



**COMMON DRAFT TERMS OF SPIN-OFF OF VISCOFAN, S.A.**

in favour of

**VISCOFAN ESPAÑA, S.L.U.**

(Viscofan España)

Madrid, 25 February 2021 (Viscofan S.A.)

## 1. PURPOSE

For the purposes of Articles 73 et seq, in relation to Article 71 of Law 3/2009, of 3 April, on structural modifications of commercial companies (hereinafter, "LME"), the Board of Directors of Viscofan, S.A. ("Viscofan") and the Board of Directors of Viscofan España, S.L.U. ("Viscofan España" ) hereby draw up and sign these Common Draft Terms of Spin-Off ("Draft Terms of Spin-Off" or the "Draft Terms") by virtue of which Viscofan transfers a part of its equity that constitutes an autonomous economic unit by means of universal succession to Viscofan España (the "Spin-Off").

This economic unit consists of the business in Spain of manufacturing and developing all types of casings and films for food use and other applications, as well as the production of electricity both for its own consumption and for sale to third parties. The production centres for this activity are located in Cáseda (Avenida Aibar - Caparrosos 0 S N, 31490 Cáseda) and Urdiain (Lugar Bentalde, 4, 31810 Urdiain), both in Navarre. The economic unit includes the management and support services functions, as well as activities relating to the marketing and sale of manufactured casings, all of which are carried out mainly in Tajonar, (Berroa Industrial Estate, c/ Berroa 15, 31192 Tajonar, Navarre) (the "Spin-Off Unit").

As from the date of execution of these Draft Terms, the management bodies of Viscofan and Viscofan España shall refrain from performing any kind of act or concluding any contract that could compromise the approval of these Draft Terms, in accordance with the provisions of article 30.2 of the LME (applicable by reference to article 73.1 of the LME).

## 2. RATIONALE FOR THE SPIN-OFF

The Viscofan Group, led by its parent company, Viscofan, carries out its corporate purpose both directly and through the participation and ownership of the share capital of the companies making up this group.

The purpose of the planned corporate action is to complete the subsidiarization in Spain of the business activity mentioned in section 1 above, being incorporated into Viscofan España, a company that is wholly owned directly by Viscofan.

Specifically, the economic reasons for this Spin-Off are as follows:

- Rationalising the business structure of the Viscofan group, separating economically and legally the function of Viscofan, as a holding company focused on managing and overseeing the group, setting strategic objectives, defining its organisational model and providing global management support services to all group entities.
- Optimising the management, control and monitoring of the activity in Spain through Viscofan España and facilitating the financial and administrative control of the company by its managers, through drawing up annual accounts and periodic financial statements specific to the activity carried out in Spain, which would result in better analysis and more efficient allocation of resources within the group.

## 3. STRUCTURE OF THE CORPORATE ACTION

Viscofan will transfer all the assets and liabilities that constitute the Spin-Off Unit (as detailed in section 6, and by reference to the same in **Annex 3** of the Draft Terms), by means of universal succession to Viscofan España.

Due to the fact that Viscofan España is a company wholly owned directly by Viscofan (which, in turn, ensures that the shareholders of Viscofan participate indirectly in the share capital of Viscofan España in the same proportion as they do in the capital of Viscofan), the simplified Spin-Off regime provided for in articles 78 bis and 49, by reference to article 73 of the LME, will be applied, and by virtue thereof:

- The Draft Terms do not contain the 2nd, 6th, 9th and 10th mentions of Article 31 of the LME, essentially concerning the type of exchange, methods of carrying out the exchange and the exchange procedure, including the date from which the holders of the shares delivered in exchange will be entitled to share in the profits (Article 49.1.1 and 74.2 of the LME).
- Viscofan España does not need to adopt a resolution to increase capital (Article 49.1.3 and 74.2 of the LME), and the net value of the assets and liabilities received by this party must be included in a Spin-Off reserve under the terms set out in section 6 of the Draft Terms.

Nevertheless the applicability of the simplified regime, as a consequence of the fact that the Spin-Off Unit constitutes an essential asset or activity of Viscofan under the terms of the Capital Companies Act, the Spin-Off shall be submitted for approval at Viscofan's 2021 Annual General Meeting of Shareholders within six months after the end of the financial year. Likewise, the Spin-Off shall be subject to the approval of the sole shareholder of Viscofan España – the sole shareholder which, in accordance with the foregoing, is Viscofan. The Boards of Directors of Viscofan and Viscofan España have also issued a joint report on the Draft Terms of Spin-Off.

#### **4. NAME, LEGAL FORM, REGISTERED OFFICE OF VISCOFAN AND OF VISCOFAN ESPAÑA AND IDENTIFICATION DATA OF THE REGISTRATION IN THE MERCANTILE REGISTRY OF BOTH COMPANIES**

##### a. VISCOFAN:

VISCOFAN, S.A., with registered office at Tajonar (Navarre; CP 31192), Polígono Industrial Berroa, c/ Berroa 15-4, CIF no. A-31065501, and registered in the Mercantile Registry of Navarre, volume 316, folio 24, sheet NA-362.

##### b. VISCOFAN ESPAÑA:

VISCOFAN, ESPAÑA, S.L.U., also with registered office at Tajonar (Navarre; CP 31192), Polígono Industrial Berroa, c/ Berroa 15-4 planta, with corporate tax no. (CIF) B-71408660, and registered in the Mercantile Registry of Navarre in volume 2001, folio 85, sheet NA-39902.

