

**EBRO FOODS, S.A.**

**ARTICLES OF ASSOCIATION**

## TITLE I

### NAME, DURATION, OBJECTS, FINANCIAL YEAR AND REGISTERED OFFICE

#### **Article 1: Name**

The name of the company is Ebro Foods, S.A. and it is governed by these Articles of Association, the Corporations Act and other applicable legal provisions.

#### **Article 2: Objects**

The company has the following objects, on both Spanish and foreign markets:

- a) The manufacturing, processing, marketing, research, exporting and importing of all kinds of food and dietary products for human or animal consumption and energy products, including by-products and waste products, especially rice, pasta, sauces and nutritional products of whatsoever nature.
- b) The production, exploitation and trading of all kinds of beverages: alimentary drinks, soft drinks and even alcoholic beverages.
- c) The exploitation of any by-products, services or recycling of the above, including cold stores, ice, industrial gases, steam, refrigeration and energy.
- d) The purchase, leasing, creation, installation, promotion, development and management of industrial, agricultural and livestock-breeding facilities in the sectors of food or nutrition and beverages, including alcoholic drinks.
- e) The design and development of projects, installations or whatsoever other form of technical assistance to other companies in those sectors; the creation, promotion, protection and exploitation of patents, trademarks, brand names and other industrial property.
- f) Training, programming or computer services, investment and achievement of returns on resources, advertising and image, transport, distribution and marketing activities accessory or complementary to those mentioned above.

The activities comprising the objects may be performed through the subscription or acquisition of stocks and shares in companies having identical or similar objects.

#### **Article 3: Duration**

The company is organised for an indefinite duration, commencing its operations on the date of execution of its deed of incorporation.

#### **Article 4: Financial year**

The financial year shall begin on the first of January and end on the thirty-first of December of each year.

#### **Article 5: Registered office**

The registered office of the company is at Paseo de la Castellana no. 20, floors 3 and 4, Madrid. The Board of Directors is authorised to move this registered office within the same city.

The Board may resolve to open, move or close branches, agencies, delegations, representative offices or other offices of the company.

### **TITLE II**

#### **CAPITAL AND SHARES**

#### **Article 6: Capital**

The company has a capital of ninety-two million, three hundred and nineteen thousand, two hundred and thirty-five euro and twenty cents (92,319,235.20 €), fully subscribed and paid up.

#### **Article 7: Shares**

The capital is divided into one hundred and fifty-three million, eight hundred and sixty-five thousand, three hundred and ninety-two (153,865,392) shares with a par value of sixty euro-cents (0.60 €) each, issued in book-entry form, all in the same series and class.

The shares in the capital are considered securities and subject to the prevailing Securities Market legislation.

### **TITLE III**

#### **CORPORATE BODIES**

#### **Article 8: Corporate bodies**

The corporate bodies of the company are the General Meeting of shareholders and the Board of Directors.

### **CHAPTER I**

#### **GENERAL MEETING**

#### **Article 9: General Meeting**

The shareholders, assembled in a general meeting, shall decide by the majorities stipulated in law on all business assigned by law or these Articles of Association to the competence of the general meeting.

The resolutions adopted by the general meeting shall be binding on all shareholders, including those dissenting or absent at the meeting in question, without prejudice to their rights and remedies by law.

General meetings may be annual and/or extraordinary. The Annual General Meeting, duly called, shall necessarily be held within the first six months of each year to review the management of corporate affairs, approve, if appropriate, the accounts of the previous year and resolve on the application of profits.

General meetings shall be called and held in accordance with the relevant provisions of law and these Articles of Association and, where appropriate, the Regulations for the Organisation and Procedure of the General Meeting approved by said body upon recommendation by the Board of Directors.

#### **Article 10: Notice of call**

General meetings shall be called by the Board in a notice published in the Official Trade Registry Bulletin and one of the most widely circulated daily newspapers in Spain, on the website of the National Securities Market Commission and on the company's website, at least one month prior to the date of the meeting, save otherwise stipulated in law.

