

# PHARMA MAR, SOCIEDAD ANÓNIMA

## CORPORATE BYLAWS

### CHAPTER I

#### INCORPORATION OF THE COMPANY

##### **Art. 1. Corporate Name and Legal Regime**

Incorporated under the name PHARMA MAR, SOCIEDAD ANÓNIMA, this trading Company shall be governed by the provisions of these Bylaws, by the provisions on public limited companies (*sociedades anónimas*) and by any other rules applicable thereto.

##### **Art. 2. Legal Form**

The Company has independent legal personality from its shareholders and full legal capacity to act and carry out its activities.

##### **Art. 3. Purpose**

The Company's purpose is:

- (a) The research, development, manufacture, import, export, sale, commercialization and distribution of: chemical products and their derivatives; serums and other types of pharmaceuticals and veterinary services; medicinal, dietary, prophylactic and immunizing products; and domestic, agricultural and industrial insecticides and pesticides.
- (b) The acquisition, possession, enjoyment, management, disposal and encumbrance of all types of shares, quotas, certificates or securities representing capital or debt in other companies, including transferable debt or equity securities, within the limits and prohibitions as established in the regulations in force from time to time.
- (c) The acquisition, possession, enjoyment, management, use and disposal of any type of real property and property rights. These activities may be performed by the Company, both in Spain and abroad, and may, in whole or in part, be indirectly performed through participation in other companies or entities with an identical or analogous purpose.

##### **Art. 4. Duration**

The duration of the Company is indefinite. The Company may only be wound up for those causes and subject to the requirements established by applicable provisions and these Bylaws.

##### **Art. 5. Registered Offices**

The registered offices of the Company are established in Colmenar Viejo (Madrid), Polígono Industrial La Mina, Avenida de los Reyes número 1. The Board of Directors has the authority to relocate the registered offices within the same municipality as well as to establish, close or relocate branches, agencies, representative offices, delegations, offices, establishments or factories, anywhere in Spain and abroad, as it deems appropriate.

## CHAPTER II

### SHARE CAPITAL AND SHARES

#### **Art. 6. Share Capital**

The share capital of the Company shall be ELEVEN MILLION ONE HUNDRED AND TEN THOUSAND TWO HUNDRED AND FORTY-FOUR EUROS AND THIRTY-FIVE CENTS (€11,110,244.35), represented by two hundred and twenty-two million two hundred and four thousand eight hundred and eighty-seven (222,204,887) shares, each with a par value of FIVE cents (0.05€), fully subscribed and paid-in.

Share capital may be increased or decreased by resolution of the General Shareholders Meeting subject to relevant applicable provisions.

Unpaid subscriptions must be made at the time determined by the Board of Directors, within a period of five years from the date of the resolution approving a capital increase. The form and other circumstances of the payment shall be governed by the provisions of the resolution approving the capital increase. The demand for payment of any unpaid subscriptions shall be notified to the affected parties or be advertised in the Official Mercantile Registry Bulletin. At least one month must lapse between the notification or advertisement date and the payment date.

#### **Art. 7. Shares. Issue of Non-Voting, Redeemable and Preferred Shares**

- A. The shares in which the share capital is divided are represented by book entries and belong to a single class and series, are regarded as transferable securities, and are governed by the provisions of securities market regulations and other applicable provisions.

The owner registered in the relevant book entry accounting records shall be deemed by the Company to be the shareholder authorized to exercise shareholder rights.

If for any reason the book entry system ceases to apply, the shares shall be represented by bearer share certificates, which shall be issued to the owners as recorded in the book entries at the time the conversion is effected. Bearer certificates shall be drawn from consecutively numbered share certificate books, and shall include all information required by applicable provisions, bearing the signature of the Chairman or Acting Chairman of the Board of Directors, the signature of the Secretary or Acting Secretary and the Company seal, in any of the legally accepted forms.

In the case referred to in the preceding paragraph, the Board of Directors may issue share certificates grouping various shares together and, in the same manner, may issue an unlimited number of provisional certificates, in accordance with the relevant applicable provisions.

- B. The Company may also issue redeemable shares; non-voting shares with the right to receive the minimum annual fixed or variable dividends established by the Shareholders Meeting and preferred shares over ordinary shares, subject to the terms, limits and conditions provided by applicable regulations for each share type.

## **Art. 8. Shareholders' Rights and Submission to the Bylaws**

Each share confers upon its legitimate holder the status of shareholder and vests such holder with the rights established by law and by these Corporate Bylaws.

In the terms established by law and with the exceptions provided therein, shareholders have at least the following rights:

- 1.- The right to attend and vote at General Shareholders Meetings and to contest corporate resolutions.
- 2.- The preemptive right to subscribe to new shares or bonds convertible into shares.
- 3.- The right to share in the corporate profits and in the proceeds resulting from the winding-up of the Company.
- 4.- The right to receive information.

The ownership of one or more shares implies the acceptance of and consent to these Bylaws and to the Company's Regulations. The Company shall provide equal treatment to shareholders who are subject to identical conditions.

## **Art. 9. Shareholders' Registry**

The status of shareholder and the accompanying right to exercise shareholders' rights may be evidenced by displaying the appropriate certification, issued by the company in charge of the accounting records. If the Company performs any service in favor of an alleged shareholder, the Company shall be exempt from liability, even if the person concerned is not the true owner of the share, provided the services were performed in good faith and without gross negligence.

Notwithstanding the above and in accordance with Articles 118.3 and 497 of the Spanish Capital Corporations Law, on the basis of the aforementioned accounting record and to ensure and promote the shareholder's exercise of his or her rights as provided in these Bylaws, the Company, whenever technically and legally possible, may keep a shareholder register in the most technically sound manner, including electronically. The register will contain information on each shareholder including the shares held thereby, directly or indirectly, through controlled entities as defined in Art. 4 of the Spanish Securities Markets Law or through interposed parties, trustees or similar individuals or entities that are also shareholders of the Company. It will also contain information on the funds, investment institutions or similar entities that are also shareholders of the Company, such that exercise of the voting rights of said shares is determined directly or indirectly by the relevant shareholder.

