance, management and administration of the business and interests of the Company in all aspects not specifically reserved by law to the



competence of the shareholders' meeting. This notwithstanding, it shall generally entrust the management of the day-to-day affairs of the Company to the management team, concentrating on supervision and consideration of any particularly important affairs for the Company. This notwithstanding, all powers established as not delegable by law or the Regulations of the Board of Directors shall be reserved to and dealt with directly by the Board.

#### **Article 34. Powers of representation**

The Board shall represent the Company in and out of court. This representation shall extend, without limitation, to all actions comprising the corporate purpose.

The chairman of the Board shall also have powers of representation of the Company.

The power of representation of delegated bodies shall be governed by the provisions of the delegation resolutions.

#### **Article 35. Board meetings**

The Board will meet at least six times a year and whenever else it may be called by the chairman or acting chairman, or when requested by the majority, at least a quarter, of the Directors or the lead independent Director referred to in article 40. Meetings will normally be held at the registered office, but may be held anywhere else as decided by the Chairman and indicated in the notice of call.

By exception, provided no Directors object, the Board may adopt written resolutions, without meeting. In this case, Directors may send their votes and such comments as they may wish to be put on in the minutes by e-mail.

The Board may meet simultaneously in several different venues, provided real-time inter-communication and interactivity and, consequently, unity of action is guaranteed through audiovisual means. In this case, the system of connection will be stated in the notice of call and, if appropriate, the places where the necessary technical means for attending and participating in the meeting will be made available. The resolutions will be deemed adopted at the location of the chairman.

#### **Article 36. Procedure for meetings**

Board meetings shall be quorate when attended, in person or by proxy, by at least one-half plus one of its members. Any Director may be represented by another.

The chairman shall organise the discussions around the agenda, encouraging the participation of all Directors and ensuring that the body is duly informed. For this purpose, he may invite such



executives and officers of the Company and independent experts as he may deem fit to attend the meeting, with the right to speak but not to vote.

Save where higher majorities have been specifically stipulated, resolutions shall be adopted by an absolute majority of votes cast by Directors present or represented and, in the event of a tie, the chairman or acting chairman shall have the casting vote. Minutes of Board meetings shall be recorded in the special minute book, signed by the chairman and secretary.

### **SECTION 3**

#### **Internal Bodies and Positions of the Board**

##### **Article 37. Committees of the Board**

The Board may create such executive and advisory Committees as it may deem fit to deal with the matters within their competence, appointing the Directors who are to sit on such Committees.

The Board shall in any case appoint an Audit and Control Committee, on the terms set out in Article 39 of these By-Laws, and a Nomination and Compensation Committee, in the terms set out in article 39 bis of this By-Laws, all the members of which shall be non-executive Directors and the majority shall be non-executive independent Directors.

##### **Article 38. Delegate Committee**

The Board may appoint a Delegate Committee that will be composed by no more than nine (9) Directors. The Chairman of the Board will be in any case member of said Committee and will head it. The Secretary of the Board shall be secretary of this Committee.

The favourable vote of two-thirds of the Board members shall be required for the permanent delegation of any power of the Board to the Delegate Committee and to appoint the Directors who are to sit on this Committee.

The Board may permanently delegate all its powers to the delegate Committee, save any which may not lawfully be delegated.

The delegate Committee shall meet whenever called by the chairman or when requested by the majority of its members. It may adopt final resolutions on all and any matters delegated to it by the Board, reporting to the latter at the next meeting held thereafter. In emergencies, it may also take decisions on other matters subject to delegation, submitting them to the Board for approval and ratification.



#### **Article 39. Audit and Control Committee**

The Company will have an Audit and Control Committee, consisting of at least three Directors appointed by the Board, who will have sufficient capacity, experience and dedication to perform the corresponding duties. All the members of this Committee will be External Independent Directors. At least one of its members will be appointed taking into consideration their knowledge and experience in matters of accounting, auditing or both. One of such members will be appointed chairman of the Committee, who will be replaced every four years, becoming eligible for re-election one year after retirement from the position.

