



**CORPORACIÓN FINANCIERA ALBA, S.A.<sup>1</sup>**  
**ARTICLES OF ASSOCIATION**

**SECTION ONE**

**NAME, REGISTERED ADDRESS, PURPOSE AND TERM OF THE  
COMPANY**

**ARTICLE 1.** Name. The Public Limited Company CORPORACIÓN FINANCIERA ALBA, S.A. shall be governed in accordance with the provisions of these Articles and, in their absence, those of the applicable legislation.

**ARTICLE 2.** Registered Address. The Company shall have its registered address in Madrid at Calle Castelló 77, 5ª Planta. By agreement of its Board of Directors it may establish offices, branches, plants, agencies and representations in Spain and abroad.

Likewise, by agreement of the Board of Directors it may move its registered address elsewhere within the municipal limits of Madrid.

**ARTICLE 3.** The Company's purpose is the industrial manufacture of Portland artificial cement and natural grey and white cement in any of their forms, in accordance with current manufacturing procedures as well as those that may be established in the future.

The Company may also dedicate itself to activities that are related or similar to its purpose as stated above, such as the construction, acquisition and operation, via any means including sale or leasing, of urban real-estate property, whether in the form of residences, offices, retail units or industrial buildings; and the acquisition, operation, leasing and sale of non-fixed assets of any nature or category.

The acquisition through subscription, purchase, holding or transfer of public or private securities and any other type of financial asset; and the incorporation and development of companies.

The activities that comprise the above purpose may be undertaken by the Company indirectly, in full or in part, through ownership of shares or other holdings in companies with the same or similar corporate purpose.

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<sup>1</sup>Consolidated text of the Articles of Association of the Alba, S.A. Financial Corporation, incorporating the consolidated text approved on 22 September 2003 (entered in the Companies Register on 14 October 2003), the modifications approved at the General Shareholders' Meetings held on 25 May 2004, 14 December 2005, 25 May 2011, 30 May 2012, 10 June 2015, 8 June 2016 and 18 June 2020, and the reductions in share capital, up to the most recent which was agreed upon at the General Shareholders' Meeting held on 18 June 2018 (recorded in the Companies Register on 21 August 2018).

**ARTICLE 4.** The Company shall be incorporated for an indefinite period of time. It shall commence its activities on the same date as its Deed of Incorporation is entered in the Companies Register.

## **SECTION TWO**

### **SHARE CAPITAL AND ITS REPRESENTATION IN THE FORM OF SHARES**

#### **CHAPTER I. SHARE CAPITAL**

##### **Nominal Value**

**ARTICLE 5.** The share capital, notwithstanding any subsequent increases or reductions that may be agreed, shall be set at the nominal figure of 58,240,000 euros (FIFTY-EIGHT MILLION TWO HUNDRED AND FORTY THOUSAND EUROS), represented by 58,240,000 (FIFTY-EIGHT MILLION TWO HUNDRED AND FORTY THOUSAND) shares each with a nominal value of ONE euro and numbered consecutively from 1 (ONE) to 58,240,000 (FIFTY-EIGHT MILLION TWO HUNDRED AND FORTY THOUSAND), both inclusive, all of the same category and represented by book entry.

**ARTICLE 6.** Under all circumstances, the transfer of shares to foreign holders shall be subject to the corresponding legal provisions.

#### **CHAPTER II. SHAREHOLDINGS**

##### **Shares**

**ARTICLE 7.** Shares and any other securities that may be issued by the Company are indivisible. Joint owners of a share must designate a single person to exercise the shareholder rights and shall be held jointly liable to the Company with regard to any obligations arising from their status as shareholders.

The shares shall be represented by book entry and shall have a nominal value of ONE euro each.

##### **Rights and Obligations Inherent to the Share**

**ARTICLE 8.** Each share confers upon its legitimate holder the status of shareholder and, to the extent provided for by law and in these Articles of Association, grants him/her the following rights (among others):

- a) The right to participate in the distribution of corporate earnings and the equity arising from liquidation of the Company.
- b) The right of first refusal for the issue of new shares or convertible bonds.
- c) The right to attend and vote at General Shareholders' Meetings and to challenge corporate resolutions.
- d) The right to receive information.

The right to vote may not be exercised by shareholders who are in arrears with regard to the payment of capital calls. The amount corresponding to their shares shall be deducted from the total share capital in order to calculate the revised quorum.

**ARTICLE 9.** The possession of one or more shares shall imply, without exception, adherence to the Company's Articles of Association, the resolutions of the General Shareholders' Meeting and the decisions of its representative bodies, which are in turn subject to these Articles of Association and to the fulfillment of any other agreements derived therefrom.

**ARTICLE 10.** The shareholders and holders of rights in rem or encumbrances that pertain to the shares may obtain certificates of authentication in accordance with the forms and effects provided for in the regulations governing the representation of shares through book entries.

### **Pledging and Usufruct of Shares**

**ARTICLE 11.** With regard to the usufruct of shares, the status of shareholder and the exercising of the inherent rights of same shall remain with the holder; however, under all circumstances the usufructuary shall have the right to receive any dividends paid out by the Company while s/he is in possession of the usufruct, notwithstanding any other rights s/he may be granted by law upon completion of the term of usufruct.

**ARTICLE 12.** In the event the shares are pledged, the pledge-holder shall exercise the rights of the shareholder.

The pledgee, or any other person who holds the share through means other than ownership, shall be obliged to facilitate the exercising of the aforementioned rights by completing the formalities provided for in the regulations governing the representation of shares through book entries, where this is a requirement for the exercising of said rights.

## **SECTION THREE**

### **GOVERNANCE AND ADMINISTRATION OF THE COMPANY**

#### **GENERAL PROVISIONS**

**ARTICLE 13.** The Company shall be governed and administered by the following:

- a) The General Shareholders' Meeting; and
- b) The Board of Directors and its delegates.