For this purpose, the Company may request, through the Chairman of the Board of Directors, that any shareholder notify the Chairman of the Board of Directors of the shares that he or she directly owns and of those that he or she indirectly owns through the controlled or interposed persons or entities referred to in the previous paragraph that, although acting under their own name, are acting on his or her behalf. For this same purpose, the Company may, through its Chairman, approach any person or entity that owns shares in the Company to request that they indicate whether they are acting on behalf of another shareholder or whether their voting rights are controlled by another shareholder and, as the case may be, the true holders of the shares.

#### **Art. 10. Joint Ownership of Shares**

Shares are indivisible. Joint owners of a share shall be required to appoint a single person to exercise the shareholder rights. The joint owners will respond jointly and severally to the Company for any obligations deriving from their shareholder status. This same rule shall apply to all other cases of joint ownership of shareholder rights.

#### **Art. 11. Transfer of Shares**

The shares are transferable in accordance with the applicable provisions in force and with the provisions of these Bylaws.

#### **Art. 12. Share Usufruct and Pledge**

In the case of share usufruct, the effective owner shall have shareholder status, but the usufructuary shall have the right, in all cases, to receive the dividends resolved by the Company during the term of the usufruct. In the case of share pledges, the owner of the shares shall be entitled to exercise the shareholder rights, and the pledgee shall be required to facilitate the exercise of such rights.

### **CHAPTER III**

#### **STATUTORY BODIES OF THE COMPANY**

#### **Art. 13. Statutory Bodies**

The main bodies of the Company are the General Shareholders Meeting and the Board of Directors, notwithstanding any delegations that may be made by the latter to the Chairman, Executive Committee or, as the case may be, to the Managing Director(s).

The Company shall also have an Audit Committee and an Appointments and Compensation Committee, or two separate Committees for appointments and compensation, all of the members of which shall be Directors, as well as any other specialized Committees and Advisory Boards as may be deemed convenient by the Board of Directors to improve its operations.

The Board Regulations and, as the case may be, the Regulations of the different Committees, shall establish, in accordance with the provisions of law and the bylaws, the regime for the different Committees and, as the case may be, for the Advisory Boards.

#### **SECTION 1 - GENERAL SHAREHOLDERS MEETING**

#### **Art. 14. General Meeting**

The shareholders, legally and validly assembled as the General Shareholders Meeting, shall resolve, by the majority vote required by law and the bylaws, on all matters falling under the competencies thereof.

The General Meeting has the authority to discuss and resolve on the following matters:

- (a) Approval of the annual financial statements, the application of earnings and the approval of the corporate management.

- (b) Appointment, reappointment and removal of directors, insolvency receivers and statutory auditors, as well as the exercise of the right to file a claim for liability against any of the aforementioned persons.
- (c) Amendment of the Corporate Bylaws.
- (d) Increase or reduction of share capital.
- (e) Elimination or restriction of preemptive rights.
- (f) Issue of convertible debentures.
- (g) Authorization of the buyback of treasury stock.
- (h) Acquisition, disposal or transfer of essential assets to another company.
- (i) Transfer of essential activities previously carried out by the Company itself to its subsidiaries, even if the former maintains full control over such activities.

For the purposes of the two preceding paragraphs, an asset or activity shall be considered essential if the amount of the transaction exceeds twenty-five percent of total assets as listed on the most recently approved balance sheet.

- (j) Transformation, merger, spin-off or total transfer of assets and liabilities as well as the transfer of the registered offices abroad.
- (k) Dissolution of the company.
- (l) Approval of the final liquidation balance sheet.
- (m) Approval of any transaction with an effect equal to that of winding up the Company.
- (n) Approval of the Directors' compensation policy under the terms established by applicable law.
- (o) Any other matters as established by law or these Bylaws.

The General Meeting may, with the favorable vote of two thirds of the shares present in person or by proxy, give instructions to the Board of Directors or submit the adoption of decisions related to management to said body for its authorization.

All shareholders, including dissenters and those not participating at the meeting, will be bound by the resolutions of the General Shareholders Meeting, notwithstanding the rights and claims granted by law.

The General Meeting shall be governed by the provisions of law and the Bylaws and it shall govern its own functioning by virtue of its own approval of General Meeting Regulations. The General Meeting Regulations shall be reported to the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (together with a copy of the document including said Regulations) and registered with the Mercantile Registry in accordance with general standards and, once registered, shall be published by the Spanish Securities Market Commission.

#### **Art. 15. Types of Meetings**

1. The General Shareholders Meetings may be annual or special.
2. The Annual General Shareholders Meeting shall necessarily be held within the first quarter of each fiscal year to approve corporate management and the Annual Financial Statements, as well as to resolve on the allocation of profits or losses and on any other

item included on the agenda. The Annual General Shareholders Meeting shall be valid even if called or held after the deadline.

3. Any General Meeting other than as referred to in the preceding section shall be considered special.

#### **Art. 16. Notice of General Meeting**

The General Meeting shall be called with the advance notice required in accordance with regulations in force from time to time. The official meeting notice shall be published, at least, through the following channels:

- (a) The Official Mercantile Registry Bulletin or one of the highest-circulating newspapers in Spain.
- (b) The Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) website.
- (c) The Company's website.

If the Company provides shareholders with the effective option to vote by electronic means accessible to all shareholders, the Special General Shareholders Meetings may be called a minimum of fifteen days in advance. The reduced period for calling the meeting shall require that the Annual General Meeting adopt an express resolution by at least two thirds of the subscribed voting capital. The effective validity of said resolution shall expire, at most, when the following meeting is held.

The meeting notice shall indicate the Company's name; the place, date and time of the meeting in first call; the position of the person(s) issuing the notice; the agenda, which shall include the matters to be discussed; and any other information that, as the case may be, must necessarily be included in accordance with the provisions of law. The notice may also state, if applicable, the date on which the meeting will be held in second call.

At least twenty-four hours must lapse between the first and second meeting.

From the time the meeting notice is published up until the General Meeting is held, the Company must continually publish on its website the meeting notice for the General Meeting and all documentation made available to the shareholders with said notice, together with any other information that is required to be included therein in accordance with the regulations in force, for the purpose of facilitating its dissemination to the shareholders and the markets in general, all of the foregoing notwithstanding the shareholders' right to information as provided by law.

