

**ARTICLES OF INCORPORATION AND  
BYLAWS OF  
INMOBILIARIA COLONIAL, S.A.**

**TABLE OF CONTENTS**

**TITLE I. NAME, REGISTERED OFFICE, PURPOSE AND DURATION OF THE COMPANY..... 4**

    Article 1. Name ..... 4

    Article 2. Registered office, branches and company website ..... 4

    Article 3. Purpose..... 4

    Article 4. Duration..... 5

**TITLE II. CAPITAL STOCK ..... 5**

    Article 5. Capital stock ..... 5

    Article 6. Increase and reduction of capital stock ..... 5

    Article 7. Shareholder status ..... 6

    Article 8. Shareholders’ rights ..... 6

    Article 9. Indivisibility of shares ..... 6

    Article 10. Rights *in rem* and encumbrances..... 6

    Article 11. Transferability of shares..... 6

    Article 12. Certificates ..... 6

**TITLE III. COMPANY BODIES ..... 7**

    Article 13. Company bodies..... 7

    Article 14. General Meetings..... 7

    Article 15. Types of meetings ..... 7

    Article 16. Notice ..... 7

    Article 17. Authority and obligation to call..... 8

    Article 18. Right to information..... 8

    Article 19. Right of attendance..... 9

    Article 20. Representation and absentee voting..... 9

    Article 21. Establishment ..... 10

    Article 22. Special establishment ..... 10

    Article 23. President, Secretary and presiding board of the General Meeting..... 10

    Article 24. List of attendees..... 10

    Article 25. Adopting resolutions ..... 11

    Article 26. Minutes of the General Meetings..... 11

    Article 27. Administrative body..... 12

    Article 28. Terms and bans..... 12

    Article 29. Organization, structure, adopting resolutions, internal structure and delegating authority..... 12

    Article 30. Compensation ..... 14

    Article 31. Board commissions ..... 15

Article 32. Auditing and Control Committee ..... 15

Article 33. Appointments and Compensation Commission ..... 17

**TITLE IV. FISCAL YEAR AND FINANCIAL STATEMENTS ..... 19**

Article 34. Fiscal year ..... 19

Article 35. Financial statements ..... 19

Article 36. Deposit of financial statements ..... 19

Article 37. Reserves. Payment of dividends ..... 19

**TITLE V. DISSOLUTION AND LIQUIDATION ..... 20**

Article 38. Dissolution ..... 20

Article 39. Distribution of company assets ..... 20

**TITLE I. NAME, REGISTERED OFFICE, PURPOSE AND DURATION OF THE COMPANY**

**Article 1. Name**

A Public Limited Company is established under the name "INMOBILIARIA COLONIAL, S.A." (hereafter the "**Company**" or "**Inmobiliaria Colonial**") to be governed by these bylaws and, where not covered hereby, by the provisions of the revised text of the Spanish Corporate Enterprises Act, passed by Spanish Royal Legislative Decree 1/2010, dated July 2 (hereafter, "**Corporate Enterprises Act**"), and other applicable provisions.

**Article 2. Registered office, branches and company website**

The Company is a Spanish company and has its registered office in Barcelona, at Avenida Diagonal, n° 532.

By decision of its Administrative Body, the Company may change its registered office within Spanish territory and may establish, suppress or transfer any delegations, branches, deposits and representations as are deemed opportune or necessary to best achieve the purpose of the Company, both in Spain and abroad.

The Company shall decide on a company website at the General Meeting which shall be on record at the Commercial Registry. The Board of Directors may agree to modify, move, or remove the Company's website.

**Article 3. Purpose**

The purpose of the Company is:

1. To acquire, enjoy, manage, develop, lease, encumber and sell all sorts of real property, of its own or of third parties, and movable properties of its own, with the exception of the activities subject to Stock Market and Collective Investment Institutions laws.
2. The development and construction of its own or third-party homes and buildings of any nature, directly or under contract; the exploitation of these properties, where applicable, and any studies and projects relating thereto; the technical and commercial organization associated with these homes and buildings and the stockpiling and preparation of the construction materials for this purpose; any stage of the planning, development and subdivision of land of all sorts for subsequent exploitation, construction or sale; the awarding and contracting of all sorts of construction, studies and projects, both for the planning, development and subdivision of land, and for the construction of real estate; carrying out all sorts of studies, reports, appraisals, valuations and assessments; and, in general, providing consultations and advice in the areas of real estate, management, development and commercialization of real estate and technical assistance by contract to other public or private companies or entities.

All activities that by law are attributed exclusively to specific corporations shall be expressly excluded from the Company's activity.

All activities included in the Purpose of the Company shall be performed in accordance with current law at all times with the express exclusion of those activities that are granted exclusively to individuals or legal entities other than this Company by current law.

The activities listed may also be carried out by the Company, totally or partially, through the indirect participation in other companies which have the same or similar purposes.

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

The duration of the Company is established for an indefinite term; notwithstanding the foregoing, at the General Meeting, it may, pursuant to legal requirements and/or those established in these bylaws, be agreed at any time to dissolve and liquidate the Company as well as any mergers with or demergers from other companies.