**ARTICLE 14.** A Minutes Book shall be kept to record the minutes of the General Shareholders' Meetings and those of the Board of Directors. The minutes shall be authorised by those persons acting as Chair and Secretary of said meetings.

The certifications of said minutes shall be issued by the Secretary after approval by the Chair (or whoever is acting in his/her stead), and shall under all circumstances be authenticated.

## **CHAPTER I. GENERAL SHAREHOLDERS' MEETING**

**ARTICLE 15.** General Shareholders' Meetings shall be convened and held in accordance with the provisions of these Articles of Association. They shall represent the totality of the Company's shareholders and the resolutions adopted therein shall be binding upon those who did not attend the meetings or voted against the majority.

The General Shareholders' Meeting shall approve a binding regulation governing its own organisation and operation, notwithstanding any corresponding provisions in the applicable legislation and these Articles of Association.

The following matters shall be discussed and agreed upon at the General Shareholders' Meeting:

- a) Approval of the annual accounts, distribution of the profits and approval of the Company's management.
- b) Appointment and dismissal of directors, liquidators and, where applicable, accounts auditors, as well as taking corporate liability action against any of same.
- c) Modification of the Articles of Association.
- d) Increases and reductions in share capital.
- e) Suppression or limitation of the right to first refusal.
- f) Acquisition, disposal or transfer to another company of key assets, under the terms provided for in the applicable legislation.
- g) Transformation, merger, demerger or total transfer of assets and liabilities and moving the registered address abroad.
- h) Dissolution of the Company.
- i) Approval of the final liquidation balance sheet.
- j) Any other matters provided for by law or these Articles of Association.
- k) Transfer to dependent entities of key activities performed up to that moment by the Company, albeit with the Company maintaining full control over said activities.
- l) Operations equivalent to the liquidation of the Company.
- m) Setting the directorial remuneration policy, under the terms provided for by law.

### **Right to Attend and Vote**

**ARTICLE 16.** 1. General Shareholders' Meetings may be attended by shareholders who held at least 25 shares of ONE euro each as of five days prior to the date set for the Meeting. Shareholdings shall be accredited as stipulated in the Spanish Capital Companies Act (*Ley de Sociedades de Capital*).

2. Each share shall entitle the holder to one vote, with the exception of any shares issued without voting rights.

3. The Board of Directors may authorise any of the Company's non-shareholder directors and technical staff to attend (but not vote at) General Shareholders' Meetings.

4. The shareholder shall not be able to exercise his/her corresponding right to vote with regard to resolutions on the following:

- a) Releasing him/her from an obligation or granting him/her a particular right.
- b) Providing him/her with any form of financial assistance, including the provision of bonds in his/her favour.
- c) Releasing him/her from obligations arising from his/her duty of loyalty.

5. The shares of any shareholder who is involved in a conflict of interest as described above shall be deducted from the share capital when calculating the majority of votes required for the resolution in question.

6. In the event of a conflict of interest other than those described in paragraph 4 above, the shareholder(s) shall not be deprived of their right to vote, notwithstanding the provisions to such an effect of the Spanish Capital Companies Act.

**ARTICLE 17.** Persons without full legal capacity, corporations, public bodies, legal personalities, executors, intestate heirs and those involved in receivership or bankruptcy proceedings may participate in General Shareholders' Meetings through their legal representatives. Documentary accreditation of the status of representative must be presented to the Board, which shall then make the corresponding decision to grant or deny participation, at least three days prior to the date of the Meeting. In the event of any doubts regarding a shareholder's right to attend, the matter shall be resolved by the Meeting without further recourse.

**ARTICLE 18.** In order to be able to attend General Shareholders' Meetings shareholders must deposit their shares, in accordance with the indications given in the announcement for the Meeting, at least five days prior to the date of said Meeting.

**ARTICLE 19.** Pursuant to their attendance of the Meeting, each shareholder shall be given a personal General Shareholders' Meeting attendance card which is to state the number of votes they are able to cast.

### **Representatives**

**ARTICLE 20.** The right to attend General Shareholders' Meetings can be delegated to any individual, regardless of whether s/he is a fellow shareholder. Shareholders may nominate proxies to act as their representatives and notify the Company of same in writing or electronically. The Company shall establish a system for electronic notification of the appointment of a representative. Said system shall incorporate the necessary and proportionate formal requirements to guarantee the identification of the shareholder and his/her representative(s). The foregoing shall also apply to withdrawal of a representative.

The appointment of a representative shall only enter into effect for the General Shareholders' Meeting in question.

There is no limit to the number of shareholders a single person may represent. When a single person is representing various shareholders, s/he may cast votes in accordance with the instructions given by each shareholder.

Under all circumstances, the number of represented votes shall be calculated in order to ensure the quoracy of the General Shareholders' Meeting.

Public requests for representation shall be subject to the provisions of the Spanish Capital Companies Act.

### **Meeting Categories**

**ARTICLE 21.** General Shareholders' Meetings may be ordinary and extraordinary.

Ordinary meetings shall be held within the first six months of each year on the date specified by the Board of Directors. However, ordinary meetings shall also be valid even if convened or held outside of this period.

Extraordinary meetings shall be held when convened by the Board of Directors or when shareholders representing 3% of the Company's share capital in circulation request such a meeting in writing from the Chair (having previously accredited the immobilisation of their shares in accordance with the regulations governing the representation of shares via book entry).