Shareholders who represent at least three percent (3%) of share capital may request that a supplement to the Annual General Meeting notice be published including one or more agenda items, provided that the new items are accompanied by a justification or, as the case may be, a justified proposed resolution. This right must be exercised through attestable notice, which must be received at the registered offices within five days following publication of the official meeting notice. The supplement to the meeting notice shall be published at least fifteen days before the date established for the Shareholders Meeting. Failure to publish the meeting notice supplement within the deadline established by law shall constitute cause to challenge the Shareholders Meeting.

Shareholders who represent at least three percent (3%) of share capital may, within the same period set forth in the previous paragraph, present justified proposed resolutions on topics which are or which may be included on the agenda for the General Meeting called. The Company shall ensure that these proposed resolutions and any documentation attached thereto are continually published on its website from the time they were received.

The Board of Directors may, for each call of the General Meeting, provide the option to attend the General Meeting through electronic means, establishing the technical and legal bases that make such attendance possible and duly guaranteeing the identity of the shareholder. In such case, the Meeting notice shall describe any deadlines, forms and manners for exercising the shareholders' rights as established by the directors in order to ensure the orderly development of the Meeting. For these purposes, the Board of Directors shall have the authority to develop and supplement the regulations provided in these Bylaws and the General Meeting Regulations.

### **Art. 17. Power and Obligation to Call the Meeting; Agenda**

The Annual and Special General Meetings must be called by the Board of Directors.

The Board of Directors may call the General Meeting whenever deemed appropriate in the corporate interests and shall be required to do so in the following cases: (a) in the case provided in Article 15.2, (b) when requested by a number of shareholders representing at least three percent (3%) of the share capital, stating the matters to be addressed by the Meeting in their request. In this latter case, the Board of Directors shall call the General Meeting to be held within two months following the date on which the directors received a notarized request to call the meeting and shall be responsible for drawing up the agenda, which shall necessarily include the topics included in the request.

In particular, the Board may also decide to call a Meeting in the event of a public takeover bid for the Company. In this latter case, the meeting notice issued shall serve to inform the shareholders of the circumstances of the transaction and to give them the opportunity to develop a coordinated response, and the agenda for said Meeting shall include all items that the Board of Directors deems appropriate to submit to the General Meeting in relation to the takeover bid.

### **Art. 18. Attendance Right**

1. Shareholders who own at least 100 shares, provided that they are registered under their name in the pertinent book-entry ledger five days before the date set for the General Meeting, which shall be accredited using the appropriate attendance card or certificate issued by any institution legally authorized for such purpose, or in any other form permitted by the regulations in force, may attend the General Meetings. The aforementioned attendance cards may be used by the shareholders as documents to grant proxies for the relevant Meeting. Notwithstanding the above, shareholders who own fewer shares may form a group with other shareholders in identical circumstances to obtain the required number of shares, and shall confer their representation to one shareholder within the group. Such group shall be formed specifically for each Meeting and shall be evidenced in writing.
2. The members of the Board of Directors must attend the General Meetings.
3. The Chairman of the Board of Directors may authorize the attendance of any person he or she deems appropriate, although the General Meeting may revoke said authorization.

## **Art. 19. Representation by Proxy**

Every shareholder with a right to attend in accordance with the previous article may exercise such right by granting a proxy for the General Meeting, which does not have to be granted to a shareholder. Proxies shall be granted in writing or by means of long-distance communication in accordance with the provisions on such matter as provided in these Bylaws and shall be granted specifically for each Meeting, in accordance with all other applicable legal provisions.

This power of representation shall be without prejudice to the provisions of the law for cases of family representation, granting of general powers of attorney and public proxy requests. In any case, for both voluntary as well as legal proxies, as well as for public proxy requests, only one proxyholder may be present at the General Meeting.

If the represented shareholder issued instructions, the proxy shall cast their vote in accordance therewith and shall be required to save said instructions for a period of one year from the date the relevant General Meeting was held.

Proxies may represent more than one shareholder, subject to no restriction on the number of shareholders represented. When a proxy represents various shareholders, the proxy may cast votes in a different direction when so required based on the instructions provided by each of the shareholders.

In any case, the number of shares represented shall be included for the purposes of establishing the valid quorum of the General Meeting.

Situations of conflict of interest of the proxy shall be governed in accordance with the provisions of law and these Bylaws.

The meeting notice for the General Meeting may require that any proxies granted be submitted to the Company, at least 24 hours prior to the date and time set for the General Meeting in first call, providing the name of the proxy.

If a director has issued a public proxy request and, at the time of exercising the voting right of the represented shares, said director has a conflict of interest in relation to the proposed resolution submitted to a vote, and provided said situation has not been addressed by the represented shareholder in the relevant instructions, the proxy shall be deemed, as regards said votes, to have been granted to the Chairman of the Board of Directors, the Vice Chairman (or the Deputy Vice Chairman, if any) or the Board Secretary, in this order in the event of absence or conflict of interest. This rule shall be stated in the meeting notice and on the Company's website, and shall apply whenever no contrary instructions have been provided by the represented shareholder.

## **Art. 20. Assembly of the Meeting**

1. The General Meeting, whether annual or special, will be validly assembled in first call if the shareholders attending represent at least fifty percent of the subscribed voting capital. In second call, the Meeting will be validly assembled no matter the share capital represented.
2. Notwithstanding the above, in order for the General Meeting to validly resolve upon capital decreases or increases as well as on any amendment to the Bylaws, securities issue, elimination or restriction of preemptive rights of new shares, as well as on the transformation, merger, spin-off or total transfer of assets and liabilities or transfer of the registered officers abroad, attendance in person or by proxy of at least twenty-five percent of subscribed voting capital shall be required in second call.



### **Art. 21. Chairmanship and Presiding Panel of the Meeting**

The Meeting shall be chaired by the Chairman of the Board of Directors and, failing this, by the Vice Chairman (or, failing this, by the Deputy Vice Chairman, if any) or, failing all of the above, by the Director with the highest seniority and, in the event of directors with the same seniority, by the oldest Director.

The Chairman shall be assisted by a Secretary, who shall be the Secretary of the Board of Directors and, failing this, by the Vice Secretary, if any, and, in any other case, by the newest appointed Director and, in the event of directors with the same seniority, by the youngest Director.

The Presiding Panel shall be comprised of the members of the Board of Directors in attendance at the Meeting.