The Company began its business activity on the date the foundation deed was executed.

### **TITLE II. CAPITAL STOCK**

#### **Article 5. Capital stock**

The capital stock is set at SEVEN HUNDRED AND NINETY SEVEN MILLION TWO HUNDRED AND FOURTEEN THOUSAND ONE HUNDRED AND SIXTY EUROS (797,214,160.00 euros), divided into 3,188,856,640 shares, represented by account entries of a par value of 0.25 EUROS each, which are fully subscribed and paid.

The accounting records of the stock shall be kept by Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) and the entities participating therein.

The Company shall be entitled to obtain, at any time from the entities keeping the accounting records for the account entries, data on the shareholders, including their addresses and the means of contact available.

The Company may further agree to issue non-voting stock in accordance with the terms and with the rights established in the Corporate Enterprises Act.

#### **Article 6. Increase and reduction of capital stock**

The capital stock may be increased or reduced by agreement at the General Meeting. The General Meeting itself shall determine how to increase or reduce the capital stock as well as the terms and the deadlines for the relevant disbursements or reimbursements to be made. The rules concerning how shareholders can exercise their preferred subscription right shall also be established, where applicable, at the General Meeting.

At the General Meeting, pursuant to legal limitations, the Board of Directors may be granted (i) the authority to accord the increase in capital stock, on one or more occasions, to an amount determined at the time and in the amount decided, without first consulting the shareholders; and (ii) the authority to establish the date on which the already-adopted agreement to increase capital stock is to be conducted in the agreed amount and to establish the relevant conditions, in all matters not covered by agreement at the General Meeting. The Board of Directors may also be granted the authority to exclude preferred subscription rights in accordance with the law.

**Article 7. Shareholder status**

In case of litigation with respect to the ownership of a share, the Company shall recognize as owner whomever is registered as such in the entries of the accounting records, pursuant to the laws governing the matter of account entries and stock markets, and provided the courts do not determine and rule otherwise.

**Article 8. Shareholders' rights**

A share provides its legitimate owner the status of shareholder and requires that said owner fully and completely observe the provisions of these bylaws and the resolutions validly adopted by the governing bodies of the Company. Ownership of a share authorizes shareholders to exercise the rights inherent as such, pursuant to these bylaws and Spanish law.

**Article 9. Indivisibility of shares**

Shares are indivisible. In case of joint ownership, the accounting record shall state the name of all co-owners, who shall be jointly responsible to the Company for any obligations derived from their status as shareholders, and who must designate a single person to exercise, in their name, the rights inherent to their status as shareholders. The same rule shall apply to other cases of joint ownership of stock options.

**Article 10. Rights *in rem* and encumbrances**

Rights *in rem* or other types of encumbrance on the shares must be registered in the relevant account. The encumbrance shall be enforceable upon third parties as of the respective registry thereof.

**Article 11. Transferability of shares**

The transfer of shares shall take place by accounting transfer and shall be enforceable upon third parties as of the respective registration.

Third parties who acquire shares for valuable consideration from a person who, according to the accounting record entries, is legitimately entitled to transmit them, shall not be subject to claims, unless at the time the shares were acquired the previously mentioned third party acted in bad faith or with gross negligence.

**Article 12. Certificates**

When deemed necessary, a shareholder's legal status to transfer and exercise his/her rights as such may be proven by presenting certificates that demonstrate the owner's identity and, where applicable, the rights *in rem* or encumbrance, the identity of the issuer and of the issue, the class, the par value and number of shares included as well as the respective registry or numerical reference or references and their date of issue. The purpose of the certificate and its effective term shall also be specified.

Certificates shall only be issued at the request of the shareholder and in accordance with the entries of the accounting registry managed by Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A. (Iberclear) or its participating entities.

### **TITLE III. COMPANY BODIES**

#### **Article 13. Company Bodies**

The bodies governing the Company are the shareholders and the Board of Directors.

#### **A) GENERAL MEETING**

##### **Article 14. General Meetings**

The shareholders, assembled at a duly-convened General Meeting, shall decide by majority, pursuant to Article 25 hereof, on the matters that are within the powers of the shareholders. All shareholders, including dissidents and those not attending the meeting, shall be bound by the agreements reached at the General Meeting. This shall not apply to the rights of separation and appeal as established by law.

All General Meetings shall be held in a Spanish city as agreed upon by the administrative body.

##### **Article 15. Types of meetings**

The administrators may call either Annual or Special General Meetings. Annual meetings must be held within the first six months of each fiscal year to, where applicable, vote on company performance, the accounts for the previous fiscal year and the application of the results. A Special General Meeting is any other not deemed an annual meeting.

##### **Article 16. Notice**

All General Meetings must be called by a notice published in the Official Gazette of the Commercial Registry or in one of Spain's major newspapers, on the Company's website and on the website of the National Stock Exchange Commission, and in any other medium as required under applicable regulations, at least one (1) month prior to the date set for the General Meeting to be held.