### **Announcement**

**ARTICLE 22.** General Meetings shall be announced at least one month in advance of the date when they are to be held, by means of an announcement published in the "Official Gazette of the Companies Register", or in one of the major circulation newspapers of Spain, on the website of the National Securities Market Commission, and on the Company's website. The announcement of the meeting shall state at least the name of the company, the ordinary or extraordinary status of the meeting, the date and time, the agenda listing the matters to be discussed, the position of the person or persons issuing the announcement, the date when shareholders must have their shares registered in their name in order to be able to take part and vote at the General Meeting, where and how they may obtain the full text of the documents and proposed resolutions, and the address of the company's website where the information will be available. The date when the General Meeting would be held at the second call, if necessary, may also be indicated, provided that a period of at least 24 hours is allowed between each call. If a General Meeting of any class has been duly announced but cannot be held at the first call, and the announcement did not indicate a date for the second call, the latter call must be announced with the same agenda and requirements as to publication as the first call, within 15 days of the date of the General Meeting not held, and at least 10 days in advance of the date set for the meeting.

If the Company offers shareholders the effective possibility of voting by electronic means available to all, Extraordinary General Meetings may be called a minimum of 15 days in advance. The reduction in the notice period for the announcement will require a specific resolution passed at an Annual General Meeting by at least two thirds of the subscribed capital stock with voting rights, the validity of which may not go beyond the date when the next meeting is held.

Shareholders representing at least 3% of the capital stock may request that a

supplement to the announcement of the Annual General Shareholders' Meeting be published, including one or more items on the agenda, provided that the new items are accompanied by a justification or, where applicable, a justified proposal as to the resolution in question. This right shall be exercised by means of reliable notification to be received at the registered company address within five days following publication of the announcement. The supplement to the announcement must be published at least fifteen days prior to the date set for the General Meeting. The right referred to in this subsection may under no circumstances be exercised with regard to the announcement of Extraordinary General Meetings.

Shareholders representing at least 3% of the capital stock may, by the same deadline as indicated in the above paragraph, present reasoned proposals in accordance with those matters already included or that must be included on the agenda of the General Meeting that has been called.

The Company shall ensure the dissemination of these proposed resolutions and any documentation that might be enclosed among the remaining shareholders.

General Meetings shall be held in the municipality where the Company has its registered office, on the date indicated in the announcement, although the sessions may be extended for one or more consecutive days at the proposal of the Directors or at the request of a number of shareholders representing a quarter of the capital stock present at the General Meeting.

General Meetings may be held by remote digital means if these properly guarantee the identity of the attendees. When announcing each General Shareholders' Meeting the Board of Directors shall decide as to the use of this method for the meeting to be held, and shall establish the deadlines, forms and methods for shareholders to exercise their rights in order to allow the General Meeting to be properly conducted.

The Directors must call the General Meeting of Shareholders if so requested by one or more shareholders representing at least 3% of the capital stock, stating in the request the matters to be discussed. Extraordinary General Meetings requested by shareholders shall be called by the Board within five days of receipt of the request, to be held within two months of the date when the Directors received the request to call the General Meeting via a notary, necessarily including on the agenda those matters comprising the basis of the request. The shareholders requesting that the meeting be called must in their request provide accreditation of ownership and immobilisation of their shares in the manner established in the regulations governing the representation of securities by means of book entries.

### **Quoracy of General Shareholders' Meetings**

**ARTICLE 23.** At first call, General Shareholders' Meetings may not be held without the attendance of at least 25% of the subscribed share capital that is eligible to vote.

At second call, the Meeting may be held and resolutions adopted regardless of the number of shareholders in attendance; however, no matters other than those specified in the Agenda and published in the announcements may be discussed.

### **Exception**

**ARTICLE 24.** Notwithstanding the provisions of the foregoing article, in order for the General Shareholders' Meeting to legally agree to increase or reduce the share capital, make any other modification to the Articles of Association, issue bonds, suppress or limit the right of first refusal of new shares, transform, merge or demerge the Company or transfer the entirety of its assets and liabilities, or move its registered address abroad, at first call the Meeting must be attended by at least 50% of the subscribed share capital that is eligible to vote. In order to adopt resolutions of the above nature an absolute majority vote in favour shall be required from those shareholders present or represented at the Meeting.

At second call, only 25% of the aforementioned share capital is required to be present; however, if the Meeting is attended by less than 50% of the subscribed share capital that is eligible to vote, the resolutions referred to above shall only be legally adopted if a vote in favour is cast by at least two-thirds of those shareholders present or represented at the meeting.

**ARTICLE 25.** Under all circumstances and with regard to matters of any nature, General Shareholders' Meetings shall be considered legitimately convened and quorate when the entirety of the share capital is present and the attendees unanimously agree that a Meeting may take place.

### **List of Attendance**

**ARTICLE 26.** Before commencing the Agenda, a list of attendance shall be drawn up, specifying the nature and representation of each attendee and the number of shares and votes s/he holds and/or represents. At the end of the list the following will be calculated: the total number of shareholders present or represented, the amount of share capital each attendee holds (specifying, where applicable, the amount that corresponds to shareholders eligible to vote), and under all circumstances the number of votes they represent.

### **Discussion and Resolutions**

**ARTICLE 27.** General Shareholders' Meetings shall be chaired by the Chair of the Board of Directors, or in his/her absence, the Vice-Chair (and in the latter's absence, the director designated by the Board).

The role of Secretary for the Meeting shall be performed by the Secretary of the Board of Directors, or in his/her absence, his/her nominated substitute.

Once the Meeting has begun, the list of shareholders in attendance (and the votes they represent) shall be read and any related queries or complaints dealt with therein.

The Chair will direct the discussion and ensure adherence to the order of business.



**ARTICLE 28.** General Shareholders' Meetings shall be held in accordance with the provisions of the corresponding legislation, these Articles of Association and the regulation referred to in Article 15.

**ARTICLE 29.** Excepting the special circumstances provided for in the final subsection of Article 24 herein, for a resolution to be adopted at the General Shareholders' Meeting a simple majority vote in favour is required from those shareholders present or represented at the Meeting. A resolution shall be considered adopted when it obtains more votes in favour than against from the share capital that is present or represented.