The Committee will support the Board in its supervisory duties, regularly checking the economic and financial reporting process, the internal controls and independence of the external auditor.

The powers of the Committee shall be those stipulated in law and in the Regulations of the Board of Directors.

The Audit and Control Committee will meet regularly, with the frequency established, and whenever called by the chairman or requested by two of its members. Any member of the Company management or employees so required will be obliged to attend Committee meetings, collaborating and giving access to any information they may have. The Committee will have such means as may be necessary to perform its duties with the required independence. All decisions or recommendations of the Committee will be made by majority vote. The rules of procedure of the Audit and Control Committee shall be developed in the Regulations of the Board.

#### **Article 39 bis. Nomination and Compensation Committee**

The Company will have a Nomination and Compensation Committee, consisting exclusively of outside, non-executive directors, at least three in number, appointed by the Board of Directors taking account of the skills, expertise and experience of the Directors and the duties of the Committee. The majority of its members shall be Independent Outside Directors.

The Committee shall appoint one of its members to be Chairman, who shall necessarily be an Independent Outside Director, and the Secretary of the Board shall act as Secretary of this Committee.

The powers of the Committee shall be those stipulated in law and in the Regulations of the Board of Directors.

The Nomination and Compensation Committee shall meet regularly as determined and whenever the Board or its Chairman requests the issuing of reports or submission of proposals in respect of its duties, and in any case whenever called by the Chairman, requested by two of



its members or when mandatory reports must be issued to enable adoption of the corresponding resolutions. The rules of procedure of the Committee shall be developed in the Regulations of the Board.

The Board may resolve to set up two committees, attributing separately to one of them the powers regarding nominations and to the other the powers regarding compensation.

#### **Article 40. Chairman, Vice-Chairman and Lead Director**

The Board will elect one of its members to be Chairman, appointing also one or several vice-chairmen, who will stand in for the chairman in the order specified upon appointment. In the absence of the chairman and all vice-chairmen, the oldest Director will act as chairman.

In addition to the powers vested in him by law or the Regulations of the Board of Directors, the Chairman of the Board shall have the following powers:

- (a) Call and preside over meetings of the Board and Delegate Committee, establishing the agenda for the meetings;
- (b) Direct the discussions and debates of all the corporate bodies he chairs;
- (c) Chair the General Shareholders' Meetings, pursuant to Article 25 of these Bylaws;
- (d) Ensure that the Directors receive sufficient information prior to the meeting to be able to debate the items on the agenda;
- (e) Stimulate the debate and encourage active participation by the Directors during meetings, ensuring that they are able to freely take positions;
- (f) Ensure that the resolutions adopted by the corporate bodies are duly fulfilled;
- (g) Endorse the corresponding minutes and certificates; and

in general, do whatsoever may be necessary or convenient to ensure adequate functioning of the Board.

The chairman may also be the Executive Officer of the Company. The Board shall decide whether or not the chairman is to also hold that position.

When the Chairman is also Executive Officer and whenever else the Board may deem fit, the Board of Directors will appoint, at the proposal of the Nomination and Compensation Committee, an independent Director who, under the name of Lead Director, will perform the





duties stipulated in law and such others as may be established in the Regulations of the Board of Directors.

#### **Article 41. Managing Directors**

The Board may also appoint one or several managing Directors. Without prejudice to any powers granted by the Board or the delegate Committee to any other person, it may also delegate powers to the managing Directors.

The permanent delegation of any power of the Board to the managing Directors and the appointment of Directors to hold those positions shall require the favourable vote of two-thirds of the Board members.

#### **Article 42. Secretary and Vice-Secretary**

The Board shall also choose a secretary and, if necessary, a vice-secretary, who need not be Directors.