Notwithstanding the foregoing, Special General Meetings may be called no more than fifteen (15) days in advance. This shortened notification period shall require an express resolution adopted at an Annual General Meeting by, at least, two thirds of the subscribed capital stock entitled to vote, and which cannot be called beyond the date set for holding the next Annual General Meeting.

The notice shall state the name of the Company, the date and time of the meeting on first call, the office of the person or persons making the call and the agenda, which shall include the matters to be addressed, and any other mentions and information legally required for publically traded companies. The notice may also indicate the date of the second call, where applicable. At least twenty-four (24) hours must pass between the first and the second call. In any case, mention shall be made to the right of all shareholders to obtain from the Company, immediately and free of charge, any documents to be submitted for approval and, where applicable, the performance report and auditors report.

Shareholders representing at least three percent (3%) of the capital stock may request the publication of a supplement to the call to an Annual General Meeting that includes one or more items on the agenda, provided the new items are accompanied by a justification or, where applicable, a justified resolution proposal. The exercise of this right, which may by no means be

exercised with respect to a Special General Meeting, must be made by certified notice, to be received at the company headquarters, within five (5) days of the publication of the call. The supplement to the call must be published at least fifteen days prior to the date established for the General Meeting.

Furthermore, shareholders representing at least three percent (3%) of the capital stock may, within five (5) days of the publication of the call, present reasoned resolution proposals on matters already included or to be included in the agenda of the Annual or Special General Meeting. As these proposals are received, the Company shall ensure that the proposals and any accompanying documentation, if any, are disseminated among the other shareholders by publishing them uninterruptedly on the Company's website for the term established by current regulations.

**Article 17. Authority and obligation to call**

The administrators shall call a General Meeting whenever it is deemed necessary or opportune to the interests of the Company and when so required by law. A General Meeting must also be called when requested by shareholders representing three percent (3%) of the capital stock, stating in their request the matters to be addressed thereat. In such case, a General Meeting must be called within the term and according to the requirements established to this effect according to law. The administrators shall prepare the agenda for the meeting, which shall include the matters that were set forth in the request for a meeting.

**Article 18. Right to information**

Shareholders may request of the administrators, pursuant to the Regulations of the Company's General Meeting, up to five (5) days prior to the General Meeting, any information or clarifications deemed necessary regarding the items on the agenda, or present any questions they deem relevant in writing. The shareholders may also ask the administrators, in writing and within the same time period, for the clarifications they deem necessary regarding the information available to the public that the Company has provided to the National Stock Exchange Commission since the last General Meeting and regarding the auditors report. The administrators shall provide the information in writing up to the date on which the General Meeting is held.

Verbal requests for information or clarification, with respect to the matters indicated in the preceding paragraph, presented by the shareholders to the President during a General Meeting, or in writing in the five (5) days prior to the General Meeting, shall also be provided verbally during the General Meeting by any of the administrators in attendance, as chosen by the President. Should it not be possible to satisfy the shareholder's right at that time, any pending information shall be furnished in writing within seven (7) days of the conclusion of the General Meeting.

The administrators are required to provide the information referenced in the preceding paragraphs, except in cases in which such information is not necessary for the protection of the rights of the shareholder, when there are objective reasons which indicate that the information could be used for purposes outside of the company, or when disclosure of the information could be damaging to the Company or its associated companies. Violation of the right to information during a General Meeting shall not be considered grounds to contest the General Meeting.

Nevertheless, the requested information cannot be denied when the request is backed by shareholders representing at least twenty-five percent (25%) of the capital stock. The shareholder shall be liable for any damages caused by abusive or damaging use of the requested information.



From the publication of the notice of the call for a General Meeting and until said General Meeting is held, the Company must publish, uninterruptedly on the Company's website, all the information legally required and such other as the Board of Directors deems opportune.

Shareholders' right to information may be serviced on the Company's website and the documents and information required by law, these bylaws and the Company's other internal regulations shall be published, along with any information deemed opportune to be made available to the shareholders and investors by these means.

Valid requests for information, clarification or questions made in writing, and the replies thereto made in writing by the administrators, shall be included on the Company's website. However, when, prior to raising a specific question, the requested information is clearly, expressly and directly available to all shareholders on the Company's website in a question-answer format, the administrators may limit their reply to the information provided on the Company's website.

#### **Article 19. Right of attendance**

Shareholders may attend and vote at General Meetings, directly or duly represented, when they themselves or as a group hold at least five hundred (500) shares, which must be registered in the record of account entries five (5) days prior to the date the Meeting is scheduled. These shareholders must present, either at the company headquarters or before the entities indicated in the notice, either their certificate of legitimate status or the attendance card issued by the Company or those entities in charge of keeping the record of account entries, or by any other means permitted by law.

The members of the Board of Directors must attend the General Meetings. Their attendance shall nonetheless not be required for a General Meeting to be validly convened.