Unless the voting in question involves a different system that has been proposed by the Chair and accepted by the Meeting, any shareholder (present or represented) that does not expressly abstain, leaves his/her ballot paper blank or votes against a proposal shall be understood to have voted in favour of it. However, with regard to resolutions on matters that were not included in the Agenda provided in the announcement of the Meeting, any shareholder (present or represented) that does not expressly abstain, leaves his/her ballot paper blank or votes in favour of a proposal shall be understood to have voted against it.

Votes on proposals that are specified in the Agenda for any type of General Shareholders' Meeting may be delegated or cast by the shareholder via post or other means of remote communication, in accordance with the provisions of the General Shareholders' Meeting Regulations and provided identification of the shareholder in question can be assured.

**ARTICLE 30.** The resolutions adopted at General Shareholders' Meetings shall enter into force after the Minutes of the Meeting have been approved, whether by the Meeting itself once the items on the Agenda have been discussed or by the Chair and two representatives (one representing the majority vote and the other the minority), within 15 days following the date of the Meeting.

### **Shareholders' Rights**

**ARTICLE 31.** Up until five days prior to the date of the General Shareholders' Meeting, shareholders may request from the directors any information or clarification they consider necessary in relation to the items on the Agenda, and/or prepare in writing any questions they consider relevant. Moreover, they may also request from the directors, in writing and within the same period expressed above (or verbally over the course of the Meeting), any clarifications they consider necessary in relation to the auditors' report and/or to any publicly accessible information that the Company may have submitted to the Spanish Securities Market Commission since the last General Shareholders' Meeting was held.

Valid requests for information and clarification, along with written questions and the directors' responses thereto, shall be published on the Company's website.

If, prior to the drawing-up of a specific question, the information requested was already available in a clear, specific and universally accessible form for all shareholders on the Company's website in Q&A format, the directors may limit

their response to said question to an instruction to consult said information on the website.

The Company shall create a website that is designed to enable shareholders to exercise their right to access information, and to distribute the relevant information as stipulated in the legislation governing the securities market.

Said website shall constitute one of the means of effectively fulfilling the right to provide shareholders with information, notwithstanding the use of any other means provided for in these Articles of Association with regard to the exercising of said right.

The Company's website shall also incorporate a Shareholders' Online Forum, which shareholders may access individually or through any voluntary associations they may form, and with all due guarantees, in order to enable communication prior to the holding of the General Shareholders' Meeting. They may use the Forum to publish any proposals they wish to add to the Agenda as detailed in the announcement, requests for support for said proposals, initiatives to reach the percentage required to exercise a minority right as provided for by law, and to publish any offers or requests for voluntary representation.

The Board of Directors shall be responsible for determining the content of the information to be provided via said website, in accordance with the provisions of the corresponding legislation.

### **Minutes**

**ARTICLE 32.** The Minutes of each session shall be recorded in a Minutes Book and signed by the Chair and Secretary.

The Minutes shall contain a copy of the list of shareholders that attended the Meeting and shall specify the number of shares that each attendee represented in their capacity as shareholder, proxy or representative. In accordance with the corresponding legislation, said list may also be adjoined to the Minutes by means of an addendum signed by the Secretary and approved by the Chair, or electronically by means of the appropriate computerised procedure.

Copies or summaries of the Minutes shall be issued by the Secretary and approved by the Chair, or by those acting in their stead in the event of illness or absence.

## **CHAPTER II. BOARD OF DIRECTORS**

### **Legal Status and Number of Members**

**ARTICLE 33.** The Company shall be administered and represented by a Board of Directors, whose attributes and powers shall derive from the authority of the General Shareholders' Meeting in accordance with these Articles of Association and the corresponding legislation.

Following due notification to the General Shareholders' Meeting, the Board of

Directors shall approve a Regulation governing its internal setup and operation. In accordance with these Articles of Association and the corresponding legislation, this Regulation shall include specific measures to guarantee optimum administration of the Company.

The Board shall comprise no fewer than seven and no more than 15 members, which shall be appointed by the General Shareholders' Meeting. Members do not have to be shareholders.

The Board of Directors shall ensure that the selection process for its members favours diversity with regard to gender, experience and knowledge, and that it does not suffer from any implicit bias that could be considered discriminatory in any way.

Members may have the status of executive or non-executive directors, proprietary directors and independent or otherwise external directors, in accordance with the corresponding legislation for each case.

1. Executive directors are those who perform directorial functions in relation to the Company or its group, regardless of their legal relationship to same. However, those directors who are senior managers or directors of companies that form part of the same group of which the Company is the parent entity shall have, in terms of their relationship to the Company, the status of proprietary directors.

When a director performs directorial functions and at the same time is or represents a significant shareholder or is represented on the Board, s/he shall be considered an executive director, as under all circumstances shall those who have a contractual, commercial or other business-related relationship to the Company outside of their role as directors.

2. The Company's other directors, whether proprietary, independent or otherwise external, shall be considered non-executive directors.

3. Proprietary directors are those whose shareholding may be considered "significant" in legal terms; those who have been designated as such in light of their status as shareholders, even though their shareholdings may not be deemed legally "significant"; or those who represent shareholders as described above.

4. Independent directors are those who have been designated as such in light of their personal and professional circumstances, and may perform their functions without being limited by their relationship to the Company or to its group, significant shareholders or directors.

The position of independent director cannot be held by those whose circumstances are legally incompatible with the holding of such a position.

Those proprietary directors who lose said status as a result of the sale of his/her shareholding by the shareholder they represented may only be reelected as independent directors if the shareholder they represented has sold the entirety of his/her shareholding in the Company.

Directors who hold shares in the Company may be considered independent directors provided they meet all of the conditions stipulated herein and provided

their shareholding is not considered significant.

If there are any external directors who cannot be considered proprietary or independent, the Company shall provide an explanation of this circumstance and clarify said director's links to the Company or its directors or shareholders.