Extraordinary general meetings may be called at least fifteen days in advance when shareholders are offered the effective possibility of voting by electronic means accessible by them all. This shorter notice of call shall require an express resolution adopted at the annual general meeting by no less than two-thirds of the subscribed voting capital, valid up to the date of the next annual general meeting.

Among other details required by law, the notice shall specify the date by which shareholders must have registered their shares in their name to be able to attend and vote at the general meeting, where and how they can obtain the full text of the documents and proposed resolutions, the address of the company's website, where the information will be available, clear, precise information on what shareholders must do to participate and vote at the general meeting and all the business to be transacted thereat.

The notice of call may also indicate the date and place at which the general meeting is to be held on second call, if necessary.

There must be at least twenty-four hours between the meetings on first and second call.

If the general meeting, duly called, is not held on first call and no date has been indicated in the notice for convening on second call, the latter must be announced, subject to the same requisites as the notice of call to the first meeting, within fifteen days after the date of the inquorate meeting and at least ten days prior to the date of the meeting on second call.

#### **Article 10 bis: Right to request the calling of a general meeting, add items to the agenda and submit new proposed resolutions**

The directors shall call general meetings whenever so requested by one or several shareholders representing at least three per cent of the capital, stating in their request the business to be transacted. In this case, the general meeting shall be held within two months after the date on which the directors have been required through notarial channels to call it, necessarily including on the agenda the business stated in the request.

Shareholders representing at least three per cent of the capital may also request the publication of a supplementary notice of call to the annual general meeting, including one or more additional items on the agenda, provided the new items are accompanied by an explanation or, as the case may be, a substantiated proposed resolution. Under no circumstances may this right be exercised in respect of extraordinary general meetings.

This right shall be exercised by sending verifiable notice, to be received at the registered office within five days after publication of the notice of call. The supplementary notice shall be published at least fifteen days prior to the date for which the general meeting has been called. Failure to publish the supplementary notice within this time will be grounds for challenging the validity of the general meeting.

Similarly, shareholders representing at least three per cent of the capital may, within five days after publication of the notice of call, propose well-founded resolutions on business included or that should be included on the agenda for the general meeting called. The company shall ensure that these proposed resolutions and any documents attached thereto are distributed among the remaining shareholders in pursuance of applicable laws and regulations.

#### **Article 11: Quorum**

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

On second call, general meetings shall be quorate regardless of the capital attending.

#### **Article 12: Quorum. Special cases**

In order to validly adopt resolutions at an annual or extraordinary general meeting on an increase or reduction of the capital or any other alteration of the Articles of Association, the issuance of debentures, suppression or restriction of the right of pre-emption over new shares, the conversion, merger or division of the company, the global transfer of assets and liabilities or moving the registered office to another country, the meeting must be attended on first call, in person or by proxy, by shareholders representing at least fifty per cent of the subscribed voting capital. On second call the attendance of twenty-five per cent of that capital shall suffice.

#### **Article 13: Attendance**

General meetings may be attended by all shareholders who have recorded their shares in the corresponding accounting record five days prior to the date of the meeting, evidenced with the appropriate attendance card or certificate issued by one of the entities legally authorised to do so. These attendance cards may be used by the shareholders as proxy documents for the relevant general meeting.

The members of the board are obliged to attend general meetings.

The Chairman may authorise attendance by such other persons as he may deem fit, although this authorisation may be overturned by the general meeting.

#### **Article 14: Proxies**

Any shareholder entitled to attend may be represented at general meetings by another person, even if the latter is not a shareholder.

The appointment and revocation of proxies, notification to the company, formalities, contents and limitations on representation and conflicts of interest of the proxy shall be governed by the applicable legal provisions, these Articles of Association, the Regulations of the General Meeting and any resolutions adopted by the Board.