General Meetings may also be attended by managers, technicians and other persons who, in the opinion of the Board of Directors, are interested in the proper performance of company matters and whose participation at the General Meeting could potentially be useful to the Company. At the General Meeting, the President may authorize the attendance of any person deemed opportune, though the shareholders may revoke this decision.

#### **Article 20. Representation and absentee voting**

All shareholders entitled to attend may be represented at a General Meeting by anyone. Representation must be granted in writing and specifically for each General Meeting, pursuant to the terms and scope of the Corporate Enterprises Act.

Representation may be revoked at any time. The attendance by the principal at a General Meeting shall be tantamount to revocation of the representation.

With respect to cases of a public request for representation and, specifically, to a possible conflict of interest of the representative, the provisions of the law shall apply.

Shareholders may exercise or delegate their absentee vote, pursuant to the Regulations of the General Meeting, provided the identity of the shareholder and, where applicable, the safety of the electronic communications is duly guaranteed, in compliance with applicable law.

Shareholders casting an absentee vote by must be considered in attendance for the purposes of the incorporation of the General Meeting.

Once the notice of the call for a General Meeting is published and until the General Meeting is held, the Company shall publish uninterruptedly on the Company's website information regarding how to cast an absentee vote, including electronic means, so that the shareholders may use this information to exercise their representation, voting and, where applicable, attendance rights.

**Article 21. Establishment**

A General Meeting, whether Annual or Special, shall be validly incorporated, on first call, when attended by shareholders, in person or by proxy, accounting for at least twenty-five percent (25%) of the subscribed capital stock with voting rights. On second call, a General Meeting shall be validly established regardless of the capital stock in attendance.

**Article 22. Special establishment**

Notwithstanding the provisions of the preceding Article, for it to be possible at a General Meeting to validly agree upon increasing or reducing the capital stock or any other modification of the bylaws, issuing bonds that can be converted into shares or those bonds which allow the holder to receive a share of the Company's profits, suppressing or limiting the preferred acquisition rights of new shares, in addition to the transformation, merger, demerger or overall assignment of the assets and liabilities, the transfer of the registered office abroad or any other matter determined by law, said General Meeting must be attended, on first call, by shareholders, directly or by proxy, accounting for at least fifty percent (50%) of the subscribed capital stock with voting rights. On second call, the attendance of twenty-five percent (25%) of the capital stock shall suffice.

**Article 23. President, Secretary and presiding board of the General Meeting**

The President of the Board of Directors shall serve as President of the presiding board, or failing which, the most senior Vice President among those appointed; and, as Secretary, either the Secretary or Assistant Secretary of the Board of Directors. In the absence of those mentioned above, the President and Secretary of the presiding board shall be designated by the shareholders in attendance at the General Meeting.

Together with the President and the Secretary, the General Board shall consist of the remaining members of the Board of Directors in attendance thereat.

**Article 24. List of attendees**

Before turning to the Agenda, a list of those in attendance shall be made, stating the capacity or representation of each, and the number of shares they own or represent.

At the end of the list, the number of shareholders present or represented shall be determined, as well as the amount of capital stock they represent, specifying to the number of shareholders with voting rights.

The list of attendees shall be included at the beginning of the minutes or shall be attached thereto by appendix signed by the Secretary, with the approval of the President. When the minutes are notarized, the list of attendees need only to be attached to said minutes.

The list of attendees may also be included in a manual or computer file.

**Article 25. Adopting resolutions**

At a General Meeting, a separate vote shall be cast for matters that are substantially independent. Although included in the same item of the agenda, separate votes shall be cast for (i) the appointment, ratification, reelection or removal of each Director; (ii) the amendment of the bylaws, of each article or group of articles that are self-regulated; and (iii) the matters pursuant to the bylaws.

The resolutions reached by the Board shall be adopted by a majority of the votes of the shareholders present or represented thereat, with an resolution being deemed adopted when more votes are obtained in its favor than against it from among the capital stock present or represented. Pursuant to Article 22 of these bylaws, if the capital stock present or represented is in excess of fifty percent (50%), the resolution may be adopted by an absolute majority. However, the favorable vote of two thirds of the capital present or represented on the vote shall be required when, on second call, shareholders representing twenty-five percent (25%) or more of the subscribed capital stock with voting rights are in attendance but without reaching fifty percent (50%).

Each share carries one (1) vote.

For each resolution, the number of shares with respect to the number of valid votes cast will be determined, as well as the proportion of capital stock represented by such votes, the aggregate number of valid votes, the number of votes in favor and against each resolution and, applicable necessary, the number of abstentions.

The resolutions passed and the outcome of the votes shall be published in their entirety on the Company's website within five (5) days of the conclusion of the General Meeting.

**Article 26. Minutes of the General Meetings**

The minutes of the General Meetings shall be drafted by the Secretary and contain all of the resolutions passed and the requirements and circumstances that must be met pursuant to current regulations. The minutes of the General Meetings must be approved at the General Meeting itself at its end or, failing which, within a period of fifteen (15) days by the President and two (2) comptrollers, one on behalf of the majority and the other on behalf of the minority.