### **Art. 22. Meeting Location, Extension, Suspension and Closing**

The Board of Directors shall determine, when calling the General Meeting, the place where the Meeting will be held, which shall be located within the municipal area where the Company has its registered offices, or in Vigo (Province of Pontevedra).

The Chairman of the General Meeting may extend or temporarily suspend the Meeting, as well as close the Meeting and, in general, exercise all duties, including the duty to maintain order and discipline, as necessary for the proper performance of the General Meeting.

### **Art. 23. List of Attendees**

Before transacting the business on the Agenda, a list of attendees shall be prepared, setting forth the nature or representation of each attendee and the number of shares they own or represent by proxy. The number of shareholders attending in person or by proxy shall be stated at the end of the list, as well as the amount of capital they own, specifying the capital belonging to shareholders with voting rights.

The list of attendees may also be prepared as a file or by any other electronic means. In the foregoing cases, the medium used shall be stated in the Minutes and duly identified on the sealed cover of the file or relevant medium and will be signed by the Secretary, with the Chairman's approval.

The Chairman shall be responsible for, as deemed necessary, appointing two or more auditing shareholders to assist the Presiding Panel in drawing up the list of attendees and, if necessary, in counting the votes.

Any issue with the list of attendees shall not affect the normal progress of the General Meeting once its Chairman has declared it to be legally assembled. The Presiding Panel shall be under no obligation to read the foregoing list or to provide a copy thereof during the course of the Meeting.

## **Art. 24. Deliberations, Debates and Voting**

1. The Chairman, with the assistance of the Presiding Panel of the Meeting, shall manage the meeting such that the discussions are held in accordance with the agenda, and shall resolve any doubts arising in regard to the content thereof. The Chairman shall grant the floor to shareholders that so request at the time deemed appropriate and may withdraw the right to speak on the floor when the topic is deemed to have been sufficiently debated, or if the debate is hindering the normal development of the meeting, or if the intervening shareholder discusses topics not included on the agenda or unrelated to those items to which the shareholders' right to information applies. The Chairman shall end debates when it considers that the topic has, in his or her opinion, been sufficiently discussed and shall subsequently submit the relevant proposed resolutions to a vote, resolving any doubts that may arise in relation to relevant procedures or the system for calculating votes, and shall announce the results of the votes.
2. Unless the Presiding Panel, at the proposal of the Chairman, has established a different system for the voting in question, votes in favor of the proposed resolutions shall be understood as the votes of all shareholders attending, in person or by proxy, that have not expressly abstained, voted in blank or voted against the resolution, and approval shall be accredited by recording the votes against, in blank or abstentions. Nevertheless, as regards resolutions not proposed by the Board of Directors (defined as proposed resolutions deriving from the exercise of the right provided for in Article 519 of the Capital Corporations Law), votes of all shareholders attending, in person or by proxy, except for those shareholders that expressly abstain, vote for or cast a blank vote, shall be considered votes against the proposal submitted to a vote."
3. As regards voting and granting proxies through long-distance communications, the following rules as well as the provisions of the Company's General Shareholders Meeting Regulations shall apply:
  - (a) Shareholders entitled to attend and vote may cast their votes on the proposals concerning the agenda items by post or through electronic communication, in accordance with the provisions of the General Shareholders Meeting Regulations and of any other rules that supplement or implement the Regulations, as established by the Board of Directors.

The Board of Directors, based on the technical and legal bases enabling such voting and ensuring the due identification of the party exercising its right to vote, shall be authorized to implement and supplement the provisions of the General Meeting Regulations. In this regard, the Board of Directors, once the different entities holding the listed securities or other entities related to the functioning of the securities market have developed a system for casting distance votes that fully guarantees the identity of the subject exercising their voting right as well as their condition as a shareholder of the Company, shall resolve upon the specific time from which the shareholders may cast their vote in the General Shareholders Meeting by long-distance communication.

The Regulations, including any amendments thereto, adopted by the Board of Directors to implement and supplement the General Shareholders Meeting Regulations in accordance with this bylaw provision, as well as the time determined by the Board of Directors from which the shareholders may cast their vote at the General Meeting by long-distance communication, shall be published on the Company's website.

Those shareholders with the right to attend that cast a distance vote pursuant to the provisions of this article shall be deemed present for purposes of the establishment of a quorum for the relevant General Shareholders Meeting.

- (b) The provisions of section a), *supra*, shall also apply to a shareholder granting a proxy for the General Shareholders Meeting by means of electronic communication or any other means of long-distance communication.
- (c) Attendance in person by a shareholder at a General Shareholders Meeting shall have the effect of revoking votes cast by post or electronically. Furthermore, personal attendance by the represented shareholder at the General Meeting shall have the effect of revoking the proxy granted by electronic means or any other means of long-distance communication provided for in the General Meeting Regulations.

#### **Art. 25. Adoption of Resolutions**

1. Except where a special majority vote is required in accordance with the law or these Bylaws, resolutions shall be adopted by a simple majority of the votes cast by shareholders attending in person or by proxy, and the resolution shall be deemed to have been adopted when more votes in favor than against were cast.

The resolutions referred to in Article 20.2 of these Bylaws may be adopted by an absolute majority if more than fifty percent of capital is in attendance, in person or by proxy. However, the favorable vote of two thirds of the capital attending the General Meeting, in person or by proxy, shall be required when, in second call, shareholders representing over twenty-five, but no more than fifty, percent of the subscribed voting capital are present or represented.

If matters listed on the Agenda for the Meeting require a qualified quorum to validly hold the Meeting and said quorum is not met, and if, to the contrary, there is a sufficient quorum to validly address the remaining agenda items, the Meeting shall be considered validly assembled for the purposes of transacting business in relation to those items.

2. As regards calculating votes, each share attending the General Shareholders Meeting, in person or by proxy, shall have the right to one vote, excluding non-voting shares, in accordance with the provisions of law.
3. Notwithstanding the provisions of the preceding paragraph, no shareholder may cast a number of votes exceeding 25% of total voting capital from time to time, even when the number of shares held thereby is greater than the aforesaid capital percentage. This limit shall not affect the votes applicable to the shares represented by a shareholder by proxy in the terms provided in Article 19 of these Bylaws, notwithstanding the individual application to each shareholder so represented of the same 25% limit for the votes related to the shares held thereby.

