



INTERNAL GOVERNANCE RULES
OF FUNDACIÓN UNIVERSITARIA SAN PABLO-CEU

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INTERNAL GOVERNANCE RULES
OF FUNDACIÓN UNIVERSITARIA SAN PABLO-CEU

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PREAMBLE

Through the work it promotes and manages, Fundación Universitaria San Pablo-CEU aims to fulfill the apostolic purposes of its founding entity, Asociación Católica de Propagandistas (ACdP).

As an ecclesiastic organization, Asociación Católica de Propagandistas strives not only to achieve its ends but also to do so through decision-making structures and procedures that reflect its Christian intent.

These Internal Governance Rules seek to enable Fundación Universitaria San Pablo-CEU, hereinafter the “Foundation”, to better and more satisfactorily fulfill its foundational purposes.

PRELIMINARY TITLE

General Provisions

ARTICLE 1. *Purpose*

The purpose of these Internal Governance Rules of Fundación Universitaria San Pablo-CEU is to develop the provisions contained in the By-laws of Fundación Universitaria San Pablo-CEU within the framework of the legislation on foundations, establishing the basic rules of governance of the Foundation and, more specifically, the organization and operation of the Board of Trustees—its highest governing and administrative body—, as well as the provision of other lower and management bodies, all in order to achieve greater efficiency and transparency in management.

ARTICLE 2. *Scope of application*

These Internal Governance Rules shall apply to Fundación Universitaria San Pablo-CEU and its Centers and, to the extent they are affected, to the trustees and management positions.

They shall also apply to the Universities that report to the Foundation, and specifically to the organization and operation of the Boards of Trustees of these Universities, in all those matters that are not incompatible with their By-laws, Regulations, or

Internal Governance Rules; however, the latter should be adapted, as far as possible, to the rules established herein.

ARTICLE 3. *Application*

The provisions contained in these Internal Governance Rules shall apply without prejudice to the regulation contained in the By-laws and in the mandatory, non-waivable legal and statutory provisions on foundations.

ARTICLE 4. *Interpretation*

These Internal Governance Rules shall be interpreted pursuant to the provisions of the legislation in force that applies to Fundación Universitaria San Pablo-CEU, and to its By-laws.

ARTICLE 5. *Amendment*

1. These Internal Governance Rules may be amended by agreement of the Board of Trustees whenever it is convenient to the interest of the Foundation, within the limits and subject to the requirements established in this article.
2. The president of the Board of Trustees or an equal or greater number of trustees representing one-third of the members of the Board may propose an amendment to the Board of Trustees when circumstances arise that in their opinion make it convenient or necessary, to which end, the proposal must be accompanied by a supporting report detailing the grounds and scope of the proposed amendment in a reasoned manner.
3. The Internal Audit Office, the Secretariat of the Board of Trustees, and, at the request of the Board of Trustees, the Directorate General, and the secretary general of the Foundation, must draft reports on the proposals for amendment.
4. The text of the proposal, the supporting report, and the reports listed in the third paragraph above must be attached to the notice

convening the meeting of the Board of Trustees to discuss the proposal.

5. For the amendment of the Internal Governance Rules to be valid, the majority of the members of the Board of Trustees must be present at the session, and two-thirds of the members of the Board present must vote in favor of adopting the agreement.

ARTICLE 6. *Enforceability and publicity*

1. The members of the Board of Trustees and the directors of Fundación Universitaria San Pablo-CEU have the obligation to know, comply with, and enforce these Internal Governance Rules.

2. The Board of Trustees shall take the appropriate measures to widely disseminate these Rules among the staff at the service of the Foundation and its Centers whose activity so requires, in order to inform them of the basic aspects of its organization and operation, the commitments assumed by the members of the Board and the management positions within the organization of the Foundation and, lastly, its spirit and purpose.

TITLE I

Mission and competences of the Foundation's Board of Trustees

CHAPTER ONE

Mission of the Board of Trustees

ARTICLE 7. *General function of governance and supervision*

1. The Board of Trustees is the governing and administrative body of Fundación Universitaria San Pablo-CEU. It is responsible for the superior representation and government of the latter, being autonomous in the fulfillment of its mission, without prejudice to the faculties and competences incumbent upon the Protectorate and Asociación Católica de Propagandistas as a founding entity.

2. The Board of Trustees is the holder of the faculties and powers that in law correspond to this type of body for the effective pursuit of the foundational purposes provided for in the By-laws of the Foundation, in compliance with the provisions established in the governing legal system.

All other management and technical management bodies that exist in the Foundation will be purely managerial.

The functions of these bodies will be granted and revoked by the Board of Trustees.

3. In any case, the functions of the Board of Trustees will be clearly differentiated from those that are proper to the direction, administration, and ordinary technical management bodies.

CHAPTER TWO

Competences of the Board of Trustees

ARTICLE 8. *The competences of the Board of Trustees*

1. The Board of Trustees effectively holds all the competences of governance, management, and administration of the Foundation, particularly those attributed thereto by the legislation on foundations, the By-laws of Fundación Universitaria San Pablo-CEU and other By-laws, regulations, or internal governance rules concerning educational works, as well as these Internal Governance Rules.

2. The delegation of faculties that, within the limits and subject to the requirements established by law, the Board of Trustees makes in favor of the Commissions of the Board or any of its members will be solely of its exercise, not of its ownership, and shall in no case deprive the Board of these.

3. In any case, the Board of Trustees, by arriving at agreements to be adopted as provided for in the law, the By-laws, and these Internal Governance Rules, shall have the following competences:

- a) Approving the policies, strategies, and general action plans of the Foundation.
- b) Controlling and monitoring the activity of the Foundation, and implementing the policies, strategies and plans approved by the Board.
- c) Controlling and monitoring the activity of the Institutions and Centers that report to the Foundation.
- d) Approving, amending, and repealing the By-laws of Fundación Universitaria San Pablo-CEU and of these Internal Governance Rules.
- e) Approving, amending, and repealing the By-laws, Regulations, and Internal Governance Rules of the Institutions and Centers that report to the Foundation.
- f) Interpreting the By-laws and Internal Governance Rules of the Foundation, as well as the By-laws, Regulations, or Internal Governance Rules of the Institutions and Centers that report to the Foundation.
- g) Appointing and dismissing the vice president, secretary, and deputy secretary of the Foundation's Board of Trustees.
- h) Appointing and dismissing the director general of the Foundation, as well as the director of Internal Audit and the secretary general of the Foundation.
- i) Appointing and dismissing the managers of the Foundation with the faculties and competences entrusted to them in each case, as well as determining the conditions under which they are hired.

For these and other similar purposes, managers of the Foundation shall be understood to be those who exercise management and administrative functions in the internal structure of the Foundation, such as deputy director general, secretary general and area directors or heads, rectors and rectoral teams of their universities as well as the directors of educational centers. The Board of Trustees shall make a list thereof on at least an annual basis.

Notwithstanding the foregoing, the Directorate General shall inform regarding the list of services that are engaged or terminated with regards to the rest of the staff at the service of the Foundation and its Centers; however, when the contract involves a gross annual remuneration equal to or greater than fifty thousand euros (€50,000), the prior authorization of the Board of Trustees will be required to enter into it.

j) Appointing and dismissing the managerial or academic positions of the Institutions, Universities, or Centers that report to the Foundation, which, in accordance with the respective By-laws, Regulations, or Rules on Organization and Operation, correspond to the Board of Trustees, as well as determining the conditions under which they are hired.

k) Approving proposals relating to the hiring of the teaching staff from institutions or centers that report to Fundación Universitaria San Pablo-CEU. In the case of university teaching staff, approval must be given within the deliberations of the Boards of Trustees of the respective universities pursuant to the provisions of the previous letter of this article.

l) Approving the proposal of the Director General, beforehand and annually, with the corresponding budget for the year's Human Resources hiring program, in accordance with the justification of needs.

m) Delegating faculties to any of the members of the Board of Trustees, in the terms established by the law and the By-laws of the Foundation, as well as their revocation or amendment.

n) Approving the internal organization of the Foundation on an annual basis and prior to completion, at the proposal of the Directorate General with the approval of the president, which must also be done at the same time as the corresponding budget for the year, which shall coincide with the academic year.

o) Approving the organization of the Board of Trustees and, in particular, the creation of commissions or auxiliary bodies for specific areas of activity, with or without delegated faculties, in the terms established by the law and the By-laws of the Foundation, as well as their creation, modification or elimination.

p) Approving the proposal of the Directorate General on the organization chart and management team of the Foundation and the annual policy on the determination of remuneration (fixed and periodic, basic and complementary), as well as increases thereto.

q) Approving income and expenditure budgets, as well as any amendments thereto, approval of the expenditure provision when the amount, in isolation or cumulatively, exceeds one hundred and twenty-five thousand euros (€125,000), approving the annual accounts and approving the Foundation's balance sheets.

r) Approving credit and loan transactions whose amount, in each financial year, alone or cumulatively, exceeds one hundred and twenty-five thousand euros (€125,000).

s) Approving proposals for the procurement of works, services, supplies, or any other type of contract, where their amount exceeds one hundred and twenty-five thousand euros (€125,000), as well as multiyear contracts where their duration is longer than two years; or of a shorter duration when the accumulated amount of all their annuities exceeds the figure indicated above. Notwithstanding the foregoing, the Directorate General of the Foundation shall issue quarterly reports on the contracts for which, due to their amount, the authorization of the Board of Trustees is not necessary.

t) Proposing amendments to works, services, supplies, or any other kinds of contracts concluded by the Foundation, where the amount thereof, alone or cumulatively, is greater than 10 percent of the original price of the contract and this is equal to or greater than one hundred and twenty-five thousand euros (€125,000).

u) Administering and disposing of the Foundation's assets, pursuant to the provisions of the law and the By-laws.

v) Approving proposals for legal acts and transactions that directly or indirectly involve the acquisition, disposal, encumbrance, or constitution of rights *in rem* over the assets, rights, or assets of the Foundation when their value exceeds one hundred and twenty-five thousand euros (€125,000) and, in any case, approving those acts and transactions that involve the acquisition, disposal, encumbrance or constitution of rights *in rem* on real estate property

or transferable securities, or establishing encumbrances on any property, right or asset of the Foundation, as well as monetary or in-kind disbursements or contributions, whatever their amount, provided that this does not exceed the competences of the previous paragraph, in which case the information and approval must be provided beforehand.