The minutes passed by either of these two means shall be executable as of the date they were passed. The certifications of the minutes shall be issued and the resolutions shall be notarized by those with legitimate power to do so, as determined by these bylaws and the Commercial Registry Regulations.

The administrators may require the presence of a Notary Public to notarize the minutes of a General Meeting and shall be required to do so if, five (5) days prior to the General Meeting, his/her presence were so requested by shareholders representing at least one percent (1%) of the capital stock. The notary certificate, which shall serve as the minutes of the Meeting, shall not require approval or the signature of the President or Secretary of the General Meeting, and must be transcribed into the Company's Minutes Ledger. Resolutions included therein may be executed from the date they are passed.

## **B) ADMINISTRATION**

### **Article 27. Administrative body**

The management, administration and representation of the Company in and out of trial shall be the responsibility of the Board of Directors, acting jointly, focusing their activity mainly on the supervision and control of the Company, and the consideration of all matters that are particularly transcendent for the Company.

The enforcement of resolutions shall be the responsibility of the members of the Board of Directors designated thereby, including the Secretary and the Assistant Secretary of the Board; or the attorney-in-fact with the authority to enforce company resolutions.

The Board of Directors is vested with the broadest powers for all matters pertaining to the administration, representation and management of the Company, and the administration and disposition of its equity, and it is provided with all the authority not attributed by law or these General Meeting bylaws.

### **Article 28. Terms and bans**

The members of the Board of Directors shall be appointed at the General Meeting for a term of four (4) years, and may be reelected to office, one or more times, for the same terms. To be appointed to the office of Director it is not necessary to be a shareholder.

Non-emancipated minors, those who are legally unqualified, those disqualified under the Bankruptcy Act while their term of disqualification established in the bankruptcy judgment is still in effect, and those sentenced for crimes against freedom, patrimony or against the socioeconomic order, collective security, the Justice Administration or for any other type of dishonest crime, and those whose office precludes them from engaging in trade, cannot serve as administrators.

Public Administration employees whose duties relate to corporate activities, judges or other persons subject to legal incompatibilities are also not eligible to be administrators.

### **Article 29. Organization, structure, adopting resolutions, internal structure and delegating authority**

1. The Board of Directors shall consist of at least five (5) members and at most fifteen (15) members. The Directors shall be classified as either executive Directors or non-executive Directors. In the latter category, the Directors may be classified as either proprietary, independent or other external Directors. Such terms shall have the meaning attributed to them pursuant to current legislation and as specified by the Regulations of the Board of Directors.

The Directors may be individuals or legal entities. Should a legal entity be appointed as a member of the Board of Directors, the entity must appoint a single individual to permanently exercise the functions inherent to the office. Such person may be replaced by another, but this replacement must be informed in writing to the Board of Directors of the Company with sufficient time in advance of the date when said replacement becomes effective and shall be subject to the same approval as the initial appointment.

Should any vacancies open during the term for which they were appointed, the Board may designate the persons to occupy them until the first General Meeting, unless this General Meeting has already been called, in which case the Board of Directors may designate a single Director until the following General Meeting is held.

The Board of Directors, upon receipt of a report by the Commission of Appointments and Compensation, shall appoint from among its own members a President and, where applicable, one or several Vice Presidents, who shall be subject to reelection and revocation at the Board's request.

The Board shall appoint, upon receipt of a report by the Commission of Appointments and Compensation, a Secretary and, where applicable, an Assistant Secretary. The Secretary and the Assistant Secretary may or may not be Directors. If they are not Directors, they shall be entitled to be heard but not to vote. The same procedure shall be followed to accord the removal of the Secretary and, where applicable, the Assistant Secretary. The Assistant Secretary may attend the meetings of the Board of Directors in the absence of the Secretary or when so requested by the President of the Board of Directors.

When so decided by the Board itself and when the President is also the Chief Executive Officer, the Board of Directors shall appoint, with the executive Directors abstaining, a coordinating Director from among the independent Directors, who shall be specially authorized to call the Board of Directors or to include new items on the agenda of a previously called Board meeting, as well as coordinate and assemble the non-executive Directors and, where applicable, lead periodic evaluations of the President of the Board of Directors.

The Board shall meet at least once per quarter and whenever convened by the President or whomever is acting in his/her stead. The President shall be required to call a meeting of the Board of Directors when requested by at least one third of the Board members. In this case, should the President, without just cause, fail to call a meeting within a period of one (1) month, the Board may be called by the administrators requesting the meeting, specifying the agenda, to be held in the city where the company is seated. The coordinating Director shall further be specifically authorized to convene a meeting of the Board of Directors.