The Secretary will have the following duties:

- (a) Ensure that the actions of the Board comply in form and substance with the law and that the Company's procedures and rules of governance are respected, taking special care to ensure that the Board respects the recommendations of Good Governance applicable to the Company.
- (b) Keep all the documents of the Board, set down the procedure of its meetings in the corresponding minute book and certify the contents of the minutes and resolutions adopted.
- (c) Assist the Chairman to ensure that Directors receive the necessary information to perform their duties in adequate form sufficiently in advance.

The vice-secretary shall stand in for the secretary when necessary, exercising any of his powers, including those of signing minutes and issuing certificates. In the absence of both, the youngest Director present at the meeting shall perform the duties of secretary.

### **SECTION 4 Directors**

#### **Article 43. Term of office and vacancies**

Directors shall be appointed for a term of four years.



The term of office shall expire at the first shareholders' meeting held after the end of the four-year term or at the end of the time granted in law for holding the ordinary shareholders' meeting.

If a vacancy arises during the term of appointment of the Directors, the Board may appoint by cooptation a person to fill that vacancy up to the next shareholders' meeting. Directors appointed by cooptation may be ratified in their position at the first shareholders' meeting held after such appointment. If the vacancy arises after the calling of a shareholders' meeting and before it is held, the Board may appoint a director to perform the corresponding duties up to the date of the general meeting. Directors appointed by cooptation need not be shareholders of the Company.

Directors' appointments may be waived or revoked and Directors may be re-elected on one or several occasions for terms of an equal duration.

The proposals for appointment, ratification or re-election of Directors submitted by the Board to the general meeting and appointments by cooptation must be accompanied by the corresponding report justifying its decision, as stipulated by law, and shall be approved by the Board (i) upon proposal by the Nomination and Compensation Committee, in the case of Independent External Directors, or (ii) subject to a prior report by the Nomination and Compensation Committee, in the case of other Directors.

The provisions of this article will also be applicable to the individuals appointed as representatives of a corporate director. The proposal of such representative shall be submitted to a report by the Nomination and Compensation Committee.

#### **Article 44. General obligations of the Directors**

Directors will perform the duties imposed by law and these Bylaws and those indicated in the internal regulations of the Company. In particular, they will perform their duties with the diligence of a competent entrepreneur, taking account of the nature of the position and the duties assigned to each one, and a loyal representative, acting in good faith and in accordance with the interest of the Company, complying with their duty of diligence, loyalty and secrecy marked by law.

The Regulations of the Board shall define both the general obligations and the specific obligations of the Directors deriving from the duties of confidentiality, no competition, loyalty, use of information and corporate assets and business opportunities, paying special attention to conflicts of interest.



#### Article 44bis. Prohibition of competition

Directors may not engage, for their own or third party account, in activities competing with the Company, except in the following circumstances:

- (a) it is reasonably foreseeable that the situation of competition will not cause any damage to the Company or that the damage that might foreseeable be caused is offset by the benefit that the Company can reasonably expect to obtain for permitting that situation of competition;
- (b) after receiving advice from an independent external consultant of good standing in the financial community and after hearing the shareholder or Director involved, the Nomination and Compensation Committee issues a report on fulfilment of the requirement contemplated in paragraph (a) above; and
- (c) the Shareholders' Meeting expressly resolves to lift the prohibition of competition with the favourable votes of seventy-five per cent (75%) of the capital present and represented at the General Shareholders' Meeting.

When calling a Shareholders' Meeting at which lifting of the prohibition of competition is to be discussed, the Board shall make available to the shareholders the reports issued by the Nomination and Compensation Committee and the independent external consultant contemplated in paragraph (b) above and, should it so deem fit, its own report on the issue. The Director involved will be entitled to explain at the Shareholders' Meeting the reasons backing his request for lifting of the prohibition.

The resolutions that the Shareholders' Meeting is called to adopt under this article shall be submitted in a separate item on the agenda.