The limit established in this section shall also apply to the number of votes that, at the most, two or more corporate shareholders belonging to the same group of companies may cast, whether jointly or separately. This limit shall likewise apply to the number of votes that, at the most, a natural person shareholder and the company or companies, also shareholder(s), which are controlled by the natural person, may cast, whether jointly or separately.

For the purposes of the previous paragraph, a group of companies shall be defined as provided in Article 42 of the Commercial Code, and a natural person shall be deemed to control one or several entities when, in the relations between the aforementioned person and the reference company or companies, one of the control circumstances referred to in said article occurs.

Likewise, and for the purposes of this Article, the relationship of any natural person or corporate shareholder with interposed parties, trustees or equivalent entities that are in turn shareholders of the company, as well as with funds, investment institutions or similar entities that are also shareholders of the company, shall be considered control for the purposes of Article 42 of the Commercial Code, when the voting rights of the shares held by these persons or entities are directly or indirectly exercised by the shareholder in question.

The limit established in this section shall likewise apply to the number of votes that may be cast jointly by shareholder groups acting collectively.

In the days leading up to the General Meeting, in first call, the Chairman of the Board of Directors may require that any shareholder inform the Company through its Chairman, within 48 hours, of the shares held directly thereby and of the shares owned by third parties directly or indirectly controlled by the shareholder in question, as well as of any information on any pacts or agreements, express or implied, relating to the right to vote that could give rise to collective action with other shareholders. The Chairman may comment as he or she deems appropriate at the General Meeting, at the time the Meeting is assembled, in order to ensure compliance with these Bylaws in relation to the exercise of voting rights by shareholders.

Those shares that belong to one holder, to a group of entities or to a natural or legal person, and the companies controlled by said natural or legal person, as well as all individuals or entities acting collectively with the aforementioned, shall be fully accounted for among the shares attending the Shareholders Meeting to obtain the necessary quorum in terms of capital required to hold the meeting, but at the time of voting, the limit on the number of votes, established at 25% by virtue of this article, shall apply.

The limit established in this section 3 shall cover any material subject to a decision of the General Shareholders Meeting, including the appointment of directors by the proportional system, but excluding amendment of this article, which shall in any case require the approval of a qualified majority of 75% of the capital present in person or by proxy, both in first and second call. The limit established in this section 3 shall be null and void when, following a public tender offer, the offeror has reached a percentage equal to or greater than 70% of the voting capital, unless said offeror was not subject to equivalent neutralization measures, or if such measures were not adopted. The removal of the aforesaid limits shall be effective as of the date on which the settlement results of the offer are published in the Quotation Bulletin of the Madrid Stock Exchange.

## **Art. 26. Right to Information**

1. The shareholders' right to information shall be exercised in the manner legally provided.

The Company's website, as referred to in Article 50 of these Bylaws, shall provide a means for the effective exercise of the shareholders' right to information.

2. From the publication date of the meeting notice for the General Shareholders Meeting up until and including the fifth day before the date on which the meeting is to be held in first call, the shareholders may request any information or clarifications they deem necessary, or ask the questions they deem appropriate, in writing, concerning the agenda items. In addition, in the same manner and with the same notice, the shareholders may request information or clarifications, or ask questions in writing about the information accessible to the public that the company has provided to the Spanish Securities Market Commission since the date on which the last General Shareholders Meeting was held and as regards the statutory auditor's report. In these cases, the directors shall be required to provide the requested information, in writing, before the date on which the General Meeting is held.

All valid requests for information or clarification as well as all questions validly raised in writing together with the answers provided by the directors, in writing, shall be posted on the Company's website.

During the General Meeting, shareholders may verbally request information or clarifications as deemed convenient on the agenda items, on publicly accessible information provided by the Company to the Spanish Securities Market Commission since the previous General Meeting was held and on the audit report. If the information requested was not available at that time, the directors shall provide said information in writing within seven days after the end of the Meeting.

In any case, the directors shall not be required to provide the information requested in accordance with the two preceding paragraphs when:

- (i) in the opinion of the Chairman, said information is not necessary to protect the shareholders' rights, there are objective reasons to believe that it may be used for purposes outside the company or if publication of the requested information could negatively affect the interests of the Company or its affiliated companies, although this exception shall not apply when the request is supported by shareholders that represent at least one quarter of the share capital; or
  - (ii) the requested information is already clearly, explicitly and directly available to all shareholders on the Company's website in a Q&A format before the relevant question was posed, in which case their response may be limited to referring to the information provided in said format.
3. Furthermore, any shareholder may, as from the date of the General Meeting notice, obtain from the Company, immediately and free of charge at its registered offices or, as the case may be, by delivery at the expense of the Company and at the request of the shareholder, all documents or reports as required by law, notwithstanding the access thereto on the Company's website.

### **Art. 27. Minutes of the Meeting**

The discussions and resolutions of the General Meeting shall be recorded in minutes drafted for such purpose and authorized by the Secretary with the approval of the Chairman.

The minutes may be approved by the Meeting itself at the end of the meeting or, otherwise, within a period of fifteen days, by the Chairman of the Meeting or two intervening parties, one representing the majority and the other the minority, which shall be appointed at the proposal of the Chairman once the General Meeting has been deemed validly constituted.

The corporate resolutions included in the minutes approved by either of these two methods shall be considered legally enforceable as of the date of approval of the minutes.

The directors may require the presence of a Notary Public to assist in holding the General Meeting and drafting the minutes for the meeting, and shall be required to do so whenever, five days before the date set for the Meeting, the shareholders representing 1% of the share capital so request. The minutes drafted by the Notary Public shall be governed, as regards both the content and effects thereof, by the provisions of legislation in force on Public Limited Companies (*sociedades anónimas*) and other applicable provisions. The due diligence related to the drafting of the meeting minutes by the Notary Public shall neither require approval nor the signature of the Chairman and the Secretary of the Meeting, whereby the corporate resolutions contained therein may be enforced as of the date on which the notarial deed is completed.

### **Art. 28. Certification of Resolutions**

Any shareholder of the Company and those persons that attended the Meeting in representation of shareholders not attending may obtain a certificate of the resolutions adopted.

The certificates shall be issued by the Secretary of the Board of Directors with the approval of the Chairman of the Board of Directors.