2. The Directors are required to personally attend the meetings of the Board of Directors. A Board meeting shall be validly established when attended, in person or by proxy through another Director, by a majority of its members. Representation must be granted in writing and specifically for each meeting, and solely in favor of another Board member. Non-executive Directors may nonetheless grant their representation to another non-executive Director.
3. Resolutions shall be adopted by an absolute majority of those in attendance at the meeting. In case of a tie, the vote of the President shall be decisive.
4. The Director shall refrain from participating in the deliberation and voting on resolutions or decisions in which he/she or a related person has a direct or indirect conflict of interest. The votes of the Directors affected by such a conflict of interest and that must abstain shall be deducted for the purposes of calculating the necessary majority of votes. Excluded from the foregoing obligation to abstain are resolutions or decisions that affect their status as administrator, such as their appointment for or removal from offices in the administrative body or other similar decisions.

Written votes and voting without holding a session shall be valid if not opposed by any of the Directors. Discussions and resolutions passed by the Board shall be kept in a Minutes Ledger, which must be signed by the President and the Secretary.

5. Notwithstanding the powers that may be granted to anyone, the Board may permanently delegate some or all of its powers, other than the legal exceptions, to an executive commission and to one or several Managing Directors, establishing the content, limits and types of powers delegated. Permanently delegating one or more of the functions of the Board of Directors to an executive commission or one or several Managing Directors and designating the administrators who will hold such offices shall require the favorable vote of two thirds of the members of the Board of Directors in order to be valid and shall have no effect until registered in the Commercial Registry.

### **Article 30. Compensation**

1. The office of Director shall be remunerated.
2. The Company's compensation system shall consist of the following items:
  - (i) fixed monthly compensation, determined by membership on the Board and its commissions;
  - (ii) allowances for attending Board of Directors meetings and its commissions; and
  - (iii) compensation for the Directors based on the listing value of the shares or that includes receiving shares or stock options. This type of compensation must be agreed upon at the General Meeting, at which point the maximum number of shares that may be assigned per fiscal year will be determined, as will the exercise price or the system to calculate the exercise price for stock options, the value of the shares that, where applicable, are used as reference and the term of duration of the plan.
3. At least every three (3) years, at a General Meeting, a compensation plan for the Directors must be approved as a separate item on the agenda. This plan must follow the guidelines referenced in the preceding section. Any modification or substitution thereof shall require approval at a General Meeting according to the procedure established by law and the Regulations of the Board of Directors of the Company.

The compensation plan for the Directors shall determine the compensation of the Directors in their capacity as such within the remuneration system established in these bylaws and shall include the maximum amount of the annual compensation to be paid to the group of administrators. The determination of each Director's compensation shall be made by the Board of Directors, which shall take into account, for such purpose, the functions and responsibilities to be attributed to each Director, their membership in Board commissions and other objective circumstances deemed relevant.

The application of this compensation plan shall be proportionate to the importance of the Company, the economic situation at the time and the market standards of comparable companies. The compensation plan shall further focus on promoting the profitability and long-term sustainability of the Company and avoiding excessive risks and/or rewarding unfavorable results.

4. Compensating the Directors for performing executive functions shall conform to the compensation plan for the Directors and must necessarily take into account the amount of the fixed annual compensation and its variation over the period of the plan, the various parameters for setting the variable components as well as the main terms and conditions of their contracts, specifically including their duration, compensation for early discontinuation or termination of their contract in addition to exclusiveness, post-contractual non-compete and permanence or fidelity agreements.

The Board of Directors shall be responsible for setting the compensation for the Directors for performing executive functions and the terms and conditions of their contracts with the Company in accordance with the compensation plan approved at a General Meeting. The contract shall set out in detail all of the items for which compensation may be obtained for performing executive functions, including, where applicable, possible compensation for early discontinuation of these functions, and the amounts to be paid by the Company as insurance premiums or contributions to savings plans. Directors cannot receive any compensation for performing executive functions in amounts or for items not established in their respective contracts.

5. The Board shall prepare an Annual Report on the compensation of its Directors, which shall include complete, clear and understandable information on the compensation plan of the Directors applicable to that fiscal year. It shall further include a global summary of how the compensation plan was applied in the prior fiscal year and the individual compensation earned for all items by each Director during that year. The report shall be disclosed and submitted for vote, for consultation purposes and as a separate item on the agenda, at the following Annual General Meeting.

#### **Article 31. Board commissions**

The Board of Directors must form an Auditing and Control Committee and an Appointments and Compensation Commission.

The essential function of the Auditing and Control Committee and the Appointments and Compensation Commission shall be supporting the Board of Directors in its supervision and control commitments with respect to the performance of the Company. Its members shall be appointed by the Board of Directors and they shall answer thereto with respect to the exercise of their functions.

Notwithstanding the foregoing, the Board of Directors may establish specialized commissions within the Board itself, determining their structure, appointing their members and establishing the functions to be carried out by each of them.

#### **Article 32. Auditing and Control Committee**

The Auditing and Control Committee shall consist of at least three (3) and at most eight (8) non-executive Directors appointed by the Board of Directors. The Auditing and Control Committee shall be made up of the number of independent Directors as determined by law and one of them, at least, shall be appointed based on their knowledge and experience in matters of accounting, auditing or both.

Overall, the members of the Auditing and Control Committee shall have the relevant technical knowledge in relation to the Company's business sector.