If the situation of competition arises after the appointment of a Director, that Director shall immediately step down from office.

For the purposes of this Article:

- (a) a person shall be deemed to be engaged for his own account in activities competing with the Company when he performs those activities directly or indirectly through controlled companies as defined in Article 42 of the Commercial Code;
- (b) a person shall be deemed to be engaged for third-party account in activities competing with the Company when he has a significant holding or an executive position in a rival Company or in another acting in concert with the rival to develop a common policy, and



in any case of he has been appointed proprietary Director of the Company at the request of one of those companies; and

- (c) no situation of competition with the Company will be deemed to exist in respect of (i) companies controlled by the Company (as defined in Article 42 of the Commercial Code); and (ii) companies with which Repsol S.A. has established a strategic alliance, even if they have identical, similar or complementary objects and during such time as the alliance is maintained. Directors or shareholders will not be considered affected by the prohibition of competition for the sole reason of their being proprietary Directors in rival companies appointed at the request of the Company or by virtue of the interest held by the Company in their capital.

Nor may Directors provide counselling or representation services for rivals of the Company, unless the Board of Directors, after receiving a favourable report from the Nomination and Compensation Committee, authorizes them with the favourable votes of two-thirds of the members not affected by any conflict of interest. If these requirements are not met, the authorization must be granted by the General Shareholders' Meeting.

#### **Article 45. Directors' remuneration**

1. Directors, as such, that is as members of the Board and for the supervisory and decision-making duties performed by this body, will be entitled to a fixed annual amount, which may not exceed the maximum amount determined by the General Shareholders' Meeting or established in the Remuneration Policy for Directors.

The Board shall decide on the exact sum payable each year within this limit and distribute it among the Directors, taking into account the duties and responsibilities assigned to each Director, the committees to which they belong, if any, the positions held by each Director on the Board and such other objective circumstances as it may deem fit.

2. Directors' remuneration may also include the delivery of shares in the Company, stock option rights or other securities entitling their holders to obtain shares, or systems of remuneration linked to the market price of the Company's shares. Application of any such system of remuneration shall be resolved by the shareholders' meeting, which shall specify the value of the shares, if any, taken as reference, the maximum number of shares that may be assigned each year to this remuneration system, the exercise price or the system for calculating the price for exercising the stock options, the duration of the scheme and such other conditions as it may deem fit.
3. The members of the Board of Directors with executive duties will also be entitled to receive, for the performance of those duties, the remuneration established in their



contracts, approved pursuant to the law. Those remunerations shall conform to the remuneration policy for directors.

4. The Company may take out civil liability insurance for its Directors and executives.

#### **Article 45bis. Approval of the Remuneration Policy for Directors**

The remuneration policy for Directors will be adjusted as appropriate to the remuneration system stipulated in Article 45 and will be approved by the shareholders' meeting at least every three years as a separate item on the agenda.

Any remuneration received by Directors for performing their duties as such or on stepping down, and for performing any executive duties shall conform to the remuneration policy for Directors in place from time to time, except any remunerations expressly approve by the Shareholders' Meeting.

#### **Article 45ter. Annual Report on the Remuneration for Directors**

The Board will approve an Annual Report on the Remuneration for Directors, including any remuneration received or receivable for their duties as such and, where appropriate, any remuneration for executive duties. That report, which will have an annual basis, will contain full, clear, comprehensible information on the remuneration policy for Directors applicable to the current year and include a brief, overall account of the application of the remuneration policy in the year just closed and details of the individual remunerations accrued by each of the Directors during that year, all in the terms provided by law.

This report shall be made available to shareholders as from the date of call to the Ordinary General Shareholders' Meeting and shall be put to an advisory vote under a separate item on the agenda.

#### **Article 45quater. Assessment of the Board**

The Board of Directors shall make an annual assessment of its functioning and that of its commissions and, based on the outcome, propose an action plan to remedy any deficiencies detected. The outcome of the assessment shall be included in or annexed to the minutes of the meeting.