Should a contract or agreement be entered into with third parties of the Foundation and its organizations, the Board of Trustees must be informed thereof in the session following, concluded the contract.

w) Accepting inheritances, donations, and legacies in favor of the Foundation.

x) Determining an annual list of assets and rights of the Foundation.

y) Bringing judicial and administrative actions in defense of the rights and interests of the Foundation in matters for which it is responsible.

z) Conducting the annual evaluation of the Board of Trustees, the position of director general, the director of Internal Audit, the rectors, its rectory team, and the directors of the educational centers. These evaluations shall be carried out in accordance with the procedure established by the Board of Trustees.

aa) Authorizing the transfer of use of the trademarks owned by the institution, as well as supervising how the trademark is used, including aspects relating to reputation and institutional communication. For these purposes, the Board of Trustees will be informed, at least annually, regarding the aspects outlined above in order to be able to adopt the pertinent decisions, where appropriate.

bb) In general, any other functions and competences that are recognized by the law, the By-laws of the Foundation, and these Internal Governance Rules, as well as those others not expressly attributed to another body.

ARTICLE 9. *The delegation of competences of the Board of Trustees*

1. The Board of Trustees may delegate the exercise of its competences, within the limits established by current legislation and these Internal Governance Rules, to any Trustee, as well as to the Commissions of the Board of Trustees that may be constituted. This delegation of competences, and its revocation, should be adopted by agreement of two-thirds of the attending members of the Board of Trustees, which shall define its goal and temporal scope.
2. The delegations of competences of the Board of Trustees that are carried out, where appropriate, in favor of the Commissions constituted within it may be permanent or temporary, in the terms established by the agreement adopted for this purpose.
3. The decisions of the delegated trustees and the agreements of the Commissions that are adopted in the use of a delegation of the Board of Trustees will expressly indicate this circumstance, the Board of Trustees being informed in the next Meeting held, by means of the delivery of the minutes (provisional or final) that include them.
4. In turn, the competences exercised by delegation cannot be delegated.
5. The delegations may be revoked at any time by the Board of Trustees.
6. In general, when a Commission exercises competences by the delegation of the Board of Trustees, at least three trustees who are on the Commission must be present or represented, and the pertinent agreements must be adopted unanimously, although, if unanimity is not achieved, the agreement must be approved in the Plenary of the Board of Trustees. Notwithstanding the foregoing, in those cases of special importance or in which particular circumstances so advise, it may be immediately agreed that the decision be submitted to the Board of Trustees, which will then adopt the pertinent decision.

ARTICLE 10. *Competences that cannot be delegated*

1. Those competences that are legally or institutionally reserved to be exercised by the Board of Trustees may not be delegated, nor those necessary for a responsible exercise of the general function of governance and supervision of the Foundation.

2. For these purposes, the Board of Trustees undertakes in particular to exercise, without the possibility of further delegation, the following powers:

a) Management and administration of the Foundation.

b) Approving the policies, strategies, and general action plans of the Foundation.

c) Controlling and monitoring the activity of the Institutions and Centers that report to the Foundation.

d) Approving, amending, and repealing the By-laws and Internal Governance Rules of the Foundation, as well as the By-laws, Regulations, or Internal Governance Rules of the Institutions and Centers that report to the Foundation.

e) Interpreting the By-laws and Internal Governance Rules of the Foundation, as well as the By-laws, Regulations, or Internal Governance Rules of the institutions and centers that report to the Foundation.

f) Appointing and dismissing the vice president, secretary, and deputy secretary of the Foundation's Board of Trustees.

g) Appointing and dismissing the director general, the director of Internal Audit, the secretary general of the Foundation, and the other directors of the Foundation.

h) Appointing and dismissing the directors and other managerial or academic positions of the institutions, universities, or centers that report to the Foundation, which, pursuant to the respective By-laws, Regulations, or Internal Governance Rules, correspond to the Board of Trustees.

i) Appointing and dismissing the elective members of the Boards of Trustees of the Foundations linked or reporting to Fundación

Universitaria San Pablo-CEU, as well as of the companies or any other entities linked or reporting thereto, pursuant to the provisions of the pertinent legislation and in their respective By-laws.

j) Appointing and dismissing the members of the Boards of Trustees of the Institutions or Centers that report to the Foundation, pursuant to the provisions of the pertinent legislation.

k) Approving the internal organization of the Foundation.

l) Approving the organization of the Board of Trustees and, in particular, the creation of commissions or auxiliary bodies for specific areas of activity, in the terms established by the law and the By-laws of the Foundation, as well as their creation, modification, or elimination.

m) Approving the staff and the list of work positions, as well as modifications thereto; the system of selection and provision of jobs and the setting of the amount of remuneration (fixed and periodic, basic and complementary), as well as increases thereto in the Foundation and its Centers, in the same way as the main lines of the organizational structure.

n) Approving income and expenditure budgets, as well as any amendments thereto, approval of the expenditure provision when the amount, in isolation or cumulatively, exceeds one hundred and twenty-five thousand euros (€125,000), approving the annual accounts and approving the Foundation's balance sheets.

o) Approving credit and loan transactions whose amount, in each financial year, alone or cumulatively, exceeds one hundred and twenty-five thousand euros (€125,000).

p) The approval of proposals for the procurement of works, services, or supplies contracts, or those any other kinds of contracts, where their amount exceeds one hundred and twenty-five thousand euros (€125,000), as well as multiyear contracts where their duration is longer than two years; or of shorter duration when the accumulated amount of all their annuities exceeds the figure indicated above.

- q) Proposing amendments to works, services, or supplies contracts, or any other kinds of contracts concluded by the Foundation, where the amount thereof, alone or cumulatively, is greater than 10 percent of the original price of the contract and this is equal to or greater than one hundred and twenty-five thousand euros (€125,000).
- r) Administering and disposing of the Foundation's assets, pursuant to the provisions of the law and the By-laws.
- s) Approving proposals for legal acts and transactions that directly or indirectly involve the acquisition, disposal, encumbrance, or constitution of rights in rem over the property, rights, or assets of the Foundation when their value exceeds one hundred and twenty-five thousand euros (€125,000) and, in any case, approving those acts and transactions that involve the acquisition, disposal, encumbrance or constitution of rights in rem on real estate property or transferable securities, or establishing encumbrances on any property, right or asset of the Foundation, as well as monetary or in-kind disbursements or contributions, whatever their amount.
- t) Accepting inheritances, donations, and legacies in favor of the Foundation.
- u) Authorizing transactions relating to trustees or members of Asociación Católica de Propagandistas, as well as to the so-called "persons affiliated" to the above, these being the persons referred to in Article 28.1 of these Rules.
- v) Approving the constitution by the Foundation of any type of entity with its own legal personality.
- w) Approving, amending, and repealing the By-laws of Fundación Universitaria San Pablo-CEU and of these Internal Governance Rules.

TITLE II
**Composition and structure
of the Foundation's Board of Trustees**

CHAPTER ONE
Composition of the Board of Trustees

ARTICLE 11. *Members of the Board of Trustees*

1. The Board of Trustees shall be made up of *ex officio* members and elective members, pursuant to the provisions of the By-laws of the Foundation.

2. It is common for the propagandist members of the Board of Trustees to have been appointed by Asociación Católica de Propagandistas with the mission of ensuring the fulfillment of the institutional purposes in the activities carried out by Fundación Universitaria San Pablo-CEU and its works.

To this end, the propagandist members of the Board of Trustees will be especially diligent in ensuring that the goals and procedures of the Foundation are a Christian reflection of the Association's purposes, and they shall be accountable to Asociación Católica de Propagandistas.

ARTICLE 12. *Ex officio members of the Board of Trustees*

Ex officio members of the Board of Trustees are the president and vice president of Asociación Católica de Propagandistas, the archbishop of Madrid, and the national spiritual advisor of Asociación Católica de Propagandistas.

ARTICLE 13. *Elective members of the Board of Trustees*

The elective members of the Board of Trustees of the Foundation shall be eleven propagandists, appointed in the terms provided for in the By-laws.