Pursuant to achieving proportionality between external and executive directors, the Board shall be guided by the Company's ownership structure, the importance in absolute and comparative terms of the "significant" shareholdings, and the degree of permanence and strategic links between the Company and the owners of said "significant" shareholdings.

Within the group of external directors, the ratio of proprietary to independent directors shall be proportionate to the amount of share capital represented by the proprietary directors and the rest of the share capital.

5. Under all circumstances, incorrect assignation of directorial category shall not affect the validity of the decisions taken by the Board of Directors.

### **Chair and Secretary**

**ARTICLE 34.** The Board of Directors shall elect a Chair from amongst its members. It may also designate two directors who hold the post of Chair alternately, i.e. each holding the post for a period of one calendar year before being succeeded by the other. When designating these two directors, the Board shall specify which of them shall hold the post of Chair until the end of the ongoing calendar year. Once the year in question has ended, s/he shall be succeeded by the other designated director without the need for a new resolution from the Board, with the process to be repeated the following year.

In accordance with the foregoing, the director holding the post of Chair may be substituted by the other designated director (who in this instance shall act as Vice-Chair) if the former is unable to attend a Board meeting. The Board may also designate one or more Vice-Chairs, who shall be numbered correlatively and, in the absence of the Chair and (where applicable) the other designated director, substitute the Chair in accordance with their numbered order.

The Board shall also designate a Secretary, who may or may not be a director. If s/he is not a director, s/he may speak at, but not vote on, the Board's discussions. The Secretary shall also hold the position of Secretary for the Company and the General Shareholders' Meetings, even if s/he is not a shareholder.

In addition to any other functions that may be granted to him/her under other articles herein, the Secretary shall be responsible for communicating, implementing and overseeing the execution of the Board's decisions, with the exception of those decisions that have been expressly delegated to another director.

The foregoing shall prevail notwithstanding the provisions of articles 131 and 134 of the Spanish Capital Companies Act.

**ARTICLE 35.** Directors must personally attend meetings of the Board of Directors.

Persistent failure to meet this obligation shall constitute cause for the Board proposing the replacement of the director in question at the General Shareholders' Meeting.

Notwithstanding the above, members may choose to be represented by a fellow director, provided they inform the Chair of such in writing. Non-executive directors may only represent other non-executive directors.

### **Term**

**ARTICLE 36.** Except in the event of their dismissal by the General Shareholders' Meeting, directors shall serve a term of four years. If a vacancy should arise during this period, the Board shall make an interim appointment until the General Shareholders' Meeting is able to adopt a resolution on the definitive appointment of replacements.

### **Renewal**

**ARTICLE 37.** Directors may be reelected one or more times for the maximum term as stipulated above. They may also choose to renounce their positions (this also applies to all positions within the Company).

### **Guarantee and Obligations**

**ARTICLE 38.** The General Shareholders' Meeting may ask the directors to provide a guarantee of their management activities.

The directors shall only be obliged to guarantee good performance for the mandate they are given. Consequently, they may only be held liable for the corporate activities they engage in, for any actions that contravene the law or these Articles of Association, and/or any actions they engage in without meeting the responsibilities and obligations that accompany their position, especially those pertaining to diligence and loyalty.

### **Remuneration**

**ARTICLE 39.** The Board of Directors shall be remunerated.

The system for remunerating the directors, in accordance with their status as such, shall take the form of a fixed sum, whose yearly maximum must be approved by the General Shareholders' Meeting and shall correspond to the directorial remuneration policy as approved by said Meeting.

In the absence of an express resolution to the contrary, the remuneration set for any given year shall remain the same as that for the previous year. The Board shall decide how to distribute the remuneration among its members, and shall do so taking into consideration the functions and responsibilities of each director, their membership of Advisory Committees and any other objective circumstances it considers relevant.

Directors may also receive remuneration in the form of Company shares, options on said shares and/or remuneration linked to the value of said shares, provided the application of any of these systems has been approved by the General Shareholders' Meeting. This approval shall, where applicable, determine the number of shares to be given, the price of exercising the right to acquire them, the value of the shares linked to the remuneration system and the period for which said system shall remain valid.

Further to the above, the directors shall have the right to receive the remuneration they are entitled to by virtue of their performance of additional executive, advisory or other functions (regardless of the nature of their relationship to the Company) separate to those related to their position as director.

When a member of the Board is appointed Managing Director or is granted executive functions by virtue of another title, it shall be necessary for him/her to enter into a contractual relationship with the Company. The contract shall provide details of all of those circumstances under which s/he may be remunerated in return for performing his/her executive functions, including (where applicable) any potential compensation for the early termination of said functions and the sums to be paid by the Company with regard to insurance premiums and/or pension contributions. Under all circumstances, the contract must adhere to the directorial remuneration policy approved by the General Shareholders' Meeting. If it so wishes, the Company may take out public liability insurance for its directors.

### **Representation**

**ARTICLE 40.** The Board of Directors shall represent the Company. Its decisions, taken in accordance with the provisions of these Articles of Association and in line with the resolutions of the General Shareholders' Meeting, shall be binding upon all shareholders.

### **Board Meetings**

**ARTICLE 41.** The Board shall meet as frequently as the Company's interests require, and under all circumstances at least once every three months.

Meetings shall be convened by the Chair (or whoever is acting in his/her stead) and must be announced in writing.

They may also be convened at the Company's registered address, by at least one-third of the Board's members and specifying the Agenda, if, having previously requested that the Chair convene a meeting, s/he has failed to do so (without good reason) within a period of one month.

**ARTICLE 42.** In order for Board meetings to be considered quorate, a majority (i.e. at least half plus one) of its members are required to attend, whether in person or via representative.

Voting by ballot outside the meeting shall only be possible if no director opposes it.