This right to representation is without prejudice to the legal provisions established for family representation, general powers of attorney and public requests for representation. In any case, no shareholder may have more than one representative at any general meeting, although any undertakings legitimately recognised as shareholders by virtue of the accounting record of their shares but acting on behalf of several individuals may delegate the votes to each of the indirect holders or to third parties designated by the latter, with no limit on the number of delegations that may be made.

### **Article 15: Chairman and Secretary**

General meetings shall be presided by the Chairman of the Board, or, in his absence, by the Vice-Chairman, or otherwise by a director elected in each case by the shareholders attending the meeting.

The Chairman shall be assisted by a Secretary, who shall be the Secretary of the Board, or the Vice-Secretary, if any, or otherwise such person as may be appointed at the general meeting.

### **Article 16: Attendance list**

Before discussing the items on the agenda, an attendance list shall be drawn up, indicating the nature or representation of each shareholder attending and the number of own or third-party shares they represent.

The attendance list may also be drawn up in a file or included on a magnetic data carrier. In these cases, the means used shall be stated in the minutes of the meeting and the appropriate identification label, signed by the Secretary and countersigned by the Chairman, shall be affixed to the sealed case of the file or data carrier.

The number of shareholders present or represented and the amount of subscribed capital they hold shall be indicated at the end of the attendance list, specifying the capital corresponding to shareholders with voting rights.

The Chairman shall, if he deems fit, appoint two or more shareholders to act as scrutineers, assisting the presiding board in drawing up the attendance list and, if necessary, in the counting of votes.

Should any incident arise in connection with the attendance list, this will not affect the normal progress of the General Meeting once the Chairman has declared it validly convened.

### **Article 17: Presiding board. Information, discussion and voting. Postal and electronic vote and proxy**

1. The directors attending the general meeting shall form the Presiding Board. After drawing up the attendance list and declaring the meeting open, the Secretary shall read out the items on the agenda, which shall be duly debated. The Chairman shall speak first, followed by such persons as he may authorise, including the Chairmen of the Board Committees whenever necessary or convenient in respect of the business on the agenda. The Chairman shall then grant the floor to such shareholders as may so request, directing the debate and ensuring that it stays within the confines of the agenda.

From the date of publication of the notice of call to the general meeting up to five days, inclusive, before the date scheduled for holding the general meeting on first call, shareholders may request in writing such information or explanations as they may deem necessary, or submit such written questions as they may deem fit, on the items on the agenda. Shareholders may also request, in writing within the same time, such explanations from the directors as they may deem fit on the information accessible to the public supplied by the company to the National Securities Market Commission (CNMV) since the last General Meeting and explanations regarding the auditors' report. In these cases, the directors shall be obliged to provide the information requested, in writing, up to the date of the General Meeting.

Valid requests for information, explanations or questions submitted in writing and the written answers given by the directors shall be published on the company's website.

Whenever the information contemplated in a written question is already available to all shareholders clearly, expressly and directly on the company's website, in question-answer format, and may limit their answers to a referral to the information provided in that format.

During the General Meeting, shareholders may orally request such information or explanations as they may deem fit on the items on the agenda or the publicly accessible information supplied by the company to the National Securities Market Commission since the date of the last general meeting and on the auditors' report. If it is not possible to comply with the shareholders' right at that time, the directors shall provide that information in writing within seven days after the end of the General Meeting. Infringement of the right to information contemplated in this paragraph will not be considered a ground for challenging the validity of the general meeting, although shareholders will be entitled to demand fulfilment of the obligation to provide information and redress of any damages they may have suffered as a result of that infringement.

Directors will not be obliged to provide any information requested in the terms of the preceding paragraphs if that information is unnecessary to protect shareholders' rights or if there are objective reasons to consider that it could be used for non-corporate purposes or that disclosure of the details requested could be detrimental to the interests of the company or any of its related companies. The information may not be denied if the request is backed by shareholders representing at least one-quarter of the capital.

The Chairman shall close the debate when he considers the business sufficiently debated and shall then put the resolutions to a vote.

As a rule, resolutions shall be carried with the votes of a simple majority of the shareholders present and represented at the general meeting, considering a resolution passed when it obtains more votes for than against from the capital present and represented.