CHAPTER TWO
Structure of the Board of Trustees

ARTICLE 14. *General structure of the Board of Trustees*

The Board of Trustees, as the governing and administrative body of the Foundation, shall be composed of a president, a vice president, and the other members of which it is comprised, pursuant to the By-laws of the Foundation.

ARTICLE 15. *The president of the Board of Trustees*

1. The president of the Board of Trustees of Fundación Universitaria San Pablo-CEU shall be the president of Asociación Católica de Propagandistas.

2. The president shall exercise the following functions and faculties, in addition to those assigned by provision of the Law and the Foundation's By-laws:

a) Representing the Board of Trustees, provided that the latter has not expressly granted this power to another of its members for certain specific acts.

b) Stipulating that ordinary and extraordinary sessions should be convened, as well as setting the agenda, taking into account, where appropriate, the requests of the other members made sufficiently in advance.

c) Presiding over the sessions, directing and moderating the conduct of the debates in accordance with the agenda and timetable established and suspending them for justified reasons, putting agreements to the vote, and proclaiming the result of the votes.

d) Casting the deciding vote in the event of a tie, in order to adopt agreements.

e) Ensuring the correct implementation and compliance of the agreements adopted by the Board of Trustees.

f) Approving the minutes and certifications of the agreements of the Board of Trustees.

g) Exercising any other functions attributed to him/her legally or by the By-laws, or that are inherent to the position of president of the Board of Trustees.

3. In the event of vacancy, absence, incapacity, or illness of the president, his/her functions shall be assumed by the vice president and, in the absence thereof, by the longest-standing propagandist member of the Board of Trustees and, if there are several of the same seniority, by the oldest.

ARTICLE 16. *The vice president of the Board of Trustees*

1. The Board of Trustees shall appoint a vice president from among its members for a term of four years.

2. The specific mission of the vice president is to replace the president in cases of vacancy, absence, incapacity, or illness of the president.

The vice president shall also be responsible for:

a) Assisting the president in the exercise of his powers.

b) Exercising the powers attributed to him/her by the By-laws or, where appropriate, those delegated by the president or the Board of Trustees.

ARTICLE 17. *The secretary of the Board of Trustees*

1. The Board of Trustees shall appoint a secretary, who may or may not be a trustee, and who preferably has the status of propagandist, for a period of four years.

2. The appointment and termination of the secretary of the Board of Trustees, as well as the temporary replacement of the secretary in the event of vacancy, absence, or illness, will be carried out pursuant to the provisions of the By-laws of the Foundation and to these Internal Governance Rules and, in any case, by agreement thereof.

3. The secretary of the Board of Trustees shall be responsible for:

A) Convening meetings of the Board of Trustees by order of its president and issuing the corresponding summonses to the members of the Board of Trustees.

b) Attending meetings of the Board of Trustees, with voice and vote if a trustee has been appointed secretary, or only with voice but without vote if the secretary is a third party who does not have the status of trustee.

c) Serving as the ordinary body of communication of the Board of Trustees.

d) Drafting and authorizing the minutes of the sessions.

e) Keeping the documentation generated by the Board of Trustees, duly detailing its meetings in the Record of Minutes, as well as attesting to the agreements adopted. The secretary general will be responsible for keeping the rest of the Foundation's documentation, which does not pertain to the Board of Trustees.

f) Issuing certificates of the agreements adopted by the Board of Trustees, with the approval of the president.

g) Informing and warning about issues of formal and material legality concerning the actions of the Board of Trustees and, in particular, ensuring compliance with the By-laws and these Rules.

h) Any other functions inherent to his/her condition of secretary or those expressly provided for in the By-laws of the Foundation.

4. The Board of Trustees may appoint a deputy secretary to assist the secretary of the Board of Trustees in the performance of his/her duties or to replace him/her in case of vacancy, absence, incapacity, or illness.

ARTICLE 18. *Commissions of the Board of Trustees*

1. Without prejudice to the delegations of faculties that are carried out in an individual capacity in favor of the president or any other member of the Board of Trustees, and to the competences legally attributed to the Board of Trustees as the governing and administrative body of the Foundation, the latter may constitute Commissions of the Board of Trustees within them for specific areas of activity or for the performance of the functions expressly entrusted thereto, with faculties of information, advice, deliberation, and proposal, without prejudice to the fact that they may exercise certain functions delegated by the Board of Trustees adopting decisions for this purpose, pursuant to the provisions of these rules.

2. To be considered valid, the creation of Commissions of the Board of Trustees shall require the agreement of two-thirds of the trustees present.

TITLE III
**Statute of the members
of the Foundation's Board of Trustees**

CHAPTER ONE
**Appointment, duration of the position, resignation, and dismissal
of the members of the Board of Trustees**

ARTICLE 19. *Appointment of the members of the Board of Trustees*

1. The appointment of the members of the Board of Trustees shall take place in the terms provided for in the By-laws.

2. The *ex officio* members of the Foundation's Board of Trustees shall be appointed as such when they begin to exercise the position for which they have been appointed, without prejudice to the formal status of trustee once they have accepted this position in the legally determined manner.

3. The elective members of the Board of Trustees shall be elected by the National Council of Asociación Católica de Propagandistas

and by the General Assembly thereof in the terms set forth in the By-laws.

4. Before accepting the position of trustee and taking possession thereof, the trustee shall send a statement to the president of the Board of Trustees about possible conflicts of interest between the trustee or persons affiliated with him/her, and the Foundation and its works. For this purpose, the persons affiliated with the trustee are those referred to in Article 28 below.

5. Likewise, the trustee shall include in its declaration information regarding the Boards of Trustees of other Foundations or Boards of Directors of companies to which he/she may eventually belong, regardless of whether its mission or purpose coincides or not with those of Fundación Universitaria San Pablo-CEU.

6. It will be necessary for the trustees to provide their professional profile for publication purposes when this is thought to be appropriate.

ARTICLE 20. *Duration of the position of member of the Board of Trustees*

1. The *ex officio* members of the Board of Trustees shall retain this status as long as they hold the position determined by their appointment, and they shall be appointed with this character.

2. The elective members shall be appointed for a term of four years renewable for a single term.

ARTICLE 21. *Dismissal of the members of the Board of Trustees*

1. The dismissal of the members of the Board of Trustees shall take place in the terms provided for in the By-laws.

2. The *ex officio* members of the Board of Trustees shall cease to be considered as such when they no longer hold the position for which they were appointed.

3. Elective members shall cease to hold their positions when the period for which they were appointed has elapsed, and any of the

situations provided for in the Foundations Law occur or when they lose the status of active members of Asociación Católica de Propagandistas.

CHAPTER TWO
Rights and faculties
of the members of the Board of Trustees

ARTICLE 22. *Rights and faculties*

1. It shall be incumbent on the members of the Board of Trustees to:

a) Receive the meeting notice containing the agenda of the meetings at least seven days in advance, unless due to extraordinary circumstances, the president authorizes a shorter period, providing a detailed account thereof to the Board of Trustees.

The information concerning the items on the agenda shall be available to the members of the Board of Trustees and, where appropriate, must be sent with the same advance notice. The abovementioned period may be reduced to five days, provided that less than two months have elapsed since the previous session.

b) Participate in the discussions of the sessions, in accordance with the established agenda and schedule.

c) Exercise their right to vote and to express the meaning of their vote and the reasons justifying it. Also, provided that they have voted against the motion, and this was noted in the minutes of the session, the members of the Board of Trustees may formulate a dissenting vote.

d) Formulate motions and queries.

e) Obtain the necessary information to fulfill the assigned functions.

f) Any other functions inherent to their status.

2. The members of the Board of Trustees may not be assigned the representation functions pertaining thereto, unless this has been expressly stipulated by a validly adopted agreement, for each specific case, by the Board of Trustees itself.

ARTICLE 23. *Faculties of information*

1. The members of the Board of Trustees have the faculty to obtain information on any aspect of the management of the Foundation, examining its books, files, documents and other records of its activity.

The right to information extends to the Institutions and Centers that report to the Foundation.

2. The exercise of the faculties of information shall be channeled through the president of the Board of Trustees or, where appropriate, in the session of the Board of Trustees.

ARTICLE 24. *Unpaid nature of the services rendered*

The exercise of the role of trustee shall be unpaid. The trustees shall, however, be entitled to the travel expenses that they have to make to attend the meetings of the Board of Trustees of the Foundation and those other expenses borne in the fulfillment of any specific mission that is entrusted to them by the Board, in the name or interest of the Foundation.

CHAPTER THREE
Obligations
of the members of the Board of Trustees

ARTICLE 25. *General obligations*

1. The role of the members of the Board of Trustees is to perform the general function of governance and administration of the

Foundation, as well as to supervise and monitor the management of its governing bodies.

2. In the performance of their functions, the members of the Board of Trustees shall act with the diligence of loyal representatives, being obliged, in particular, to:

a) Obtain information and properly prepare the meetings of the Board of Trustees and the delegated bodies to which they belong.

b) Attend meetings of the bodies to which they belong and actively participate in the deliberations so that their judgment can contribute effectively to decision-making.