The Auditing and Control Committee shall appoint a President from among its own members, which in any case must be an independent Director. The President of the Auditing and Control Committee must be replaced every four (4) years but may be reelected one (1) year after leaving office.

The Committee shall also appoint a Secretary from among its members or it may appoint the Secretary of the Board to act as such. In the absence of a Committee Secretary, the functions of this office shall be executed by the Secretary of the Board or, where applicable, by its Assistant Secretary. The Committee may at any time appoint an Assistant Secretary who must be independent.

In any case, the Committee may rely on the technical assistance of the Secretary of the Board, or of its Assistant Secretary, at its meetings, upon request by the President of the Committee.

The members of the Committee shall leave office when they are no longer Directors or when so agreed upon by the Board of Directors.

Notwithstanding any other functions the Auditing and Control Committee may be attributed by law, the bylaws or, in accordance therewith, by the Regulations of the Board of Directors, it shall at least have the following functions:

1. Report to the General Meeting on the matters arising in relation to such matters as are within the jurisdiction of the Committee and, specifically, the result of the audit, explaining how it has contributed to the integrity of the financial information and the function that the Committee has performed in such process.
2. Supervise the effectiveness of the internal controls of the Company, the internal auditing and the risk management systems, and discuss with the accounts auditor any significant weaknesses in the internal control system detected over the course of the audit, all without interfering with its independence. To this end, and where applicable, the Auditing and Control Committee may present recommendations or proposals to the Board of Directors as well as the time frame to apply them.
3. Supervise the process of preparing and presenting the required financial information and present recommendations or proposals to the Board of Directors directed at protecting its integrity.
4. Present to the Board of Directors the proposals for the selection, appointment, reelection and replacement of the accounts auditors, assume responsibility for the selection process, pursuant to current regulations, and the contracting conditions and regularly gather information from it on the auditing plan and its performance, as well as preserve its independence in the performance of its functions.
5. Establish contact with the external auditor to receive information on matters concerning their impartiality to be discussed by the Committee or any other matters relating to the account auditing process and, where applicable, the authorization of services other than those that are prohibited pursuant to current regulations, regarding impartiality, and such other communications established in the accounts auditing laws and auditing standards. In any case, the Auditing and Control Committee must receive annually from the external auditors the statement of their impartiality with respect to the Company or directly or indirectly to associated entities, and the detailed and individualized information of the additional services of any sort provided as well as any fees received from these entities by the external auditor or



by the persons or entities relating thereto, pursuant to the regulations governing accounts auditing.

6. Issue annually, prior to the release of the accounts auditing report, a report stating an opinion as to whether the impartiality of the accounts auditors or auditing companies has been compromised. This report must contain a justified valuation of the provision of all of the additional services referenced in the preceding item, considered individually or as a whole, in addition to the legal audit and regarding impartiality or the regulations governing accounts auditing.
7. Report to the Board of Directors, in advance, on all matters pursuant to the law, the bylaws and the Board Regulations.
8. Prepare an annual report on the activities of the Auditing and Control Committee, which must be included in the management report.
9. Propose to the Board of Directors any other matters deemed applicable within its scope of authority.
10. Other functions which, where applicable, are attributed thereto by these bylaws or the Regulations of the Board of Directors.

The Auditing and Control Committee shall meet to fulfill its functions whenever requested by at least two (2) of its members or when decided by the President, who is authorized to call meetings. Calls for meetings shall be valid provided they are made by a means through which proof of receipt can be provided.

The Auditing and Control Committee shall be validly incorporated when attended by, in person or by proxy, the majority of its members, and its resolutions shall be adopted by a majority of the members in attendance, either in person or by proxy. Committee members shall refrain from participating in the deliberation and voting on resolutions or decisions in which they or a person associated with them has a direct or indirect conflict of interest. The vote of any Director affected by such a conflict of interest must abstain and his/her presence shall be deducted for the purposes of calculating the necessary majority of votes. Representation must be granted in writing and be specifically granted for each meeting, and solely in favor of another Committee member. In the case of a tie, the President's vote shall break the tie.

The minutes shall be drafted of the Committee meetings and shall be made available to all members of the Board of Directors.

These rules regarding the Auditing and Control Committee shall be drafted in accordance with the Regulations of the Board of Directors and shall, at all times, strive to be impartial.

### **Article 33. Appointments and Compensation Commission**

The Appointments and Compensation Commission shall consist of at least three (3) and at most eight (8) Directors, appointed by the Board of Directors, and all of them must be non-executive Directors. The Appointments and Compensation Commission shall consist of the number of independent Directors as established by law.

The Appointments and Compensation Commission shall appoint a President from among its members, who must be an independent Director.

The Commission may also appoint a Secretary from among its members, or designate the Secretary of the Board to act as such. In the absence of the Secretary of the Commission, the functions of this office shall be executed by the Secretary of the Board or, where applicable, its Assistant Secretary. The Commission may in turn designate a Vice President who must also be independent.

The Commission may rely on the technical assistance of the Secretary of the Board, or its Assistant Secretary, at its meetings, when requested by the President of the Commission.