For a resolution on the increase or reduction of the capital or any other alteration of the Articles of Association, the issuance of debentures, suppression or restriction of the right of pre-emption over new shares, the conversion, merger or division of the company, the global transfer of assets and liabilities or moving the registered office to another country, if more than fifty per cent of the capital is present and represented at the general meeting the resolution will be passed by absolute majority. However, if the meeting is attended on second call by shareholders representing twenty-five per cent or more of the subscribed capital with voting rights but less than fifty per cent, the favourable vote of two thirds of the capital present or represented at the general meeting.

Unless another system is established by the Presiding Board for any particular vote, all shareholders present or represented who do not expressly declare their abstention, vote against or blank vote shall be deemed to vote for the resolutions, approval of which shall be evidenced by recording the votes against, blank votes and abstentions. However, when voting on business not included on the agenda, all shareholders present or represented who do not expressly declare their abstention, vote in favour or blank vote shall be deemed to vote against the resolution in question.

## 2. Postal and economic vote and proxies

- a) Shareholders entitled to attend and vote may vote by post or electronic means on the resolutions proposed under the agenda, on the terms stipulated in the Regulations of the General Meeting and any provisions passed by the Board in development of or supplementing those Regulations.

The Board is authorised to develop and supplement the regulation set forth in the Regulations of the General Meeting taking account of the technical and legal bases that make it possible and duly guarantee the identity of the person exercising his voting right. In this case the Board shall

decide when shareholders may start casting postal or electronic votes, according to the state and security offered by the available technical means.

The company shall publish on its web site all rules and regulations and any amendment thereof passed by the Board in development of and supplementing the Regulations of the General Meeting, pursuant to this provision, and the time specified by the Board as from which shareholders may cast postal and electronic votes for General Meetings.

Shareholders entitled to attend General Meetings who send postal or electronic votes in pursuance of this article shall be counted as present for establishing the quorum of the relevant general meeting.

- b) The provisions of (a) above will also be applicable to the granting of proxies for General Meetings by postal, electronic or any similar means of communication.
- c) Personal attendance of the General Meeting by a given shareholder will annul any postal or electronic vote cast by the same shareholder. Personal attendance by the represented shareholder will also revoke a proxy granted by postal, electronic or any other means of communication contemplated in the Regulations of the General Meeting.

#### **Article 18: Minutes**

The minutes of each general meeting may be approved at the end of the meeting or within fifteen days thereafter by the Chairman of the General Meeting and two scrutineers, one representing the majority and the other representing the minority, who shall be appointed at the proposal of the Chairman after declaring the general meeting quorate.

The minutes thus approved shall be binding and enforceable as from the date of their approval.

The drafting and effects of minutes issued by notary public shall be governed by the applicable legal provisions.

## **CHAPTER II**

### **BOARD OF DIRECTORS**

#### **Article 19: Board of Directors. Composition and General Duties**

Save in any matters reserved by law or these Articles of Association to the general meeting and without prejudice to any delegations made to the Chairman, Executive Committee or other Committees of the Board, or to one or several Managing Directors, if any, and without prejudice also to the powers or competence assigned by law to certain Committees of the Board, the Board of Directors is the highest body of government and administration of the company, with full powers to direct, administer and represent the company in the activities comprising its objects.

The Board of Directors shall have no fewer than seven nor more than fifteen members, the General Meeting being competent to decide their exact number and to appoint and remove directors.

There will be two types of directors: those permanently and professionally involved in the ordinary management of the company (executive directors) and those who have no professional ties with the company apart from their status as director (non-executive directors).

The Board of Directors shall commission the ordinary management of the company to its executive members and the senior management, focusing its own activities on supervision. It shall, nevertheless, have the general duties, among others, of laying down the general strategies of the company and its group, approving the management guidelines, determining the bases of corporate organisation in order to guarantee its best efficiency and effective supervision by the board, and monitoring transparency and truth of reporting in the company's relations with shareholders and the markets in general.