### **Art. 29. Registration in the Mercantile Registry**

Notwithstanding the right of the shareholders established in the preceding article, after the minutes have been approved, resolutions eligible for registration shall be presented to the Mercantile Registry in the manner legally required.

### **Art. 30. Contesting Corporate Resolutions**

Any resolutions contrary to law, the Bylaws or the General Meeting Regulations, or which harm, to the benefit of one or more shareholders or third parties, the interests of the Company, may be contested in accordance with the applicable rules and within the periods established by applicable regulations.

## SECTION 2 - BOARD OF DIRECTORS

### Art. 31. General Duties

1. Except as regards those matters specifically reserved to the General Meeting and notwithstanding, as the case may be, any delegations made to the Chairman, Executive Committee and Managing Director(s), as well as those powers attributed by legislation to certain Board Committees, this shall be the Company's highest governing and management body and for such purpose shall have full authority to manage, administer and represent the Company in the performance of the activities comprising its corporate purpose.
2. Notwithstanding the fact that the Board shall be required to exercise all duties deemed to be non-delegable by law or as otherwise may be reserved thereto in the Regulations referred to in paragraph 3, *infra*, the Board of Directors shall delegate the day-to-day management of the Company to its executive members and the Management team, focusing its activity on establishing the general policies and strategies for the Company and its group, as well as on monitoring activities.
3. The Board of Directors shall establish its own internal rules and regulate its own functioning through the approval of Board of Directors Regulations, which shall be binding on its members. Approval of the aforementioned Board of Directors Regulations and any subsequent amendments thereto shall be reported to the General Meeting and the Spanish Securities Market Commission and, once registered with the Mercantile Registry in accordance with general rules, shall be published by the Spanish Securities Market Commission.

### Art. 32. Appointment, Number and Category of Directors

The Board shall be comprised of no less than three and no more than fifteen directors, who shall be appointed and removed by the General Meeting. In accordance with law, the members of the Board of Directors shall be classified as Executive or Non-Executive Directors and, within this latter category, as independent, shareholder-appointed or other external.

Those shares that voluntarily form a group to accumulate capital equal to or greater than the amount resulting from dividing the Company's share capital by the number of Board members shall have the right to designate the number of Directors that, excluding fractions, result from this ratio. If this power is exercised, the grouped shares shall not participate in the vote on the remaining Board members.

The appointment shall take effect as from the time it is accepted and shall be presented for registration with the Mercantile Registry within ten days following the effective date thereof.

### Art. 33. Term and Co-optation

The directors shall serve in their positions for a term of four years and may be reappointed for one or more subsequent periods of the same duration. For the purposes of calculating the term of office of the Directors, the year shall be deemed to begin and end on the date on which the Annual General Meeting is held, or on the last possible date on which it should have been held.

The Board of Directors, in the manner legally established, shall be authorized to temporarily cover vacancies in its membership that arise due to the death or resignation of its members, which shall include, in addition to express resignation, voluntary absence as provided in Article 42 of these Bylaws. The directors appointed by the Board to cover vacancies do not have to be shareholders of the Company. If a vacancy arises after the General Meeting has been called but before it is held, the Board may appoint a Director to serve until the next General Meeting is held.

#### **Art. 34. Offices**

The Board shall appoint a Chairman and a Vice Chairman from among its members. The Vice Chairman shall replace the Chairman if he or she is unable to act or attend. It may also appoint a Deputy Vice Chairman to replace, as the case may be, both the Chairman and the Vice Chairman.

The Board of Directors shall also appoint a Secretary, who does not have to be a Director. Furthermore, the Board of Directors may appoint a Vice Secretary to assist the Board Secretary and replace the latter in the performance of its duties in the event of absence or inability to act. If the Chairman is an Executive Director, the Board shall necessarily appoint a Coordinating Director from among its Independent Directors, who shall have the powers attributed thereto by law, these Bylaws and the Board Regulations. The Executive Directors shall abstain from participating in the aforementioned vote.

#### **Art. 35. Delegations and Representation Authority**

The Board, with a view to the best performance of its duties, may delegate any duties it deems convenient, within the limits established by applicable legislation in force, to the Chairman, Executive Committee and Managing Director(s) or other Committees comprised of any of its members.

The permanent delegation of any powers of the Board of Directors and the appointment of directors to carry out such office shall require the favorable vote of two thirds of the members of the Board and shall under no circumstances take effect until it has been registered with the Mercantile Registry.

Notwithstanding any delegations, the Board of Directors may grant powers of attorney, as it deems appropriate. The Board of Directors, collectively, and the Chairman, individually, shall have the authority to represent the Company.

#### **Art. 36. Notice, Place of Meeting, Meetings, Deliberations and Adoption of Resolutions**

The Board shall meet, on a regular basis, at least once every quarter and compulsorily within the first three months following the close of the fiscal year, as well as whenever so required in the interests of the Company, and shall be called by its Chairman or Acting Chairman, either (a) at its own initiative or (b) as requested by three Directors or, as the case may be, by the Coordinating Director. In the latter case, the meeting shall necessarily be held within five days following the request. Furthermore, the directors constituting at least one-third of the board members may call a Board of Directors meeting, indicating the meeting agenda, to be held in the city where the registered offices are located if, following a request made to the Chairman, the Chairman, without just cause, has not called the meeting within a period of one month.



The meeting notices shall be made in writing or by e-mail at least five days in advance, except when, in the opinion of the Chairman, the urgent nature of the matters to be addressed prevents such notice, in which case it may be called immediately by phone without prior notification of the agenda. The meeting notice shall include the agenda established by the Chairman, or Acting Chairman, and the meetings shall be held at the location established by the Chairman.

The Board shall be validly assembled when a majority of its members are in attendance at the meeting, in person or by proxy. The proxy shall be granted to another Director specifically for each Board meeting either in writing or by e-mail. No individual Director may hold more than three proxies. Non-Executive Directors may only delegate their proxy to another non-executive director. The Chairman may decide, as it deems convenient, to let any persons attend the meeting, regardless of whether or not they are officers of the Company. The Board shall deliberate and resolve on the matters included on the agenda as well as on any matters proposed by the Chairman or, as the case may be, the Coordinating Director, or by the majority of the Directors present in person or by proxy, which were not included on the agenda issued with the meeting notice.