With the frequency it shall determine and at least once every three years, the Board shall commission an external assessment of its performance to an independent specialised firm. This assessment shall include an analysis of the composition, organization and functioning of the



Board as a body corporate and an evaluation of the competence and efficiency of each of its Committees and members, particularly including the Chairman.

## **SECTION 5**

### **Annual Corporate Governance Report and Web Site**

#### **Article 46. Annual Corporate Governance Report**

On the strength of a report by the Audit and Control Committee, the Board shall each year approve an annual report on the corporate governance of the Company, containing the information stipulated in law and such other details as it may consider appropriate.

The Annual Corporate Governance Report shall be approved prior to the publication of the notice of call to the ordinary shareholders' meeting for the corresponding year and shall be made available to shareholders on the Company's web site no later than the date of publication of the notice of call to the ordinary shareholders' meeting at which the annual accounts of the year to which the Annual Corporate Governance Report refers are to be approved, if appropriate.

#### **Article 47. Website**

The Company shall have a website containing information for shareholders, including the documents and information required by law and the Company's internal rules on corporate governance, along with any other information considered appropriate to offer shareholders through this channel.

Shareholders will be entitled to free access to the Company's website and may download and print the information and documents posted.

The address of the Company's website shall be [www.repsol.com](http://www.repsol.com).

The Board of Directors may resolve to modify, move or eliminate the website, in which case it will be authorized to modify the preceding paragraph of this article. The resolution to modify, move or eliminate the website shall be entered in the Company's page of the Commercial Registry and published in the Official Gazette of the Commercial Registry and on the modified, moved or eliminated website for thirty days after insertion of the resolution.



## **PART V**

### **Financial Year and Annual Accounts**

#### **Article 48. Financial year**

The financial year shall run from 1 January to 31 December of each year.

#### **Article 49. Annual accounts**

Within three months after the end of each financial year, the Board shall draw up the annual accounts, management report and proposal for the application of profits, and the consolidated accounts and management report, if appropriate.

The annual accounts shall include the balance sheet, profit and loss account, statement of changes on equity, cash flow statement and notes to the accounts. These documents, forming a single unit, shall be set out clearly so as to give a true and fair view of the Company's net worth, financial position and results.

The annual accounts and management report shall be signed by all the Directors, expressly stating on each document the reason for omission of any such signature.

The Board shall endeavour to draw up the annual accounts such that they do not give rise to a qualified auditors' report. This notwithstanding, when the Board considers that its principles should be maintained, it shall publicly explain the contents and extent of the discrepancies.

#### **Article 50. Audits**

The annual accounts and management report shall be checked by auditors, which shall be appointed by the shareholders' meeting before the end of the year to be audited for a term of no less than three nor more than nine years from the beginning of the first year to be audited and may be re-elected by the shareholders' meeting for annual periods after the end of the initial period.

The shareholders' meeting may appoint one or several individuals or firms to act jointly as auditors. When the auditors are individuals, the shareholders' meeting shall appoint an alternate auditor for each full auditor.

The shareholders' meeting may not revoke the appointment of the auditors without just cause before the end of the term for which they were appointed.

Should the shareholders' meeting fail to comply with the provisions of this article when so obliged, or if the selected auditors turn down their appointment or are unable to perform their



duties, the Board of Directors, the trustee of the debenture-holders' syndicate or any shareholder may request the Registrar of the mercantile registry corresponding to the Company's registered office to appoint a person or persons to make the audit, in accordance with the Mercantile Registry Regulations.

Whenever there is just cause to do so, the Company Directors and persons authorised to request the appointment of an auditor may apply to the Mercantile Court corresponding to the registered office of the Company to revoke the appointment made by the shareholders' meeting or mercantile registrar and appoint another.

#### **Article 51. Approval of accounts**

The annual accounts shall be approved by the Shareholders' Meeting.