The appointment of directors may be declined or revoked, and directors will be eligible for re-election.

#### **Article 20: Term of office and cooptation**

Directors shall be appointed for a term of four years, after which they will be eligible for re-election on one or several occasions for terms of an equal duration.

After this term, Directors' appointments shall end on the date of the next succeeding Annual General Meeting or upon expiry of the time stipulated in law for holding the General Meeting to approve the previous year's accounts.

Should any vacancies arise during the term for which directors were appointed, the Board may appoint persons to fill such vacancies until the next general meeting thereafter. Should a vacancy arise after the general meeting has been called and before it is held, the Board may appoint a director up to the holding of the following General Meeting.

#### **Article 21: Representation of the company. Liability**

The Board of Directors shall represent the company in and out of court.

This representation shall be extended to all actions and activities comprising the objects as defined in these Articles of Association. The company shall be bound to any third parties who have acted in good faith without gross negligence, even when the action in question is not, according to these Articles of Association, included in the objects.

Board members shall perform their duties with due diligence, as of an orderly entrepreneur and loyal representative, assisting the Board in promoting and supervising the management of the company, acting at all times exclusively in the interests of the company.

Directors shall, by virtue of their office, be particularly obliged to:

- Compile such information as may be necessary and adequately prepare the meetings of the board and any other corporate bodies to which they belong.
- Attend the meetings of corporate bodies and committees to which they belong and participate actively in their discussions, in order to contribute effectively to the decision-making process.
- Keep all confidential information to which they may have access in the performance of their duties strictly secret, even after stepping down as directors.

The Regulations of the Board shall specify in greater detail the duties of diligence and loyalty of the directors, particularly their obligation regarding no competition, the use of non-public information and corporate assets, taking advantage of business opportunities, conflicts of interest and inter-company transactions.

## **Article 22: Directors' emoluments**

Remuneration of the Board members for their duties as such shall consist each year in a share of up to two and a half per cent (2.5%) of the consolidated profits attributable to the company, although this sum may only be taken from the company's net profit and after setting aside such sums as may be necessary to meet the legal reserve requirements, fund any reserves that may be established in the articles of association, pay shareholders the minimum dividend established in prevailing legislation and meeting all and any other priority assignments required by law. The general meeting shall determine the percentage applicable within the maximum established in this article. The board shall distribute the aforesaid sum among its members each year.

The directors will also be entitled to a fee for attending meetings of the governance bodies of the company, the amount of which will be established every year by the general meeting.

The maximum amount of the annual remuneration for all the directors as such shall be approved by the general meeting and shall be maintained until a modification is approved.

The directors' emoluments shall in any case be reasonably aligned with the importance of the company, its economic situation from time to time and the market standards of comparable companies. The remuneration system established shall focus on promoting the long-term yield and sustainability of the company and shall contemplate such precautions as may be necessary to avoid excessive exposure to risk or rewarding unfavourable results.

The remuneration policy for directors shall comply with all applicable provisions in the articles of association on the remuneration system and shall be approved by the general meeting at least every three years as a separate item on the agenda.

Directors with executive duties in the company shall, regardless of the nature of their legal relationship with the latter, be entitled to remuneration for the performance of such duties on the terms established by the board of directors in accordance with the remuneration policy for directors in place from time to time. The relationship between the company and its executive directors shall be set down in a contract, which must be approved by the Board in the manner and with the majorities stipulated in law.

In addition and independently of the emoluments contemplated in the preceding paragraphs, directors may receive remuneration in the form of shares, stock options or any other system of remuneration indexed to the price of the shares of the company or any other companies in its group although the use of those remuneration systems shall be decided by the general meeting in the form, terms and conditions stipulated in law.

If executive directors waive the share in the profits to which they are entitled for their duties as directors, the sums that would correspond to them as a share in the company's profits will not be distributed among the remaining directors..