Subject to the provisions of law, resolutions shall be adopted by the absolute majority of the Directors attending, in person or by proxy, and the Chairman or Acting Chairman shall resolve ties and manage debates, and shall further have the authority to establish, in his or her prudent opinion, the order for such debates as well as the manner for voting. Voting in writing in lieu of a meeting will only be accepted if no Director opposes said procedure.

Board meetings may also be held in one or more locations simultaneously provided there is interactivity and intercommunication, in real time, by means of audiovisual or telephone systems, thereby guaranteeing simultaneity of developments. In such case, the meeting notice shall indicate the connection system and, as the case may be, the locations where the technical means to attend and participate at the Meeting are available. Resolutions shall be deemed to have been adopted in the place where the Chairman is located.

The debates and resolutions of the Board shall be recorded in a minutes book, which shall be signed by the Secretary with the approval of the acting Chairman for the meeting. The minutes shall be approved by the Board itself either upon conclusion of the meeting or at the following meeting. The minutes shall also be deemed to be approved when, within five days following receipt of a draft copy of the minutes, no Director has made any objections.

### **Art. 37. Director Compensation**

The compensation system for Directors in their condition as such shall include fixed annual compensation and attendance allowances for attending the meetings of the Board of Directors or its Committees.

The Board of Directors shall set annual fixed compensation for each Director, taking into account for such purpose the Director's respective duties and responsibilities, including as the chairman or as a member of any Committees, or as the Coordinating Director, as well as all other objective circumstances deemed relevant. The Board shall also set the amount of attendance allowances for attending the meetings of the Board and its Committees.

“The maximum annual compensation for the Directors as a whole based on their condition as such shall be approved by the General Meeting in the compensation policy and shall remain in effect until such time as an amendment thereto may be approved.

The additional compensation to be received by Directors for carrying out executive duties, including severance pay for early removal and any other amounts to be paid by the Company as insurance premiums or contributions to savings systems, must be in compliance with the compensation policy approved by the General Meeting.

It is expressly authorized that compensation of some or all of the members of the Board of Directors may include the delivery of Company shares or share option rights, or may be linked to share value, if so determined by the General Meeting, which shall set the maximum number of shares that may be allocated to this scheme in each fiscal year; the exercise price or method for calculating the exercise price of the share options; the share value that, as the case may be, is used as a benchmark; and the term of the plan. The General Meeting may delegate the determination of any aspects related to this type of compensation to the Board of Directors.

The Company shall contract a civil liability insurance policy for the Directors and executives.

### **Art. 38. Directors' Responsibility**

The members of the Board of Directors shall perform their duties with the diligence of a prudent businessman and loyal representative, contributing to the duty to drive and oversee the management of the company, and their actions shall be guided solely by the company's best interests.

In particular, the Directors shall be required, by virtue of their position, to:

- Obtain the necessary information and adequately prepare meetings of the Board and of any corporate bodies of which they are a member.
- Attend meetings of the corporate bodies and Committees of which they are a member and actively participate in their debates with a view to effectively contributing 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 they no longer serve as a Board member.

The Board of Directors Regulations shall set out the duties of diligence and loyalty of its Directors and, in particular, as regards the non-compete obligation, the use of non-public information and corporate assets, taking advantage of business opportunities, conflicts of interest and related-party transactions.

### **Art. 39. Contesting Board of Directors Resolutions**

The directors and shareholders that represent the percentage legally established for such purpose may contest the resolutions of the Company's Management Bodies for the causes and subject to the deadlines and procedures established by law.

### **Art. 40. Audit Committee**

The Company shall have an Audit and Compliance Committee, which shall be comprised exclusively of Non-Executive Directors appointed by the Board of Directors, the majority of whom, at least, shall be Independent Directors and one which shall be appointed taking into consideration their knowledge and experience in accounting, auditing or both. The members of the Committee shall collectively have the relevant technical expertise in relation to the sector of activity in which the company operates.

The Chairman of the Audit Committee shall be appointed from among the Independent Directors on the Committee and shall be replaced every four years, but may be reappointed one year after removal thereof has lapsed, regardless of his or her continued membership or reappointment as a member of the Audit Committee.

The Audit Committee shall have the duties established in the Spanish Capital Corporations Law and all other duties that may be attributed thereto in the Board of Directors Regulations.

The Board of Directors Regulations shall establish the number of members and shall govern the functioning of the Committee, in accordance with the provisions of law and these Bylaws.

#### **Art. 41. Appointments and Compensation Committee**

The Company shall have an Appointments and Compensation Committee, which shall be comprised exclusively of Non-Executive Directors appointed by the Board of Directors, at least two of which shall be Independent Directors. Nevertheless, the Board of Directors Regulations may establish two separate committees: an Appointments Committee and a Compensation Committee. The Chairman of the Committee(s) shall be appointed from among the Independent Directors who are members thereof.

The Appointments and Compensation Committee shall have the duties established in the Spanish Capital Corporations Law and all other duties that may be attributed thereto in the Board of Directors Regulations, which shall include the duty to report to the Board of Directors in advance on related-party transactions.

The Board of Directors Regulations shall establish the number of members and shall govern the functioning of the Appointments and Compensation Committee, in accordance with the provisions of law and these Bylaws.

#### **Art. 42. Directors Resignation for Non-Attendance at Board Meetings**

The failure of a Director to attend four consecutive meetings without granting a proxy to another Board member shall be sufficient cause to remove the Director from office.

#### **Art. 43. Honorary Directors**

The Board of Directors may make proposals to the Shareholders Meeting for the appointment as an Honorary Director of those Directors who, based on their merits and dedication to the Company, deserve to be granted such title following their removal as members of the Board of Directors of the Company or of any of its group companies.

The appointments made may be deemed void by the Board itself based on the circumstances of each case. In such case, the General Meeting shall be provided notice of such circumstances.

Honorary Directors may attend and participate in Board meetings, but with no right to vote, provided the Board of Directors itself deems it appropriate and they are called to the meeting by the Chairman in the terms required.

Honorary Directors shall have the right to receive compensation for their condition as such and, as the case may be, for advising the Board, to the extent determined by the Board of Directors itself by virtue of the relevant resolution and, as the case may be, execution of the relevant contractual advising relationship.