In the event that, for justified reasons, a member of the Board is unable to attend the sessions to which he/she has been convened, he/she must instruct the trustee who is to represent him/her.

c) Require any member of the management team or the Foundation's staff to attend the sessions of the Board of Trustees, and request the presence and advice of specialists, advisers, auditors, or any other independent professionals.

d) Perform any specific task entrusted by the Board of Trustees, and that can be reasonably understood to be part of their commitment.

ARTICLE 26. *Duty of confidentiality*

1. The trustee undertakes to observe a special duty of secrecy and confidentiality as regards the deliberations of the Board of Trustees and the delegated bodies to which he/she belongs, as well as to keep them secret, and he/she shall refrain from disclosing information or informing third parties of information or documents to which he/she has had access because of his/her position.

2. The obligation of confidentiality shall continue even if he/she no longer holds the position.

ARTICLE 27. *Prohibition of holding certain positions*

1. Elective trustees may not hold positions directly appointed, on its own initiative, by the Board of Trustees, or that are subject to immediate control, except those that, due to their institutional, representative, and unpaid nature, are compatible, pursuant to the provisions of the applicable rules.

2. Those trustees who exercise professional activities in the Foundation's works compatible with their status shall do so in accordance with the contractual terms provided in general for the nature and category of the situation that in each case corresponds thereto, and always subject to a prior declaration of possible conflicts of interest.

ARTICLE 28. *Conflicts of interest*

1. Conflict of interest shall be deemed to exist in situations in which, directly or indirectly, the personal interest of the trustee and the interests of the Foundation collide. A personal interest of the trustee shall be understood to exist when the matter directly affects the trustee, or a person affiliated with him/her.

The following persons shall be considered to be "affiliated" with the trustee:

a) The spouse of the trustee or the person with a similar intimate relationship.

b) Relatives in the ascending and descending lines and siblings of the trustee or the spouse (or person linked by a similar intimate relationship) of the trustee.

c) The spouses (or persons linked by a similar intimate relationship) of relatives in the ascending and descending lines and siblings of the trustee.

d) The entities in which the trustee or his/her respective affiliated persons, directly or through an intermediary, are in any of the control situations established by law.

e) Companies or entities in which the trustee or any of his/her affiliated persons, directly or through an intermediary, holds an administrative or managerial position or from which he/she receives emoluments for any reason, provided that, in addition, the trustee exercises, directly or indirectly, a significant influence on the financial and operational decisions of these companies or entities.

The provisions provided for in this paragraph shall also apply, where appropriate, to the secretary of the Board of Trustees as regards matters pertaining to the nature of his/her position.

With regard to potential conflicts of interest, the trustees shall observe the following rules of action:

a) Communication to the Board of Trustees, through its president or the secretary, of any conflict of interest in which he/she is involved.

b) The trustee shall be absent from the meeting during the deliberation and voting on those matters in which he/she is involved in a conflict of interest and shall be subtracted from the number of members attending for the purposes of the calculation of the *quorum* and the pertinent majorities. When attending using digital means, the trustee will suspend his connection to the virtual meeting until the aforementioned vote has taken place.

In the above communication, the trustee must indicate:

a) If the conflict of interest affects him/her personally or through a person affiliated with him/her, identifying this person where appropriate.

b) The situation giving rise to the conflict of interest, detailing, where appropriate, the purpose and main conditions of the projected operation or decision.

c) The approximate amount or economic evaluation.

The Foundation's trustees may not give or accept gifts or tokens of appreciation when performing their functions when these are

sufficiently important to likely constitute a conflict of interest, affecting the freedom and independence with which they must perform their functions. This prohibition shall not apply when the gifts or tokens of appreciation are of low economic value; constitute usual signs of courtesy; or are not prohibited by law or generally accepted practices in entities of a similar nature.

The trustee may not take advantage of a business opportunity of the Foundation for his/her own benefit or for that of affiliated persons, unless the investment or operation has been previously offered to the Foundation, the Foundation has declined to exploit it without the influence of the trustee and exploitation of the operation by the trustee has been authorized by the Board of Trustees. The trustee may not use the name of the Foundation or invoke his/her position therein to carry out transactions on his/her own account or on the account of affiliated persons.

2. In any case, the trustees must abstain in the terms indicated in the previous section when any of the following circumstances occurs:

a) When a contractual relationship is established between the Foundation and the trustee, persons affiliated therewith, or companies in which these persons hold a managerial position or participate therein to a significant degree.

b) When remuneration is established for the services, he/she provides to the Foundation, other than those entailed by the performance of his/her functions as a member of the Board of Trustees.

c) When an action to claim liability is brought against him/her.

3. The provisions set forth in this article referring to the trustees shall also apply to the management positions listed in Article 8.3(h), as well as to the secretary of the Board of Trustees.

4. The Board of Trustees, after analyzing the potential conflict of interest, may waive it, provided that the interests of the Foundation have been duly safeguarded. For these purposes, the *quorum* of attendance of the majority of its members shall be required, and, in addition, the favorable vote of two-thirds of those present.

ARTICLE 29. *Liability*

1. The trustees shall be accountable to the Foundation and Asociación Católica de Propagandistas for the fulfillment of the will and foundational purposes, as well as for the damages and losses caused due to acts contrary to the law or the By-laws or those constituting negligence.

2. Those who have voted against the agreement shall be exempt from liability, as will those who, having not intervened in its adoption and implementation, prove that they did not know of its existence, or knowing of it, did everything appropriate to avoid harm or, at least, expressly oppose it.

TITLE IV
Operation
of the Foundation's Board of Trustees

CHAPTER ONE
General Provisions relating
to the operation of the Board of Trustees

ARTICLE 30. *Sessions of the Board of Trustees*

1. The Board of Trustees shall meet periodically in ordinary session, at least once every two months, as provided for in the By-laws of the Foundation.

The schedule of regular sessions shall be established by the Board of Trustees at the proposal of the president before the beginning of each year. The calendar shall be merely indicative and may be amended in accordance with the circumstances at hand in each case by the Board of Trustees itself or by the decision of the president, who shall communicate the amendment to the trustees not less than seven days before the date initially scheduled for the session, or the new date fixed to replace it if the latter were earlier.

Extraordinary sessions of the Board of Trustees shall be held when the president so agrees, on his own initiative when he deems it necessary or appropriate, or when requested by a third of the total number of members of the Board of Trustees. In the latter case, the request for a meeting to be convened, addressed to the president, shall state the matters to be dealt with and the reasons justifying the holding of an extraordinary session. In cases of justified urgency, the meeting notice may be issued twenty-four hours beforehand.

2. The convening of the sessions of the Board shall be conducted by order of the president by written communication at least seven days in advance, counted from the date of issue. The abovementioned period may be reduced to five days, provided that less than two months have elapsed since the previous session of the Board of Trustees. The meeting notice shall include the date, place, and time of the meeting, as well as the agenda, which, after the celebration of the community prayer, shall begin with the reading of the minutes of the previous session if they have not already been approved, and it will end with “motions and queries” and will contain no more general terms than the latter. It shall be sent individually to the address designated by each trustee for this purpose, by any means, including digital, electronic, or online means.

The meeting notice sent to the members of the Board, in addition to including the agenda, must be accompanied by written information and relevant, duly-prepared documents.

3. The president shall decide on the agenda of the session. The trustees may request that the president include matters on the agenda, and the president shall be obliged to do so when the request has been made by at least one-third of the members of the Board of Trustees not less than ten days before the date scheduled for the meeting.

ARTICLE 31. *Holding the sessions*

1. For the valid constitution of the Board of Trustees, for the purpose of holding sessions, deliberations, and making agreements,

the attendance of one-third of its members shall be required, unless the law or the By-laws provide otherwise.

2. The Board of Trustees shall be validly constituted without prior notice, provided that all the trustees are present or represented and unanimously agree to hold the meeting, as well as to fix the agenda.

3. The meeting of the Board of Trustees may take place over one or more sessions when the Board so agrees, at the proposal of its president.

4. The members of the Board of Trustees shall make every effort to attend the ordinary or extraordinary sessions that are convened, except when there is a justified excuse, and may in any case delegate in writing their representation and vote to another of the members in cases of justified absences.

5. The president shall organize the debate by seeking and promoting the participation of all the trustees in the deliberations of the Board, in accordance with the agenda and schedule provided.

ARTICLE 32. *The system for the adoption of agreements by the Board of Trustees*

1. The agreements of the Board of Trustees shall be adopted by a simple or qualified majority, depending on the matter or issue that is being decided, the simple majority being attained by a majority of the votes of the representatives present or represented, and the qualified majority being attained as provided in the respective cases by the legal provisions, the By-laws of the Foundation, the By-laws, Rules or Internal Governance Rules of Institutions or Centers that report thereto or the present Internal Governance Rules.

In general, the agreements of the Board of Trustees shall be adopted by a majority vote of the members present or represented, except in those cases that by provision of the Law, the By-laws of the Foundation or the By-laws, Regulations or Internal Governance Rules of the institutions or centers that report thereto, of these

Internal Governance Rules or of a special agreement of the Board of Trustees, a different majority is required.

In the case of the adoption of agreements relating to appointments or dismissals, the vote shall be secret, except for in the case of trustees who are attending the meeting, in person or represented, through digital means, who shall be released from the duty to vote by secret ballot.