Once this shareholders' meeting has been called, any shareholder may obtain from the Company, immediately and free of charge, a copy of all documents that are to be submitted for the approval of the Shareholders' Meeting and the auditors' report. This right shall be stated in the notice of call.

#### **Article 52. Application of profit/loss**

The shareholders' meeting will resolve on the application of profits of the year, as stated in the approved balance sheet.

Dividends will be distributed among the ordinary shareholders as and when decided by the shareholders' meeting in proportion with their paid-up capital. Apart from when otherwise specified, dividends will be paid at the registered office as from the day following adoption of the corresponding resolution.

Dividends may only be distributed against the profit for the year or retained earnings, provided that the net worth is not, and will not become, as a result of the distribution, smaller than the capital.

Should the net worth of the Company be pulled down below the capital as a result of losses from previous years, the profits will be used to offset such losses.

Neither may profits be distributed unless the amount of the reserves available is, at least, equal to the amount of the costs of research and development that appear in the balance sheet assets. In any case, there must be an unavailable reserve equivalent to the trading fund that appears in the balance sheet assets, assigning for this purpose an amount of the profit that represents, at least, 5% of the amount of said trading fund. Should there be no profit, or should this be insufficient, unrestricted reserves will be used.





A sum equal to 10% of the year's profits will be transferred to the legal reserve until this is equivalent to at least 20% of the capital. Until this limit is exceeded the legal reserve may only be used to offset losses, provided that there are no other reserves available for this purpose, notwithstanding the provisions of article 303 of the Stock Companies Act.

Finally, the shareholders' meeting will decide on the sum to be applied to voluntary reserves and set aside to fund new investments, building and contingencies.

After the above provisions have been met and the necessary sums have been set aside to cover any other items stipulated in law or these Bylaws, dividends may be distributed against the profit for the year or retained earnings in such an amount as the shareholders' meeting may decide. The remainder, if any, will be carried forward to the following financial year.

The General Meeting may agree that the dividend be paid fully or partially in kind, as long as: (i) the goods or securities object of distribution are homogenous; (ii) they are admitted to listing on an official market -at the time the resolution is effective- or that obtaining liquidity is guaranteed by the Company for a maximum period of one year; and (iii) that they are not distributed for a value less than they have in the Company balance sheet. The same rules will apply in the case of a reduction of capital with refund of contributions when payment to shareholders is made, totally or partially, in kind.

#### **Article 53. Interim dividends**

The distribution of interim dividends among shareholders shall be governed by the applicable legal provisions. Both the Shareholders' Meeting and the Board of Directors may resolve the payment in kind of all or part of the interim dividends, on the conditions stipulated in indents (i) to (iii) of the last paragraph of Article 52 of these By-Laws.

#### **Article 54. Deposit of annual accounts**

A copy of the annual accounts shall be presented for its deposit in the mercantile registry corresponding to the registered office within one month of being approved, together with a certificate of the resolutions adopted by the shareholders' meeting approving the accounts and deciding on the application of profits and a copy of the management' report and auditors' report.



**PART VI**  
**Winding-Up and Liquidation**

**Article 55. Winding-up of the Company**

The Company shall be wound up by resolution of the shareholders' meeting, adopted in pursuance of Article 22 of these Bylaws, and in any other events contemplated in law.

**Article 56. Liquidation of the Company**

Once the Company has been wound up, a period of liquidation will commence, apart from in cases of a merger or split up or whatsoever other global transfer of assets and liabilities.

Once the Company has been declared to be in liquidation, the representation of the Board of Directors will cease, in the terms established in the Stock Companies Act, and at the same shareholders' meeting at which the resolution is adopted to wind up the Company an uneven number of persons shall be appointed to make the liquidation, establishing the rules for liquidation in accordance with prevailing legal provisions. Should three or more liquidators be appointed, they must exercise their powers of representation collegially as a Liquidation Committee.

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