## CHAPTER IV

### ANNUAL FINANCIAL STATEMENTS; OBLIGATIONS

#### **Art. 44. Fiscal year. Content, Preparation and Approval of the Annual Financial Statements**

The fiscal year shall be the same as the calendar year.

The Annual Financial Statements, while forming one single unit, shall consist of the Balance Sheet, the Income Statement, the Statement of Changes in Net Equity, the Cash-Flow Statement, and the Notes to the Financial Statements. These documents must be prepared in such a manner so as to offer a true and fair view the Company's equity, financial position and earnings, in accordance with applicable law.

Within a maximum period of three months as from the year-end closing date, the Board of Directors shall be required to prepare the Annual Financial Statements, Management Report and the proposal for the application of earnings, as well as, if applicable, the Consolidated Financial Statements and Management Report.

The Annual Financial Statements and Management Report shall be reviewed by the statutory auditors as provided by applicable law.

The Annual Financial Statements shall be approved by the General Shareholders Meeting, which shall resolve on the application of fiscal year earnings, in accordance with the approved Balance Sheet.

#### **Art. 45. Distribution of Earnings**

The General Meeting shall resolve on the application of fiscal year earnings, in accordance with the approved Balance Sheet, distributing earnings in the following manner:

- (a) Ten percent, as the case may be, shall be allocated to legal reserves, up until the latter reaches at least twenty percent of share capital.
- (b) The agreed percentage, as the case may be, for distributing dividends, within the legally established limits. The General Meeting shall establish the time, place and form of payment in the resolution approving the distribution of dividends. If this information is not provided, the dividend shall be payable at the registered offices as from the day following the date of the resolution.
- (c) The remaining amount shall be applied to voluntary reserves.

#### **Art. 46. Interim Dividends**

Only the General Shareholders Meeting or the Board of Directors may resolve on the distribution to shareholders of interim dividends, under the following conditions.

- (a) the Board of Directors shall prepare an accounting statement in which it proves that there is sufficient liquidity for the distribution. This accounting statement will subsequently be included in the Notes to the Annual Financial Statements; and
- (b) the amount to be distributed may not exceed the amount of the earnings obtained since the end of the last fiscal year, minus losses from prior years and the amount to be

allocated to mandatory reserves as established by law and the Bylaws, as well as the estimated tax to be paid on said earnings.

#### **Art. 47. Bond Issue**

The Company may issue numbered series of bonds or other securities to honor or create a debt, within the limits and subject to the conditions set forth in applicable regulations.

In particular, the Company may issue simple, exchangeable and/or convertible bonds, and may exclude preemptive rights, in accordance at all times with applicable regulations. The General Meeting may delegate the authority to issue said bonds to the Board of Directors in accordance with the provisions of applicable regulations and subject to any restrictions, as the case may, established therein. In the case of issuing convertible bonds, the General Meeting shall at all times be responsible for determining the basis and methods for conversion as well as for resolving on capital increases as necessary.

### **CHAPTER V**

#### **ANNUAL CORPORATE GOVERNANCE REPORT AND WEBSITE**

##### **Art. 48. Annual Corporate Governance Report**

1. The Board of Directors shall approval an Annual Corporate Governance Report, the contents of which shall be in line with applicable legal and regulatory provisions.
2. The Annual Corporate Governance Report shall be included in its own section of the Management Report.
3. The Annual Corporate Governance Report shall be made available to the shareholders on the Company's website no later than the date of publication of the meeting notice for the annual general shareholders meeting convened to resolve on the annual financial statements for the fiscal year referred to in the Report.

##### **Art. 49. Website**

1. The Company shall maintain a corporate website, the contents of which shall be determined by the Board of Directors, in accordance with applicable legal provisions and regulations.
2. The website shall provide a means for the effective exercise of the shareholders' right to information, notwithstanding the use of any other means provided by regulations in force and in Article 26 of these Bylaws for the exercise of said right.
3. The Company's website shall enable publication of the Electronic Shareholders Forum as provided in Article 539.2 of the Capital Corporations Law. The Company shall establish the rules for accessing and operating said Forum in accordance with the regulations in force.

## CHAPTER VI

### AMENDMENT OF THE BYLAWS; DISSOLUTION AND WINDING-UP

#### **Art. 50. Amendment of the Bylaws**

The amendment of the Bylaws shall be resolved upon by the General Shareholders Meeting and shall require compliance with the following requirements:

1. The directors or, as the case may be, the shareholders issuing the proposal shall draft the full contents of the proposed amendment and shall issue a written report justifying said amendment.
2. The proposed amendments shall be clearly stated in the meeting notice, which shall also specify the shareholders' right to inspect, at the registered offices, the full text of the proposed amendment and the report on said amendment, as well as to request that said documents be delivered or sent to them free of charge.
3. The resolution shall be adopted by the General Shareholders Meeting in compliance with the quorums established by law and these Bylaws for holding the Meeting and adopting resolutions.
4. In any case, the resolution shall be drawn up as a public deed and registered with the Mercantile Registry and published in the Official Mercantile Registry Bulletin.

#### **Art. 51. Dissolution of the Company**

The Company may be dissolved by resolution of the General Meeting adopted in accordance with these Bylaws and in all other cases provided in the legislation in force.

#### **Art. 52. Winding up of the Company**

Once the Company has been dissolved, the winding-up period shall begin, except in the case of merger or total spin-off or any other type of total transfer of assets or liabilities.

The representation of the Board of Directors shall be terminated, in the terms provided by law, upon the opening of the winding-up period.

If the General Meeting that resolved on the dissolution of the Company did not appoint any liquidators, the directors at the time the Company was dissolved shall be appointed as liquidators.

During the winding-up period, the General Meeting shall continue to hold its annual meetings as well as any special meetings deemed convenient, in accordance with the legal provisions in force.

Once the winding up proceedings have been completed, the liquidators shall submit a final Balance Sheet, a full report on said proceedings and a draft for the distribution of assets among the shareholders to the approval of the General Meeting.

Other winding up proceedings not governed by these Bylaws shall be carried out in accordance with the legislation in force from time to time.

**Art. 53. Conflict Resolution**

Any disputes that may arise between the Company and the shareholders, or between the shareholders themselves, in relation to corporate matters, are hereby expressly submitted to the jurisdiction of the Company's registered office, expressly waiving any other jurisdictional venue which would otherwise be applicable.