The president shall cast the deciding vote in the event of a tie.

The trustee shall refrain from exercising the right to vote as regards the adoption of agreements that refer to any of the cases contemplated in Article 28 of these Rules. In such a case, the trustee who abstains from intervening shall not be counted for the purposes of the voting *quorum*.

2. In the meetings of the Board of Trustees, only matters that have been previously included on the agenda will be dealt with and communicated.

No matter not included on the agenda may be discussed or agreed upon, unless at least three-quarters of the members of the Board of Trustees are present and the urgency of the matter is declared by a majority vote.

In any case, no deliberation shall take place on matters such as the approval of strategic plans or the general lines of action of the Foundation, the approval of the accounts and the action plan, the approval, amendment, interpretation, or repeal of the By-laws or the Internal Governance Rules, the merger, termination, and liquidation of the Foundation, without such issues having been expressly included on the agenda corresponding to the meeting notice.

ARTICLE 33. *Minutes of the sessions of the Board of Trustees*

1. Minutes shall be drawn up by the secretary for each session held by the Board of Trustees, which shall necessarily specify the attendees, present or represented, the agenda of the meeting, the circumstances of the place and time of the meeting, the main points

of the deliberations if requested by the trustees, as well as the content of the agreements adopted.

The minutes shall be signed on all its pages by the secretary of the Board of trustees, with the “approval” of the president.

2. The minutes may include, at the request of each trustee, the vote against or in favor of the agreement adopted or his/her abstention, as well as the justification of the meaning of his/her vote. Likewise, the trustees have the right to enter into the minutes of the session those statements or positions—whether their own or of others—that they wish to be recorded; they may also have the terms of their intervention or proposal transcribed in full, provided that the written text thereof is delivered in the act.

3. The members of the Board of Trustees who vote against the majority agreement, provided that they expressly so announce in the session, may draft a dissenting vote in writing within ten days, which will be adjoined to the minutes of the session.

4. The minutes shall be approved at the same or at the next meeting, and the secretary may nevertheless issue a certificate concerning the specific agreements that have been adopted, without prejudice to the subsequent approval of the minutes, in which case this circumstance shall be expressly stated in the certificate.

It will also be possible to partially approve the minutes at the same session in which the agreements had been adopted, for the purpose of their immediate certification.

Notwithstanding the foregoing, the agreements adopted by the Board of Trustees will have effect from the moment of their adoption, without prejudice to the approval of the minutes taking place subsequently.

5. The president of the Board of Trustees shall require the presence of a notary public to draw up the minutes of the meeting, provided that, five days in advance of the day scheduled for the meeting to be held, this is so requested by a third of the total number of members that make up the Board, or the president so agrees.

6. The custody and dissemination of the minutes, drafts of minutes, and lists of approved agreements shall be subject to the following rules:

a) Drafts of minutes pending approval by the Board of Trustees shall be distributed to the president, the vice president, and the other members of the Board of Trustees who so request it, without prejudice to their incorporation into the documentation pertaining to the session in which the minutes must be approved. It shall not be necessary to disseminate copies of the minutes a second time once they have been approved.

b) A partial copy of the draft minutes pending approval may also be delivered to the director general and, where appropriate, to the director of Internal Audit, which shall contain the parts of the session in which they have spoken. The same shall apply with regard to the director general and the rectors of the universities concerning the trustees of the latter.

c) Drafts of minutes, whether in whole or in part, are considered confidential, and are provided for the exclusive use of the persons and positions to whom their dissemination is authorized in accordance with the above rules, who shall be responsible for their custody; therefore, they may not be photocopied or reproduced without justified cause, and prior authorization of the secretary of the Board of Trustees.

d) The approved and signed minutes are in the custody of the secretary of the Board of Trustees, who will issue copies or certificates of minutes or agreements, with the “approval” of the president.

The issuance of copies or certificates of approved minutes—not limited to the mere certification of an agreement—shall only proceed for specific purposes, and at the request of the president, the trustees or, where appropriate, the director general or the rectors, and only for the latter in terms of the exclusive scope of their respective universities. In this case, the copy or certification of the approved act shall be registered under a number or reference that allows the person who is responsible for it to be identified, and he/she must sign the corresponding receipt in the Secretariat to be able to withdraw it.

e) Without prejudice to the foregoing, and in addition, a complete list of all the agreements approved by the Board of Trustees shall be sent to the director general and the director of Internal Audit, as well as in their respective scope, to the rectors, once the pertinent minutes have been approved by the Board of Trustees; however, before the approval of the corresponding minutes, provisional lists of agreements adopted by the Board may also be sent.

7. The Foundation must have a Book of Minutes, which shall be managed and kept by the secretary of the Board of Trustees, which will include all the minutes approved by the Board of Trustees.

CHAPTER TWO

Specific provisions concerning the procedure for the preparation and dispatch of matters that must be submitted for the consideration of the Board of Trustees

ARTICLE 34. *The initiative and preparation of the matters that must be submitted for the consideration of the Board of Trustees*

1. The Directorate General shall exercise in general the initiative concerning matters that must be submitted to the Board of Trustees for deliberation and subsequent approval or acceptance, where appropriate, by formulating the corresponding proposals, unless these are matters whose initiative corresponds directly to the president of the Board of Trustees or the trustees, or to other specific bodies of the Foundation, or of the institutions or centers that report thereto, which, by express provision of the By-laws, have been attributed the said faculty. However, in the latter case, it will be the responsibility of the Directorate General to issue a mandatory report, dealing with all those aspects that have economic significance or any other nature that is considered relevant, which will be adjoined in a timely manner to the proposal, without prejudice to the tacit consent of the Directorate General implying the waiver in the issuance of this report.

The Directorate of Internal Audit shall, in turn, have the power of initiative to present matters and proposals for the consideration of the Board of Trustees.

2. The proposals on matters that must be submitted for the approval or acceptance of the Board of Trustees must be accompanied by an explanatory report, studies, and reports justifying the need and opportunity thereof and the documents supporting the process followed for the formation of the will, as well as an economic report or account that includes, where appropriate, the estimate of the resulting cost and its consequent budgetary repercussions, unless, due to the nature of the matter or its limited significance, such requirements may not be necessary.

Likewise, reports must have been issued on the proposals previously by the services and bodies of the corresponding Foundation due to the nature of the matter in question in each case.

ARTICLE 35. *Procedure for submitting proposals to the Board of Trustees*

1. Once the procedures referred to in the previous article have been completed, the proponent shall submit the matter to the Board of Trustees for approval or acceptance, if applicable.

2. The proposals submitted for the consideration of the Board of Trustees must be specific, clear, and precise, and must be expressly included in the corresponding agenda through indications and references that sufficiently explain the matter in question.

Likewise, the proposals relating to matters submitted to the Board of Trustees must be written and accompanied by the information, documents, and other background information necessary to decide thereon and it must also be verified that compliance with the procedural requirements indicated above has been met.

The information, documents, and background information accompanying the proposals must be available to the members of the Board of Trustees, and where appropriate, distributed thereto, with the minimum notice provided for in Articles 22.1.a) and 30.2 of these Internal Governance Rules.

3. Proposals for approval or acceptance that deal with matters or issues that, due to their special significance, importance, or complexity, require a careful study, must not be approved or accepted at the same session in which they are formulated, and deliberation on the subject must be postponed to a subsequent session, or deliberation may begin but the eventual decision-making deferred to a subsequent session, unless exceptional, sufficiently justified reasons of urgency force a decision to be taken at the same session.

For these purposes, and with a merely enunciative and not exhaustive nature, the approval of budgets, accounts, and balance sheets, proposals for contracts, etc. acts or transactions involving the administration or disposal of assets or expenditure exceeding the amount of six hundred thousand euros (€600,000), and the appointments of director general and other directors of the Foundation, shall be considered matters of special significance or importance.

4. When the proposals submitted to the Board of Trustees so require, the latter may require any member of the management team or staff of the Foundation that may be required for this purpose to attend its sessions and provide collaboration and access to the information available.

The Board of Trustees may also request the attendance of the auditors of the Foundation, as well as seek the advice of lawyers and other independent professionals, whose work will be submitted directly to the Board of Trustees.

5. Any proposal for approval or acceptance made by an institution or center that directly or indirectly reports to Fundación Universitaria San Pablo-CEU, which exceeds the amount of one hundred and twenty-five thousand euros (€125,000), or which, due to its importance and significance, affect the policies, strategies and general action plans of the Foundation must be previously favorably reported on by the Directorate General of the latter.

TITLE V

Specialized organs of the Foundation

CHAPTER ONE
General Provisions

ARTÍCULO 36. *General Provisions*

1. To achieve the greatest efficiency and transparency in the exercise of the functions and competences attributed thereto, the Board of Trustees may manage the Foundation through the constitution of Commissions for specific areas of activity that, under the presidency of the president of the Board of Trustees, shall regularly assume functions involving proposals, deliberations and prior consultations that facilitate decision-making on matters that have been studied beforehand, that reinforce the guarantees of objectivity with which the Board must address certain issues, that allow the function of supervision and monitoring of the Board of Trustees with regard to the ordinary management of the Foundation, without prejudice to decisions or resolutions that may be adopted in the use of faculties delegated by the Board of Trustees, pursuant to the provisions of these Rules.