## **Decisions**

**ARTICLE 43.** The Board's decisions are taken by means of an absolute majority vote in favour from all of the directors present or represented. In the event of a tie, the Chair (or whoever is acting in his/her stead) shall have the casting vote.

Decisions shall be recorded in a Minutes Book and the Minutes for each meeting shall be signed by the Chair and Secretary.

Alternatively, the Minutes for each meeting may also be approved in one of the following ways:

- By the Board of Directors itself at the end of the meeting in question.
- By the Chair and Secretary by means of a subsequent signed record of approval appended to the Minutes, provided none of the directors present voted against any of the decisions taken. In the event of a vote(s) against, the record of approval must also be signed by one of the directors who voted against said decision.
- By the Board of Directors itself at the meeting following the one for which the Minutes are pending approval.

Copies, certifications and summaries of the Minutes shall be considered legitimate if they are issued by the Secretary and approved by the Chair (or those acting in their stead).

## **Powers and Authorisations**

**ARTICLE 44.** 1. The Board of Directors is authorised to represent, direct and supervise the Company under the terms of the Spanish Capital Companies Act. It may exercise any rights and undertake any obligations that correspond to the Company's business affairs, and is consequently authorised to engage in any legal acts or transactions pertaining to the administration, operation and control of the Company under any legal title, excepting those that are reserved for the competence of the General Shareholders' Meeting by law or under the terms of these Articles of Association.

2.1. The Board of Directors, through its meetings, is empowered to undertake the following:

- a) Oversee the effective functioning of any committees it may have set up and the activities of any delegate bodies and directors it may have appointed.
- b) Determine the Company's general strategies and policies.
- c) Authorise or release persons from obligations arising from the duty of loyalty.
- d) Arrange its own organisation and operation.
- e) Preparation of the annual accounts and their presentation to the General Shareholders' Meeting.
- f) Preparation of reports of any kind that may be requested of it by law, provided that the operation to which the report pertains cannot be delegated.
- g) Appointment and dismissal of the Company's Managing Directors and setting their contractual conditions.

- h) Appointment and dismissal of those directors that depend directly on the Board or any of its members, and setting the basic conditions of their contracts (including remuneration).
- i) Take decisions regarding remuneration of directors, in accordance with the Articles of Association and (where applicable) the remuneration policy approved by the General Shareholders' Meeting.
- j) Convening the General Shareholders' Meeting and preparation of the Agenda and proposed resolutions.
- k) Set the policy regarding treasury shares.
- l) Exercise those powers delegated to it by the General Shareholders' Meeting, except for those it has been expressly authorised to sub-delegate by same.

2.2. Likewise, the Board of Directors shall exercise the following powers in the event that the Company is listed on the stock exchange:

- a) Approval of the strategic or business plan, management objectives and annual budgets, investment and funding policy, corporate social responsibility policy and dividend policy.
- b) Determination of the risk management and control policy, including risks of a fiscal nature, and oversight of internal systems for information and monitoring.
- c) Determination of the Company's corporate governance policy and that of the group for which it is the parent entity; the organisation and operation of same and, in particular, the approval and modification of its governing regulations.
- d) Approval of the financial information that the Company is required to periodically make public.
- e) Definition of the structure of the corporate group of which the Company is the parent entity.
- f) Approval of investments or transactions of any kind which, as a result of the magnitude of the sums involved or their particular characteristics, are of a strategic nature or present a particular fiscal risk, unless their approval is a competence assigned to the General Shareholders' Meeting.
- g) Approval of the creation or acquisition of shareholdings in special purpose vehicles or entities registered in countries or areas that are considered tax havens, along with any other transactions or operations of a similar nature which, as a result of their complexity, may have a negative impact on the transparency of the Company and its group.
- h) Approval, following the provision of a report from the Audit and Compliance Committee, of those operations that the Company or members of its corporate group have undertaken with directors or shareholders that possess, whether individually or collectively, a significant shareholding, including shareholders represented on the Company's Board of Directors or on the boards of other companies that form part of the same group; or with persons related thereto. Those directors who are affected by the above, or who represent or are connected to shareholders affected by the above, must abstain from discussing and voting on the proposal in question. Only those transactions that meet all of the following three conditions shall be excepted from this approval:
  - 1. Transactions carried out on the basis of contracts whose conditions are standardised and applied en masse to a large number of clients;
  - 2. Transactions for which there is general price or tariff established by the supplier of the goods or service in question; and
  - 3. Transactions involving an amount equivalent to no more than 1% of the Company's annual revenue.



i) Determination of the Company's fiscal strategy.

Under duly justified and supported circumstances of emergency, decisions regarding the above matters may be taken by delegated bodies or persons. Said decisions must subsequently be ratified at the first meeting of the Board of Directors to be held following the taking of said decisions.

3. The competences of the Board of Directors also include those of interpreting, correcting, executing and implementing the resolutions adopted by the General Shareholders' Meeting, along with designation of the persons responsible for authorising the corresponding public or private documents, under the terms and conditions established (where applicable) by the General Shareholders' Meeting. The Board is also authorised to resolve any doubts that may arise as a result of the interpretation and application of these Articles of Association. Any matter that falls within the competence of the General Shareholders' Meeting may be delegated to the Board of Directors, unless it is legally prohibited to do so.

**ARTICLE 44 bis.** The Board of Directors shall approve a yearly Corporate Governance Report and prepare and publish a yearly Directorial Remuneration Report, the contents of which shall comply with the corresponding legal and regulatory stipulations.

**ARTICLE 45.** Permanent delegation of any of the Board of Directors' powers to an Executive Committee (where such exists) or a Managing Director, and designation of the directors that are to exercise these powers, shall require a vote in favour from two-thirds of the Board and shall not enter into effect until the entry of the corresponding decision in the Companies Register.

### **Managing Director**

**ARTICLE 46.** The Board of Directors may appoint a Managing Director, who shall hold the position of chief executive and shall be obliged to fulfill the orders and instructions given to him/her by the Board.