## **Article 23: Notice of call and venue of meetings**

The Board shall meet as and when called by the Chairman or acting chairman, on his own initiative, at the request of the lead independent director or whenever so requested by at least one-third of the directors. If the Chairman has been requested to call a meeting and, for no justified reason, fails to do so within a period of one month, directors constituting at least one-third of the board members may call it, indicating the agenda, to be held within the location of the company's registered office.

The Board shall meet at least once a quarter.

The meetings shall normally be held at the registered office, but may be held anywhere else decided by the Chairman.

Board meetings may be held in several rooms simultaneously, provided that interactivity and intercommunication between them in real time and, therefore, the unity of the event, is guaranteed by audio-visual or telephonic means. In this case, the system of connection and, if appropriate, the places where the technical means are available to attend and participate in the meeting shall be indicated in the notice of call. The resolutions shall be deemed adopted at the place from which the meeting is chaired.

The above notwithstanding, written resolutions may be adopted, without assembly, whenever this is authorised in law and subject to the requisites and formalities established in the Trade Registry Regulations.

#### **Article 24: Quorum at Board meetings**

Board meetings shall be quorate when attended, in person or by proxy, by the majority of the members.

Board members may be represented by another director by virtue of a written proxy issued especially for each board meeting. Non-executive directors may only be represented by another non-executive director.

Board meetings may be attended by such persons as the Chairman may deem fit.

#### **Article 25: Positions on the Board**

The Board shall elect one of its members to be Chairman, subject to a report by the Nomination and Remuneration Committee. It may also appoint a Vice-Chairman to substitute the Chairman in the event of vacancy, absence or illness. Otherwise or in the absence of the Vice-Chairman, one of the Directors shall be elected to stand in temporarily as acting Chairman.

Notwithstanding the powers corresponding to him by law and the articles of association and his executive duties, if any, the Chairman of the Board shall have the highest institutional representation of the company and shall watch over the powers of the Board in respect of relations with shareholders and markets. The Chairman will also be responsible for the efficient functioning of the Board, encouraging discussion at meetings and organising and coordinating with Committee Chairmen the regular assessment of the Board and the Managing Director, if any.

If the Chairman of the Board is also chief executive of the company, one of the non-executive directors may be appointed Vice-Chairman, subject to a report by the Nomination and Remuneration Committee, with the power to request the calling of Board meetings or the inclusion of new items on the agenda, organise meetings to coordinate non-executive directors and direct the regular assessment of the Chairman.

This notwithstanding, if the Chairman of the Board is also an executive director, the Board shall appoint one of the independent directors to the position of Lead Independent Director, with the power to request the calling of Board meetings or the inclusion of new items on the agenda, coordinate and organise meetings of non-executive directors and, if appropriate, direct the regular assessment of the Chairman. Executive directors shall abstain in the election of the Lead Independent Director.

The same director may be appointed Vice-Chairman and Lead Independent Director, provided the Vice-Chairman appointed is an independent director. If both offices co-exist, they will coordinate to

perform their duties, without prejudice to the powers assigned by law to the Lead Independent Director.

The Board shall also elect a Secretary, subject to a report by the Nomination and Remuneration Committee, who may or may not be a director. It may also appoint a Vice-Secretary, subject to a report by the Nomination and Remuneration Committee, to assist the Secretary and substitute him in the event of vacancy, absence or illness. The Vice-Secretary, too, may or may not be a director. In the absence of the Secretary and the Vice-Secretary, the youngest director attending the meeting shall stand in as secretary.

#### **Article 26: Discussion and adoption of resolutions**

The Board shall debate the issues included on the agenda and such others as the Chairman may bring up or as may be proposed by the majority of members present or represented, even though they may not be included on the agenda.

Resolutions shall be carried by the absolute majority of directors present or represented at each meeting, except where the law stipulates mandatory special majorities, in which case those special majorities must be respected.

The resolutions of the Board shall be set down in minutes, which shall be issued or transcribed in the corresponding minute book, indicating the details required by prevailing legislation.