2. Without prejudice to the provisions in the By-laws enabling the Board of Trustees to create Commissions or other bodies, with or without delegated faculties, the existence of the Internal Audit Directorate, the Good Governance, Appointments, and Remuneration Commission, as well as the Audit and Control Commission, is foreseen in the terms established in this Title.

3. The Commissions of the Board of Trustees, in order that they may properly exercise the functions attributed thereto through these Internal Governance Rules, and in those cases when the special circumstances or complexity of the matters that are submitted thereto make it advisable, may receive external technical advice, provided by persons or entities outside the Foundation, under the terms, conditions, and deadlines that the Board may establish in due course.

CHAPTER TWO
Internal Auditing

ARTICLE 37. *Function*

In the exercise of the general function of governance and supervision that is entrusted to it by the law and the By-laws, the Board of Trustees of the Foundation will be assisted by the Internal Audit that, reporting organizationally and functionally to the Foundation, through its president, will carry out functions of monitoring, supervision, oversight, scrutiny and control concerning the activity of the Foundation and its Centers in all matters expressly attributed thereto by these Rules.

ARTICLE 38. *Composition*

1. The Internal Audit shall be directed by the director of Internal Audit, whose appointment and termination corresponds to the Board of Trustees, at the proposal of the president.
2. The Internal Audit shall also be made up of the delegated territorial auditors, which, where appropriate, the Board of Trustees determines, corresponding to the latter its appointment and termination, at the proposal of the president.
3. In order to properly perform the functions entrusted thereto, the Board of Trustees will make available to the Internal Audit the personal and material resources that are necessary prior submission of the pertinent economic report that is duly approved by the Board of Trustees.

ARTICLE 39. *Competence and functions*

The primary function of the Internal Audit is to serve the Board of Trustees in the exercise of its functions of governance, supervision, monitoring, surveillance, and control of the activity of the Foundation as a whole and its centers. These competences shall be exercised regarding the periodic review of the process of preparing economic and financial information, the effectiveness of its internal controls, compliance with the provisions of the Board that directly affect the scope of its competences, and the independence of the

external auditor. In this sense, its goals shall be to audit on: 1. Effectiveness and efficiency of operations. 2. Reliability of financial information. 3. Compliance with applicable laws and regulations. Monitoring that the control system operates according to generally accepted “good practices”. Supervising the operation of the processes of “Information and Communication” implemented in the organization.

In the event that the director of Internal Audit of the Foundation does not hold the status of propagandist, he/she must, however, preserve and direct his/her actions in accordance with the ideals and calling of ACdP.

Regarding the above, the director of Internal Audit shall have the following functions:

- a) Reviewing the control systems established for the Foundation and its centers, including all fields of activity, structures, systems, and facilities, issuing an annual, mandatory report to be submitted to the Board of Trustees.
- b) Examining and evaluating the accuracy and completeness of financial and management information, in full compliance with the General Accounting Plan and other applicable accounting standards and principles, as well as the procedures used to obtain it and record it; issuing an annual mandatory report on the subject, which will be presented to the Board of Trustees.
- c) Developing and executing audit plans using a methodology based on risk management. These plans must be submitted to the Board of Trustees for approval, following a report by the Audit and Control Commission.

Without prejudice to any other relevant issues, the Audit Plans shall in any case include provisions for the establishment of specific control systems relating to the following aspects: Multiyear continuing performance contracts, splitting of contracts, undertaking “amendments”, hiring—including the hiring of employees—as well as the expenses of representation, subsistence and travel of the directors of the Foundation and its centers. In this regard, the director of Internal Audit shall inform the Board of

Trustees periodically and, at least, every two years of the analysis of the contingencies relating to the above cases.

d) Carrying out regular monitoring of the implementation of corrective measures adopted in previous audits.

e) Determining the reliability and integrity of the Foundation's general information systems, mainly with regard to financial information.

f) Collaborating with the investigation of possible fraudulent or illegal activities within the Foundation.

g) Collaborating and exchanging information with external auditors, both concerning accounts and commitments to official bodies, in order to provide an optimal overall audit for the Foundation.

h) Carrying out work plans approved by the Board, ensuring that the resources allocated are used economically and efficiently, and independently formulating as many recommendations and indications as may be deemed appropriate within the scope of its competences; issuing an annual mandatory report on what has been done that will be submitted to the Board of Trustees.

i) Monitoring the implementation of recommendations, indications, and other corrective actions carried out in the economic and financial field and in the rest of the policies that the Board may entrust thereto.

j) Drafting periodic reports, both to the Board of Trustees and to the Audit and Control Commission, as well as the different management units concerned, concerning the audit activities carried out and the results thereof.

k) Issuing the reports and formulating the proposals that are requested by the Board of Trustees, its Commissions, or the president; as well as those that it deems relevant for the best performance of its functions.

l) Managing the requests for information that in economic and financial matters or accounting may be made by the trustees, as

well as any others that are entrusted thereto by the Board of Trustees.

m) Ensuring compliance with the provisions and agreements of the Board of Trustees, as well as the requests of the trustees that are addressed to the executive bodies of the Foundation during the course of the sessions thereof.

For this purpose, the secretary of the Board of Trustees shall send a list of such agreements or requests to the director of Internal Audit, within a period not exceeding five days after the Board of Trustees.

The director of Internal Audit shall submit a report on the degree of monitoring and/or compliance thereof at the following session of the Board, which must necessarily be included in the documentation prior to the Board meeting that is sent to the trustees.

n) Promoting initiatives and making recommendations to the Board of Trustees in order to improve the management and internal functioning of the Foundation and its centers, in particular in the economic and financial field.

o) Supervising beforehand, by means of non-binding reports, all the agreements, contracts, and any agreement of wills from which financial obligations may arise for the Foundation, including in a deferred manner, in the cases established in Article 8.3(r) and (s) of these rules whose approval, consequently, corresponds to the Board of Trustees.

p) Intervening, in advance, by issuing a critical judgment, with respect to any expenditure that must be approved by the Board of Trustees in accordance with these Internal Governance Rules, either due to their amount or due to the matter in question.

q) In addition to the Internal Audit functions indicated herein relating to the economic and financial sphere, these functions will extend to the scope of results, the perspective of potential customers, processes and procedures, learning, and organizational culture, with special emphasis on the monitoring of compliance therewith.

ARTICLE 40. *Duty of collaboration with the Internal Audit*

1. The organs, services and management centers, and managers of the Foundation, as well as the institutions and centers dependent thereon, both central and territorial, are obliged to provide the Internal Audit with the collaboration and the necessary and required assistance for the effective performance of the functions entrusted thereto.
2. Failure to comply with the obligation to provide collaboration and assistance to the Internal Audit shall be immediately brought to the attention of the Board of Trustees by its director, for the appropriate purposes.
3. The Board of Trustees shall approve a regulated operating procedure that will establish the necessary documentation that, on a mandatory basis, must be provided by the management and executive bodies of the Foundation to the Internal Audit for the proper exercise of its functions, which shall include, among other aspects, the format and time of delivery.

ARTICLE 41. *Duty of confidentiality*

1. The director of Internal Audit, as well as the members who make up his/her team, shall be bound by a special duty of secrecy and confidentiality regarding the information and documentation that they may possess or to which they may have had access due to their position.
2. Failure to comply with the duty of secrecy and confidentiality referred to in the previous paragraph shall entail the immediate termination of those persons linked to the Internal Audit or, where appropriate, of the member or members thereof who are responsible for the breach, without prejudice to the pertinent requirement of liability that may be established by law.

CHAPTER THREE
The Good Governance, Appointments, and Remuneration Commission

ARTICLE 42. *Function*

The Good Governance, Appointments, and Remuneration Commission is a body of the Board of Trustees whose purpose is to carry out the functions of study, deliberation, and proposal regarding good governance, human resources, process supervision, and systems of ethical compliance and corporate social responsibility, without prejudice to the exercise of the faculties delegated by the Board of Trustees, where appropriate, within the limits established by the applicable current legislation and these Internal Governance Rules.

ARTICLE 43. *Composition*

1. The Good Governance, Appointments, and Remuneration Commission shall be composed of the following members:

- a) A president, who shall be the president of the Board of Trustees.
- b) Three members, one of whom will be the vice president of the Board of Trustees and the other two appointed by the Board of Trustees of the Foundation, each of whom will hold the status of trustees and be appointed for a term of two years.
- c) A secretary, who shall be the secretary of the Board of Trustees, with voice and without vote unless he/she holds the status of a trustee, who will delegate his/her attendance in cases of absence or illness to the deputy secretary of the Board of Trustees if such exists, and, otherwise, to the person designated by the president for these purposes.

2. In the event of vacancy, absence, or illness, the president shall be replaced by the vice president of the Board of Trustees, and, in the absence thereof, by the longest-standing or oldest member, in this order, among its members.

3. The appointment of the members of the Board of Trustees who are part of the Good Governance, Appointments, and Remuneration Commission shall be made by agreement adopted by the latter on the proposal of the president and shall require the

favorable vote of a majority of the members of the Board of Trustees. Their appointment shall be made taking into account their knowledge and experience in the management, methods, and procedures in the field of human resources and remuneration policies, accredited by the trustee. In any event, those trustees who stepped down as management staff of the Foundation less than three years before may not be a part thereof.