The members of the Commission shall leave their office when they are no longer Directors or when so agreed by the Board of Directors.

Notwithstanding any other functions attributed by law, these bylaws or, in accordance therewith, the Regulations of the Board of Directors, the Appointments and Compensation Commission shall at least have the following functions:

1. Evaluate the necessary knowledge and experience on the Board of Directors as a means of defining the functions and abilities required of the candidates to cover a vacancy and assess the time and dedication necessary for them to effectively perform their duty.
2. Set as an objective that the least-represented gender on the Board of Directors be actively recruited and prepare instructions on how to achieve this objective.
3. Present to the Board of Directors proposals for the appointment of independent Directors either by co-option or to be submitted to decision at a General Meeting, in addition to proposals for the reelection or removal of these Directors at a General Meeting.
4. Report the proposals for the appointment of the remaining Directors either by co-option or to be submitted to decision at a General Meeting, in addition to the proposals for their reelection or removal at a General Meeting.
5. Report the proposals for the appointment and removal of senior officers and the basic conditions of their contracts.
6. Study and plan for the succession of the President of the Board of Directors and of the senior-most executive of the Company and, where applicable, present proposals to the Board of Directors for the succession to take place in an orderly and planned manner.
7. Propose to the Board of Directors a compensation plan for the Directors and for the general directors or those performing these senior management functions and are directly dependent on the Board, for the executive commission or for the Managing Director, and the individual compensation and other contractual conditions of the executive Directors who enforce compliance.
8. Propose to the Board of Directors any other matters deemed applicable within its scope of authority.
9. Other functions which, where applicable, are attributed thereto by these bylaws or the Regulations of the Board of Directors.

The Appointments and Compensation Commission shall meet to fulfill its functions whenever requested by at least two (2) of its members or when decided by the President, who is authorized to call meetings. Calls for meetings shall be valid provided they are made by a means through which proof of receipt can be provided.

The Appointments and Compensation Commission shall be validly incorporated when attended by, in person or by proxy, the majority of its members, and its resolutions shall be adopted by a majority of the members in attendance, either in person or by proxy. Committee members shall refrain from participating in the deliberation and voting on resolutions or decisions in which they or a person associated with them has a direct or indirect conflict of interest. The vote of any Director affected by such a conflict of interest must abstain and his/her presence shall be deducted for the purposes of calculating the necessary majority of votes. Representation must be granted in writing and be specifically granted for each meeting, and solely in favor of another Committee member. In the case of a tie, the President's vote shall break the tie.

The minutes shall be drafted of the Commission meetings and shall be made available to all members of the Board of Directors.

These rules regarding the Appointments and Compensation Commission shall be drafted in accordance with the Regulations of the Board of Directors and shall, at all times, strive to be impartial.

#### **TITLE IV. FISCAL YEAR AND FINANCIAL STATEMENTS**

##### **Article 34. Fiscal year**

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

##### **Article 35. Financial statements**

The Company must keep, pursuant to the Commercial Code, orderly account records that are appropriate to the Company's business activity of its company and which allow the chronological tracking of its operations, as well as the preparation of inventories and balance sheets. The accounting ledgers must be legalized by the Commercial Registry that has jurisdiction over the Company's registered office.

The administrators shall be required to prepare, within three (3) months of the end of the fiscal year, the financial statements, a management report and a proposal for the application of the results.

The financial statements shall include a balance sheet, a profit and loss statement, a statement of net equity, a cash flow statement and the auditor's report. These documents must be drafted in a clear manner and reflect the true picture of the Company's equity, financial position and the results, as established by law and the Commercial Code, and must be signed by all of the administrators.

##### **Article 36. Deposit of financial statements**

Within a month after the approval of the financial statements and the management report, the administrators of the Company shall present both documents, together with a timely certification which demonstrates the resolutions by the Board approving such statements, duly signed, and of the application of the results, to be deposited with the Commercial Registry in accordance with the law.

##### **Article 37. Reserves. Payment of dividends**

At the General Meeting and from the profit obtained each year, and when compliance with the legal reserve has been met as well as all other legally established provisions, the amounts deemed

opportune as a voluntary reserve may be set aside as well as any other legally permitted amounts. The rest, where applicable, shall be distributed as dividends among the shareholders in proportion to the capital disbursed for each share. The payment of dividends shall be subject to the provisions of the **Corporate Enterprises Act**.

**TITLE V. DISSOLUTION AND LIQUIDATION**

**Article 38. Dissolution**

The Company shall be dissolved according to legally established grounds. In case of dissolution, the administrators shall be responsible for liquidating the Company. These administrators, in their roles as liquidators, shall perform the liquidation and division pursuant to the resolutions reached at the General Meeting and to current provisions. Liquidation will not apply to full mergers or demergers.

**Article 39. Distribution of company assets**

Upon satisfying all creditors and repaying all loans made against the Company, and handling those not yet accrued, the resulting assets shall be distributed among the shareholders in accordance with the law.