The minutes shall be approved by the directors at the end of the meeting or at a subsequent meeting. The Board may authorise the Chairman and one Director to jointly approve the minutes of the meeting.

#### **Article 27: Delegation of powers**

The Board of Directors may appoint some of its members to sit on an Executive Committee and one or several Managing Directors, delegating to them all or part of the duties of the Board, save any which, by law, may not be delegated.

The rules indicating how the Managing Director(s) is/are to act shall determine his/their powers of attorney. The scope of the powers of attorney of the delegated bodies shall at all times be as specified for directors in the applicable laws and regulations.

Resolutions on the permanent delegation of powers of the Board to the Executive Committee or Managing Director(s) and the appointment of directors who are to hold these positions shall be carried with the votes in favour of two-thirds of the Board members and will not be effective until entered in the Trade Register.

When a Board member is appointed managing director or is assigned executive duties by virtue of any other title, a contract shall be signed between that director and the company, which must be previously approved by the Board with the votes in favour of two-thirds of the Board members. The director in question shall abstain from the discussion and voting on this matter.

#### **Article 28: Executive Committee, Audit and Compliance Committee, Nomination and Remuneration Committee and other Committees**

1. The Executive Committee shall have no fewer than three nor more than seven members, including the Chairman.

The Executive Committee shall be presided by the Chairman of the Board, assisted by the Secretary of the Board. The rules of substitution established for the Board shall also be applicable to the Chairman and Secretary of the Executive Committee.

2. An Audit and Compliance Committee shall be set up within the Board, with no fewer than three nor more than five members appointed by the Board. All the members of this Committee shall be non-executive directors and at least the majority shall be independent directors, one of whom will be appointed on the basis of his experience and expertise in accounting, auditing or both.

The Board shall appoint one of the independent directors on the Audit and Compliance Committee to chair that committee. The Committee Chairman shall be replaced every four years and will become eligible for re-election one year after his retirement as such. In the event of absence or temporary unavailability of the Chairman, he shall be substituted by a member of the Committee provisionally so nominated by the Board, or otherwise by the oldest Committee member.

The Audit and Compliance Committee shall meet with the frequency stipulated in the Regulations of the Board and as and when called by its Chairman, whenever so decided by at least two of its members or at the request of the Board. Committee meetings shall be held at the registered office or wheresoever else may be decided by the Chairman and indicated in the notice of call, and shall be quorate when attended, in person or by proxy, by the majority of its members. Resolutions shall be carried with the votes in favour of the majority of members attending the meeting. In the event of a tie, the Chairman, or acting Chairman, shall have the casting vote. The Secretary of the Committee shall be appointed by the Board and shall issue minutes of the resolutions adopted, which shall be reported to the Board.

The Audit and Compliance Committee shall have the powers assigned to it by law, the Articles of Association and the Regulations of the Board. The Regulations of the Board may develop and complete the Committee's powers and the rules for its organisation and procedure, in accordance with the relevant provisions of law and the Articles of Association.

3. A Nomination and Remuneration Committee shall also be set up within the Board, with no fewer than three nor more than five members appointed by the Board. All the members of this Committee shall be non-executive directors and at least two of them shall be independent directors.

The Board shall appoint one of the independent directors on the Nomination and Remuneration to chair that committee. In the event of absence or temporary unavailability of the Chairman, he shall be substituted by a member of the Committee provisionally so nominated by the Board, or otherwise by the Committee member designated by the Committee for the specific meeting.

The Nomination and Remuneration Committee shall meet with the frequency stipulated in the Regulations of the Board and as and when called by its Chairman, whenever so decided by at least two of its members or at the request of the Board. Committee meetings shall be held at the registered office or wheresoever else may be decided by the Chairman and indicated in the notice of call, and shall be quorate when attended, in person or by proxy, by the majority of its members. Resolutions shall be carried with the votes in favour of the majority of members attending the meeting. In the event of a tie, the Chairman, or acting Chairman, shall have the casting vote. The Secretary of the Committee shall be appointed by the Board and shall issue minutes of the resolutions adopted, which shall be reported to the Board.