S/he may exercise the powers that are delegated to him/her by the Board of Directors.

The Managing Director may in turn delegate to his/her staff any of his/her powers s/he deems appropriate.

## **CHAPTER III. AUDIT AND COMPLIANCE COMMITTEE**

**ARTICLE 47.** 1. Composition and chair. The Audit and Compliance Committee shall consist of a minimum of three and a maximum of five members, one of whom shall act as President. All members shall be non-executive directors, most of whom, at least, must be independent directors and one of them, at least, will be appointed taking into account their knowledge and experience in accounting, auditing or both. As a whole, the members of the Commission have the relevant expertise in relation to the sector of activity to which the Company belongs.

2. Appointment. Committee members shall be appointed by the Board of Directors from amongst the latter's non-executive directors. The Board shall also appoint the non-executive director who is to serve as Chair.

3. Term of office. The Chair shall retain his/her post until the completion of his/her mandate as a director. S/he may also stand for reelection. However, if s/he has held the post of Chair for four consecutive years s/he must step down, and may only stand for reelection after a further year has passed.

4. Meetings. The Audit and Compliance Committee shall establish a schedule of ordinary meetings, which shall be held with sufficient frequency to ensure the matters that fall within the Committee's remit are dealt with satisfactorily. Moreover, the Committee shall also be obliged to meet whenever instructed to do so by the Chair, by any of the Committee members or at the behest of the Board of Directors. The Agenda for the meeting must also be specified.

5. Announcement and location. At least five days in advance of the meeting date, the Secretary of the Audit and Compliance Committee shall inform each of its members that a meeting is being held, and shall provide them with a copy of the Agenda following its approval by the Chair. Audit and Compliance Committee meetings shall normally be held at the Company's registered address; however, they may also be held in a place of the Chair's choosing, provided the address has been indicated in the announcement. Even if no announcement has been made, a meeting of the Committee shall be considered validly convened if all of the Committee members are present and unanimously agree to hold a meeting. Under circumstances considered urgent, a Committee meeting may be convened without the five-day advance notice specified above; however, in such instances all of those present must unanimously agree to classify the meeting as "urgent" prior to its commencement.

6. Quoracy, representation and decision-making. For a Committee meeting to be quorate, a majority of its members must attend, whether in person or via a representative. Any member of the Committee may authorise another member to represent him/her at the meeting by informing the Chair of such in writing. Decisions will be taken by virtue of a majority vote in favour from those attending (whether present or represented). In the event of a tie, the Chair shall have the casting vote.

7. Minutes. The Minutes for each meeting shall be prepared by the Committee Secretary and approved at the meeting itself or at the one following it.

8. Competences. The Audit and Compliance Committee shall have the competences that are attributed to it under the corresponding legislation and by the regulations governing the Board of Directors, notwithstanding any other competences that it may be granted by the Board.

## **CHAPTER IV. APPOINTMENT AND REMUNERATION COMMITTEE**

**ARTICLE 47 bis.** 1. Composition and Chair. The Appointment and Remuneration Committee shall be comprised of a minimum of three and a maximum of five

members, one of whom shall act as Chair. At least two of its members shall be independent directors. The Committee must be chaired by an independent director. The Secretary of the Board of Directors shall also act as the Secretary of the Appointment and Remuneration Committee.

2. Appointment. Committee members shall be appointed by the Board of Directors from amongst the latter's non-executive directors. The Board shall also appoint the non-executive director who is to serve as Chair.

3. Term of office. The Chair shall retain his/her post until the completion of his/her mandate as a director. S/he may also stand for reelection.

4. Meetings. The Appointment and Remuneration Committee shall meet with sufficient frequency to ensure the matters that fall within the Committee's remit are dealt with satisfactorily. Moreover, the Committee shall also be obliged to meet whenever instructed to do so by the Chair, by any of the Committee members or at the behest of the Board of Directors. The Agenda for the meeting must also be specified.

5. Announcement and location. At least five days in advance of the meeting date, the Secretary of the Appointment and Remuneration Committee shall inform each of its members that a meeting is being held, and shall provide them with a copy of the Agenda following its approval by the Chair. Committee meetings shall normally be held at the Company's registered address; however, they may also be held in a place of the Chair's choosing, provided the address has been indicated in the announcement. Even if no announcement has been made, a meeting of the Committee shall be considered validly convened if all of the Committee members are present and unanimously agree to hold a meeting. Under circumstances considered urgent, a Committee meeting may be convened without the five-day advance notice specified above; however, in such instances all of those present must unanimously agree to classify the meeting as "urgent" prior to its commencement.

6. Quoracy, representation and decision-making. For a Committee meeting to be quorate, a majority of its members must attend, whether in person or via a representative. Any member of the Committee may authorise another member to represent him/her at the meeting by informing the Chair of such in writing. Decisions will be taken by virtue of a majority vote in favour from those attending (whether present or represented). In the event of a tie, the Chair shall have the casting vote.

7. Minutes. The Minutes for each meeting shall be prepared by the Committee Secretary and approved at the meeting itself or at the one following it.

8. Competences. The Appointment and Remuneration Committee shall have the competences that are attributed to it under the corresponding legislation and by the regulations governing the Board of Directors, notwithstanding any other competences that it may be granted by the Board.

## **SECTION FOUR**

### **INVENTORY, BALANCE SHEET, DISTRIBUTION OF PROFITS AND CORPORATE FINANCIAL YEAR**

**ARTICLE 48.** The Company's financial year shall coincide with the calendar year.

#### **Formalisation of the Balance Sheet and Inventory**

**ARTICLE 49.** Within a maximum of three months following the end of the financial year, the comprehensive annual accounts shall be formally drawn up, including the balance sheet for the financial year, the profit and loss account, statement of changes in equity, cash flow statement, proposed distribution of profits, explanatory report and the management report, which the Board of Directors must present at the ordinary General Shareholders' Meeting for information and approval.