4. The members of the Commission who have the status of trustees will step down when they have done so in their capacity as trustees, or when this is freely decided upon by the Board of Trustees.

5. The following persons may attend the sessions of the Good Governance, Appointments and Remuneration Commission as guests, with voice, and without a vote, in order to inform therein and upon invitation of the president:

a) The director general of the Foundation.

b) The director of Internal Audit.

c) Any other directors or persons who may be summoned by the president due to their position, functions, or knowledge regarding the matters to be examined.

ARTICLE 44. *Competence and functions*

The Good Governance, Appointments, and Remuneration Commission shall exercise the following competences and functions:

a) Executing functions involving the study, proposal and deliberation in matters of good governance, human resources, and ethical compliance.

b) Monitoring the remuneration policy of the institution and ensuring its compliance.

c) Monitoring the recruitment and termination systems of staff, as well as the methods of hiring managers.

d) Monitoring the rotation rates.

- e) Monitoring the levels of satisfaction of teachers and evaluating their academic level.
- f) Monitoring the systems established to prevent and deal with situations of conflict of interest.
- g) Monitoring general human resources policies.
- h) Monitoring, on a prior and annual basis, the Human Resources hiring program of the Foundation, in accordance with the justification of the requirements. This program shall be submitted to the Board of Trustees for approval simultaneously with that of the corresponding budget for the year in question.
- i) Monitoring at each meeting of the Commission the implementation of the annual procurement program.
- j) To inform, in advance, on any proposal that, in accordance with the Internal Governance Rules, must be submitted for the approval of the Foundation's Board of Trustees in matters of human resources. Notwithstanding the foregoing, the Commission may, exceptionally, adopt an agreement granting it the faculty to monitor, beforehand and necessarily in a general manner, the decisions of the Directorate General in this area for certain cases of special relevance. This agreement must be adopted unanimously, and the Board of Trustees shall then be informed thereof.
- k) To inform, in advance, on any proposal for the appointment or termination of any managerial or academic or other positions which, in accordance with the Internal Governance Rules and those of Organization and Operation of Universities, must be submitted for the approval of the Board of Trustees of the Foundation or the universities that report thereto.
- l) Informing, in advance, on proposals relating to the hiring of teaching staff from institutions or centers that report to Fundación Universitaria San Pablo-CEU.
- m) Being informed of the rest of the hiring of staff conducted by the Directorate General, as well as of any particularly important

contractual amendments and, in particular, of the promotions of non-teaching staff.

n) Reviewing the general policy and the systems of good governance of the Foundation to raise the proposals and suggestions that should improve them to the Plenary of the Board of Trustees.

o) Monitoring the systems of ethical compliance and codes of conduct of the Foundation that are established, in order to raise to the Plenary of the Board of Trustees the proposals and suggestions that should improve them.

p) Exercising any other competences established in these Internal Governance Rules of the Foundation.

ARTICLE 45. *Function*

1. The Good Governance, Appointments, and Remuneration Commission shall meet whenever necessary each time its president convenes it or two of its members so request.

2. The deliberations and the resolutions adopted at each session of the Commission shall be duly recorded in the minutes, the draft of which shall be reported to the Board of Trustees at the next session of the Plenary.

3. Exceptionally, in those cases of contracts in which, the report of the Good Governance, Appointments, and Remunerations Commission being mandatory, they could not be submitted at its meeting for justified and unforeseen reasons, they may be raised directly to the Board of Trustees, expressly warning of this circumstance.

4. The proposals that may be submitted to the Board of Trustees on matters relating to the Foundation's human resources must be formulated by this Commission, through its president, or, where appropriate, by a trustee who is a member of the aforementioned Commission. To this end, the Commission shall adopt the pertinent agreements, which shall be drawn up in the following terms:

a) *“Report favorably on the proposal of...”*: when there is agreement with the proposal made by the relevant governing bodies.

b) *“Report on the proposal of..., for the sole purpose of the Board adopting the decision it deems most appropriate, without express pronouncement on the suitability thereof”*: when the Commission does not take a position on the substance of the proposal presented by the relevant governing bodies but allowing it to be raised to the Board in cases of special importance or when particular circumstances make it advisable.

5. The provisions of these Internal Governance Rules relating to the operation of the Board shall apply to the Good Governance, Appointments, and Remuneration Commission, to the extent that their nature and functions make this possible.

The president of the Good Governance, Appointments, and Remuneration Commission shall cast the deciding vote for the purposes of adopting agreements.

6. A procedure manual shall be established for the operational functioning of the Commission.

CHAPTER FOUR **Audit and Control Commission**

ARTICLE 46. *Function*

The Audit and Control Commission is a body of the Board of Trustees whose purpose is to carry out the functions of study, deliberation, and proposal regarding finance, accounting, audits, budgets, and asset transactions, as well as attending those bodies responsible for awarding works, service, supply or any other kinds of contracts that the Foundation may enter into, without prejudice to the exercise of the faculties delegated by the Board of Trustees, where appropriate, within the limits established by the applicable current legislation and these Internal Governance Rules.

ARTICLE 47. *Composition*

1. The Auditing and Control Commission shall be composed of the following members:

- a) A president, who shall be the president of the Board of Trustees.
- b) Three members, one of whom will be the vice president of the Board of Trustees and the other two appointed by the Board of Trustees of the Foundation, each of whom will hold the status of trustees and be appointed for a term of two years.
- c) A secretary, who shall be the secretary of the Board of Trustees, with voice and without vote unless he/she holds the status of a trustee, who will delegate his/her attendance in cases of absence or illness to the deputy secretary of the Board of Trustees if such exists, and, otherwise, to the person designated by the president for these purposes.

2. In the event of vacancy, absence, or illness, the president shall be replaced by the vice president of the Board of Trustees, and, in the absence thereof, by the longest-standing or oldest member, in this order, among its members.

3. The members of the Board of Trustees who are part of the Audit and Control Commission shall be appointed by agreement adopted by the Board at the proposal of the president and shall require the favorable vote of the majority of the members of the Board. They shall be appointed taking into account their knowledge and experience in accounting, auditing, or risk management, accredited by the trustee.

In any event, those trustees who stepped down as management staff of the Foundation less than three years before may not be a part thereof.

4. The members of this Commission who have the status of trustees shall step down when they do so in their capacity as trustees or when so freely agreed by the Board of Trustees.

5. The following persons may attend the sessions of the Audit and Control Commission as guests, with voice, and without a vote, in order to inform therein and upon invitation of the president:

- a) The director general of the Foundation.
- b) The director of Internal Audit.
- c) Any other directors or persons who may be summoned by the president due to their position, functions, or knowledge regarding the matters to be examined.

ARTICLE 48. *Competence and functions*

The Audit and Control Commission exercises the following competences and functions:

- a) Regularly monitoring the treasury situation and evaluating the potential relevant financial and capital risks.
- b) Monitoring compliance with expenditure and investment policies and analyzing returns on investments already made.
- c) Analyzing and evaluating the statements of financial position that they will issue periodically.
- d) Promoting analytical accounting systems and analyzing results by centers.
- e) Ensuring the independence and effectiveness of the Internal Audit function; receiving regular information on its activities; and verifying that the Directorate General takes into account the conclusions and recommendations of its reports.
- f) Establishing and supervising a mechanism that allows employees to communicate, anonymously or confidentially, the irregularities they notice within the institution.
- g) Submitting to the Board the proposals for the selection, appointment, re-election, and replacement of the external auditor, as well as the conditions under which he/she was hired.

- h) Receiving from the external auditor information on the budget plan and the results of its implementation, and verifying that senior management takes into account its recommendations.
- i) Supervising the works projects and proposals of services or supplies that constitute the object of future contracts.
- j) Ensuring that the Foundation's contract activity is conducted with transparency and objectivity, observing the principles of publicity and competition when awarding contracts.
- k) Being informed of the contract proposals, whatever their purpose, provided that their approval is not incumbent on the Board of Trustees due to the amount thereof.
- l) Formulating proposals for the award of contracts for works, services, supplies, or any other kind whose approval is incumbent on the Board of Trustees due to the amount thereof. Notwithstanding the foregoing, the Board of Trustees may delegate to the Audit and Control Commission the approval, subsequently giving account thereto, of the awards—in accordance with the general contract procedure in force for the Foundation—of works, service, and supply contracts for an amount greater than one hundred and twenty-five thousand euros (€125,000) and less than five hundred thousand euros (€500,000). For the exercise of this delegation, it will be necessary that the decision to award the contract with a certain purpose, and its maximum budget of expenditure, have been previously authorized by the Board of Trustees.
- m) Monitoring the execution and performance of the contracts awarded.
- n) Establishing criteria regarding the interpretation and resolution of doubts arising from compliance with contracts concluded by the Foundation.
- o) Issuing a mandatory report concerning the proposals of infrastructure plans and facilities of the Foundation that must be submitted to the approval of the Board of Trustees.