The Nomination and Remuneration Committee shall have the powers assigned to it by law, the Articles of Association and the Regulations of the Board. The Regulations of the Board may develop and complete the Committee's powers and the rules for its organisation and procedure, in accordance with the relevant provisions of law and the Articles of Association.

4. The Regulations of the Board shall also contemplate the existence of a Strategy and Investment Committee, on which any director may sit.

#### **Article 29: Regulations of the Board**

The Board of Directors shall regulate its own functioning and that of its Committees in accordance with the applicable provisions of law and these articles and by virtue of its power of self-organisation, approving a set of Regulations for this purpose, which shall be binding on all Board members, when acting in or on behalf of the Board or through any of its different Committees.

Without prejudice to the existence of the Executive Committee and Managing Director, as the case may be, the Regulations shall contemplate the creation, functioning and powers of the Committees required by law or the Articles of Association and such others as it may consider necessary or convenient to secure the best performance of its duties.

### **TITLE IV**

#### **ANNUAL ACCOUNTS**

##### **Article 30: Annual Accounts**

The annual accounts, forming a unit, shall consist of the balance sheet, profit and loss account, a statement showing the changes in equity during the year, a statement of cash flows and notes to the financial statements, including both separate and consolidated statements, if appropriate. These documents shall be drawn up in such a way as to give a true and fair view of the equity, financial position and results of the company, in accordance with the applicable legal provisions.

##### **Article 31: Contents of the Annual Accounts**

The structure and contents of the Annual Accounts and the documents comprising them shall conform to prevailing laws and other applicable legal provisions.

##### **Article 32: Directors' Report**

The directors' report shall be drawn up in accordance with prevailing laws and other applicable provisions.

##### **Article 33: Auditing of Annual Accounts**

The annual accounts and directors' report shall be checked by external auditors, who shall be appointed by the General Meeting before the end of the year to be audited, for an initial term of no less than three nor more than nine years from the beginning of the first year to be audited. Auditors may be reappointed by the general meeting on a year-to-year basis after their initial term of appointment.

The auditors shall issue a detailed report on their actions, in accordance with the auditing laws and other applicable laws and regulations.

##### **Article 34: Approval of the Accounts. Application of Profit**

The annual accounts shall be approved by the General Meeting of Shareholders.

Once the general meeting has been called, any shareholder may obtain from the company, forthwith and free of charge, a copy of the documents that are to be laid before the general meeting for approval,

and of the directors' report and auditors' report, if appropriate. This right shall be stated in the notice of call.

The general meeting shall resolve on the application of the profit for the year, as shown on the approved balance sheet and in pursuance of prevailing legislation.

The general meeting may decide on the distribution in cash or in kind of dividends against profits or, as the case may be, against the share premium or other unrestricted reserves. In the event of a distribution in kind, the assets or securities to be distributed shall be homogenous and have adequate liquidity.

This regulation will also be applicable to the refund of contributions in a reduction of capital.

## **TITLE V**

### **ALTERATION OF ARTICLES OF ASSOCIATION. WINDING-UP AND LIQUIDATION**

#### **Article 35: Alteration of Articles of Association**

Any alteration of the Articles of Association shall require a resolution of the general meeting adopted in accordance with the prevailing Articles and any applicable laws and regulations.

#### **Article 36: Transformation, merger, division and global transfer of assets and liabilities**

Any transformation, merger, division or global transfer of assets and liabilities of the company shall be made in accordance with the provisions of applicable laws and regulations and decided at a general meeting of shareholders, subject to the requirements stipulated in the applicable legal provisions as regards notice of call and publicity.

The resolution shall be adopted in accordance with the provisions of these Articles of Association and subject to the requisites and formalities stipulated in law.

#### **Article 37: Winding-up**

The winding-up and liquidation of the company shall be governed by the applicable legal provisions.

#### **Article 38: Liquidation**

The company shall be liquidated on the terms and subject to the formalities stipulated in law.

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