**ARTICLE 50.** The above documents must be drawn up in strict compliance with the provisions of the Spanish Capital Companies Act and the General Accounting Plan, and/or in accordance with any other legislative or regulatory stipulations that may apply.

#### **Accounts Audit**

**ARTICLE 51.** The annual accounts and management report shall be checked by accounts auditors.

**ARTICLE 52.** The persons responsible for performing the accounts audit shall be appointed by the General Shareholders' Meeting prior to the end of the financial year in question. They shall be appointed for a specified period of time of no less than three and no more than nine years, beginning on the date of the first financial year to be audited. The auditors may be reappointed by the General Shareholders' Meeting on a yearly basis once the initial appointment period has ended.

**ARTICLE 53.** In accordance with the regulations governing audit activities, the accounts auditors shall check whether the annual accounts offer a true and fair view of the Company's assets, financial position and profits, and whether the management report is consistent with the accounts for the year in question.

**ARTICLE 54.** In accordance with the corresponding legislation on accounts auditing, the auditors shall draw up a detailed report on the outcome of their activities, which must include, at a minimum, the following information:

- a) Observations regarding any infractions of the legal or statutory requirements they may have discovered in the Company's accounting procedures, annual accounts or management report.
- b) Observations regarding any circumstances they may have discovered that might present a risk to the Company's financial position.

If, after they have completed their audit, the auditors have no need to issue any qualifications, they shall state as much in the audit report and shall declare that the accounts and management report comply with the requirements detailed in the foregoing section. If, however, they do have any qualifications, these must be stated in their report.

**ARTICLE 55.** The accounts auditors shall have at least one month, beginning upon their receipt of the accounts (signed by the directors), to prepare and present their report.

If, as a consequence of the report, the directors are obliged to make any changes to the annual accounts, the auditors must expand their report and incorporate the changes.

**ARTICLE 56.** The documents and reports referred to in the articles above shall be made available to the shareholders from the date of the announcement of the corresponding General Shareholders' Meeting. Shareholders shall have the right to access said documents and reports immediately and without charge.

### **Application of Profits**

**ARTICLE 57.** At least 10% of net profits for the financial year shall be retained until a reserve fund amounting to 20% of the Company's share capital has been established. This reserve may only be used to amortise the debit balance of the profit and loss account under the circumstances provided for in the Spanish Capital Companies Act.

**ARTICLE 58.** The General Shareholders' Meeting shall be free to issue resolutions on the distribution and application of the Company's net profits, once the corresponding sum has been put aside for the statutory reserve (where applicable).

### **Payment of Dividends**

**ARTICLE 59.** The agreed dividends for distribution among shareholdings shall be paid on the date, at the location and via the method agreed by the Board of Directors, in accordance with the requirements stipulated thereby. Shareholders shall only have the right to request payment of dividends from the specified payment date onwards.

### **Unclaimed Dividends**

**ARTICLE 60.** If, five years after the start date for payment of dividends, any shareholder has not claimed his/her payment, the corresponding monies shall be placed in the reserve account, in line with the resolution adopted by the General Shareholders' Meeting upon approval of the balance sheet for the financial year in question; i.e. the resolution to increase the reserve account by adding those dividends that have since lost their classification as "distributable" with regard to said financial year.

## **SECTION FIVE**

### **DISSOLUTION AND LIQUIDATION OF THE COMPANY; TERMINATION OF ITS LEGAL STATUS; DISSOLUTION AND LIQUIDATION AGREEMENT**

**ARTICLE 61.** When a General Shareholders' Meeting has been convened pursuant to the dissolution and liquidation of the Company, it may adopt a resolution in favour of same at any time, provided the Meeting is duly quorate and adopts the corresponding resolution in accordance with its Articles of Association.

If the Company's equity is reduced to less than half of its share capital, the Board shall convene an extraordinary General Shareholders' Meeting in order to rule on whether the Company should continue its activities, increasing or reducing its share capital, or cease operation.

#### **Winding-Up Period**

**ARTICLE 62.** Once the resolution to dissolve the Company has been adopted, the Company shall enter the winding-up period.

The Board of Directors shall become the Liquidation Committee, which shall have the broadest possible range of corresponding powers. If there is an even number of directors, the youngest shall not form part of the Liquidation Committee.

The resultant liquid assets shall be distributed on a pro-rata basis amongst the nominal value represented by all of the shares in circulation, following settlement of the Company's debts and obligations.

**ARTICLE 63.** During the winding-up period the General Shareholders' Meeting shall retain the same powers that are conferred upon it in these Articles of Association, and shall examine and approve (where applicable) the accounts presented to it by the liquidators.

**ARTICLE 64.** Until the winding-up procedures have ended, no liquid assets may be distributed until all creditors have been satisfied or the sums corresponding to the debts owed to them have been set aside. Likewise, payment of any unmatured debts must first be assured.

**ARTICLE 65.** Following the end of the statutory period for the settlement of debts and shares issued by the Company, as stipulated in the announcements published in the Official Gazette of the Companies Registry and other publications specified by the liquidators, the corresponding deposits shall be made.

#### **Termination of Legal Status**

**ARTICLE 66.** Following the entry in the Companies Register of the deed for the dissolution and liquidation of the Company, its legal status as created in its Articles of Association shall be terminated. Until this occurs, however, the Company's legal status shall be considered valid for all effects and purposes.

## **SECTION SIX**

### **DIFFERENCES**

**ARTICLE 67.** Any queries and differences of opinion that arise between shareholders and the Company during the life of the Company or during the winding-up period shall be settled by means of legal arbitration, provided the parties have freedom of decision over the matter at hand; otherwise, the matter shall be settled by the Courts and Tribunals of the jurisdiction in which the Company has its registered address.

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