- p) Issuing a mandatory report concerning the proposal to determine the general relationship of goods and rights that must be submitted for the approval of the Board.
- q) Drafting an annual report on the Foundation's recruitment policy for awarding contracts.
- r) Developing and maintaining a register of works and service contracts concluded by the Foundation.
- s) Exercising any other competences established in these Internal Governance Rules of the Foundation.
- t) Being informed by the director of Internal Audit in relation to its own scope of action, as well as the exercise of its competences, without prejudice to the fact that it must also inform the Board of Trustees in this regard at least once a year, or at any time when the director of Internal Audit deems it appropriate, or as requested by any trustee.

ARTICLE 49. *Operation*

1. The Audit and Control Commission shall meet whenever necessary each time it is convened by its president or requested by two of its members.
2. The deliberations and the resolutions adopted at each session of the Commission shall be duly recorded in the minutes, the draft of which shall be reported to the Board of Trustees at the next session of the Plenary.
3. The Audit and Control Commission shall have access to the information and documentation necessary for the exercise of its functions.
4. The proposals that may be submitted to the Board of Trustees on matters relating to finance, accounting, budgets, and capital operations, as well as on matters relating to contracts awarded by the Foundation, must be formulated by this Commission, through its president, or, where appropriate, a trustee who is a member of the aforementioned Commission. To this end, the Commission

shall adopt the pertinent agreements, which shall be drawn up in the following terms:

a) *“Report favorably on the proposal of...”*: when there is agreement with the proposal made by the relevant governing bodies.

b) *“Report on the proposal of..., for the sole purpose of the Board adopting the decision it deems most appropriate, without express pronouncement on the suitability thereof”*: when the Commission does not take a position on the substance of the proposal presented by the relevant governing bodies but allowing it to be raised to the Board in cases of special importance or when particular circumstances make it advisable.

5. The provisions of these Internal Governance Rules relating to the operation of the Board shall apply to the Audit and Control Commission, to the extent that their nature and functions make it possible.

The president of the Audit and Control Commission shall be able to cast the deciding vote for the purposes of adopting agreements.

6. A procedure manual shall be established for the operational functioning of the Commission.

TITLE VI

Directorate General of the Foundation

ARTICLE 50. *Appointment and termination*

The Board of Trustees shall appoint, at the proposal of the president, a director general of the Foundation who will assume the administration, direction, and ordinary technical management thereof.

In the event that the director general of the Foundation does not hold the status of propagandist, he/she must, however, preserve and

direct his/her actions in accordance with the ideals and Charism of ACdP.

ARTICLE 51. *Competences*

1. The director general of the Foundation shall have the functions and competences assigned to him by the Board of Trustees of the Foundation in order to exercise the functions of direction, management, coordination, and execution of the activities of the Foundation, ensuring that the ideals and calling of Asociación Católica de Propagandistas are maintained and respected at all times.

In particular, the director general is responsible for the following functions:

- a) Directing and coordinating the activities and services of the Foundation, which have been entrusted thereto by the Board of Trustees, among which are universities, colleges, central services, and any others that are part of or have a relationship therewith, and without prejudice to the provisions of its corresponding Rules of Organization and Operation for the universities that have its legal personality.
- b) Conducting the ordinary technical management and organization of the Foundation's services and of the business areas of the centers that report to the Foundation, included among those listed in point a) above, as well as the services of the Foundation that have been entrusted thereto by the Board of Trustees.
- c) Formulating proposals on agreements or decisions to be adopted by the Board of Trustees of the Foundation in matters within its purview, without prejudice to the faculties that in this order of things correspond to the president, the trustees, or, where appropriate, to other specific bodies of the Foundation.
- d) Proposing the policies, strategies, and general action plans, the approval of which corresponds to the Board of Trustees, as well as their subsequent implementation and development.

e) Developing economic management in accordance with the budget approved by the Board, arranging expenses and credit operations within the limits of its purview, ordering payments, and being accountable to the Board of Economic Management of the Foundation.

f) Proposing and developing the human resources policy and staff approved by the Board of Trustees, and applying the remuneration system, in accordance with the prior recruitment program approved annually by the Board of Trustees.

g) Appointing positions of administration, direction, and management that are not expressly reserved for the Board of Trustees, in accordance with the prior annual program of recruitment approved by the Board of Trustees.

h) Recruiting Foundation staff and their dismissal within the limits of his/her competence.

i) Acting as head of the staff of the Foundation.

j) Awarding works, service, supply, or any other kinds of contracts within the limits of his/her competence and powers.

k) Approving works, service, or supply projects where he/she is competent to award such contracts and when they are provided for in the budget.

l) Approving acts and transactions relating to the acquisition and disposal of property and rights within the material and economic limits of his/her powers (excluding those relating to real estate property and the encumbrance of property, rights, or assets of the Foundation).

m) Exercising judicial and administrative actions and the defense of the rights and interests of the Foundation in matters within his/her competence, and, in case of urgency, in matters relating to the powers of the Board of Trustees, in the latter case, reporting thereto for its ratification at the first session to be held.

n) Executing and performing agreements adopted by the Foundation's Board of Trustees, without prejudice to the competence of the president.

o) Within the scope of its competences, taking decisions relating to the recruitment of non-teaching staff for an amount of less than fifty thousand euros (€50,000), in accordance with the annual recruitment plan approved by the Board of Trustees, reporting thereon at the next session held by the Good Governance, Appointments, and Remuneration Commission.

p) Propose to the Board the basic lines of coordination between the different business areas of the Foundation, the universities, and other centers that report thereto, in accordance with the strategic plan approved by the Board.

q) Evaluating the compliance of the Strategic Plan by the universities and other centers that report thereto and, where appropriate, adopt the necessary measures for its compliance, without prejudice to the proper coordination with the rectors in their respective areas of competence, reporting thereon to the Board of Trustees.

r) Proposing to the Board the criteria relating to the quality of the services of the institution, as well as the teaching and non-teaching quality of the Foundation and all its works, issuing a monitoring report of compliance therewith, without prejudice to proper coordination with the rectors in their respective areas of competence.

s) The scope of action of the Directorate General and of information to the Board will extend to the perspectives and areas of clients, processes, and procedures in general and to organizational learning and culture, in addition to the economic-financial and human resources indicated in previous points and any other perspective that is considered relevant.

t) Any other attributions that may be considered direction, coordination, and technical management of the Foundation, provided that they are not expressly attributed to the Board of Trustees or to other organs of the Foundation and its centers.

u) The others expressly attributed thereto by the laws, the By-laws, and these Internal Governance Rules of the Foundation or those that could be directly attributed thereto by the Board of Trustees.

2. The director general may delegate the exercise of his/her powers, except as set out in paragraphs a), c), g), i), j), k), l), and m) of the previous paragraph.

It is forbidden to subdelegate the exercise of competences that the director general may delegate to lower bodies.

TITLE VII.

Secretariat General of the Foundation

ARTICLE 52. *Appointment*

The Board of Trustees shall appoint, at the proposal of the director general, a secretary general who shall be responsible for ensuring compliance with all legal provisions and other internal legal regulations applicable to the Foundation.

ARTICLE 53. *Competences*

1. Managing and executing the legal services of the Foundation.
2. Providing legal assistance and advice to the Directorate General, including issuing reports that are not binding in law and resolving queries that are addressed to it.
3. Proposing actions in legal matters to the Directorate General, as well as legal assistance to the different services of the Foundation.
4. Coordinating and supervising the activity of the universities that report to the Foundation, through their respective Secretariats General, in order to unify normative criteria and legal action, without prejudice to the exclusive competences at a university level that they have attributed in accordance with their pertinent By-laws, Regulations or Rules of Organization and Operation.

5. The prior review of the legal terms of contracts and collaboration agreements with third parties that are intended to be signed by the Foundation, without prejudice to the competence of the director of Internal Audit in those cases in which, in accordance with these rules, he/she has this power attributed to him/her.

6. Any other powers entrusted by the director general.

ADDITIONAL PROVISIONS

First Additional Provision. *Internal procedure for authorizing the signing of agreements and contracts with third parties*

The Board of Trustees of the Foundation shall adopt an agreement, at the proposal of the director general, establishing the internal procedure of authorization for the signing of agreements and contracts with third parties, including the appropriate provisions to ensure that certain agreements that may be signed by the universities, whose legal personality it holds, be reported on by the competent bodies of the Foundation.

Second Additional Provision. *Code of Ethics of the Foundation and its centers*

The Board of Trustees shall adopt an agreement establishing a Code of Ethics in accordance with the ideals and calling of Asociación Católica de Propagandistas for the Foundation and its centers, which shall aim to establish the guidelines that shall guide the conduct of the institution and the people who make it up, in order to ensure ethical and responsible behavior in the development of its activity.

TRANSITIONAL PROVISION

Single Transitional Provision. *Provisional application of the system of prior inspection of expenditure*

As long as the Internal Audit Plan established in Chapter II of Title V of these Rules has not been approved by the Board of Trustees, the system of prior inspection of expenditure provided for in

Article 39.2 of the Rules shall continue to apply in its wording approved by the Board of Trustees on October 18-19, 2013.

FINAL PROVISION

Single Final Provision. *Entry into force*

These Internal Governance Rules will enter into force immediately upon the submission of the consolidated text to the Board of Trustees of Fundación Universitaria San Pablo-CEU on May 13, 2016.