#### **5. SPIN-OFF BALANCE SHEETS**

In accordance with the provisions of Article 36 LME, the balance sheets of Viscofan and Viscofan España, corresponding to the financial year ended 31 December 2020, which is the last balance sheet of the financial year closed, shall be considered as the Spin-Off balance sheets and which, as an integral part of the annual accounts thereof, have been prepared by the respective Boards of Directors of Viscofan and Viscofan España on 25 and 24 February 2021, respectively, and which are attached as **Annexes 1 and 2** of the Draft Terms of Spin-Off. For these purposes, these shall be considered as the Spin-Off balance sheets since the balance sheet date falls within the six (6) months prior to the date of the Draft Terms of Spin-Off.

As Viscofan is obligated to have its annual accounts audited, its Spin-Off balance sheet shall be accompanied by the required auditors' report. The respective Spin-Off balance sheets shall be submitted for approval by the General Meeting of Shareholders of Viscofan and of the sole shareholder of Viscofan España, which is Viscofan.

The Spin-Off balance sheets and the annual accounts referred to shall be made available to the shareholders as well as to the employees' representatives, together with the other documents referred to in Article 39.1 LME, at the time when the General

Meeting of Shareholders of Viscofan is convened and the Universal Meeting of Viscofan España that has to decide on the Spin-Off is held.

## 6. DETERMINATION AND VALUATION OF THE SPIN-OFF EQUITY

For the purposes of Article 74.1 of the LME, the pro-forma balance sheet is attached (**Annex 3**), identifying the assets, equity and liabilities of Viscofan that fall within the scope of the Spin-Off and that will be transferred to Viscofan España due to the Spin-Off, by means of universal succession, and which constitute an economic unit within the meaning of Article 71 of the LME (the "Spin-Off Equity").

The Spin-Off Equity shall be included in the balance sheet of Viscofan España at the value shown in the financial statements of Viscofan at 31 December 2020, in accordance with the general accounting standards in force.

- Value of Spin-Off assets.....**214,687,560** euros
- Value of Spin-Off equity and liabilities<sup>1</sup>.....**103,907,380** euros

As a result, the net asset value of the Spin-Off Equity amounts to **110,780,180** euros and this amount will be shown on the balance sheet of Viscofan España as a Spin-Off reserve, without requiring the share capital of Viscofan España to be increased, as it is wholly owned by Viscofan (Article 49.1.3 LME, by reference to Article 73.1 LME).

By virtue of the provisions of article 71 LME, Viscofan will not experience any reduction of its share capital or equity and the net value of the Spin-Off Equity will be reflected, for the same amount as indicated in the previous paragraph, within the assets of its balance sheet as "investments in group companies".

For the appropriate legal purposes, it is hereby stated that the Spin-Off entails the transfer of a set of tangible and intangible assets which, forming part of Viscofan's equity, constitute an autonomous economic unit capable of carrying out a business activity by its own means.

Due to the dynamic nature of the Spin-Off Equity, from the date of these Draft Terms until the date on which the Spin-Off is registered in the Mercantile Registry of Navarre, the said Spin-Off Equity and its valuations may undergo variations in the ordinary course of business.

Likewise, in the event that for legal, contractual, operational or business reasons it is not possible to transfer the ownership of any of the Spin-Off assets and liabilities, Viscofan shall transfer to Viscofan España the economic value of the rights and obligations deriving from such assets or liabilities from the date of the Spin-Off for accounting purposes, so that there is no alteration in the valuation of the Spin-Off Equity. Similarly, Viscofan España shall assume the financial liabilities of Viscofan that are not formally transferable at the time of the Spin-Off, assuming in full the fulfilment of the obligations specified in the corresponding contract.

The Boards of Directors of Viscofan and Viscofan España shall report to their respective general meetings on the significant changes in the Spin-Off Equity that have occurred, if any between the date of the Draft Terms of the Spin-Off and the date of the general meeting, in accordance with the provisions of Article 79 LME.

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<sup>1</sup> In addition to current and non-current liabilities, Spin-Off equity and liabilities include, among other things, value adjustments (hedging transactions), other equity instruments, and grants.

**7. IMPACT THAT THE SPIN-OFF WILL HAVE ON THE CONTRIBUTIONS OF INDUSTRY OR ON THE ANCILLARY SERVICES OF VISCOFAN AND ON ANY COMPENSATION TO BE GRANTED TO SHAREHOLDERS**

There are no contributions of industry or ancillary benefits at any of the companies taking part in the Spin-Off and, consequently, it is not necessary to grant any compensation in this regard.

**8. VESTING OF SPECIAL RIGHTS IN VISCOFAN ESPAÑA TO HOLDERS OF SPECIAL RIGHTS OR HOLDERS OF SECURITIES OTHER THAN CAPITAL**

No special rights will be granted in Viscofan España as a result of the Spin-Off, as there are no holders of special rights or holders of securities other than capital.

**9. ATTRIBUTION OF BENEFITS OR PERKS AT VISCOFAN ESPAÑA IN FAVOUR OF THE DIRECTORS OF VISCOFAN AND OF VISCOFAN ESPAÑA DUE TO THE SPIN-OFF**

None of the directors of the companies taking part in the Spin-Off shall receive any benefit or perk at Viscofan España.

**10. EFFECTIVE DATE OF THE SPIN-OFF FOR ACCOUNTING PURPOSES**

In compliance with the provisions of Accounting and Valuation Standard 21, included in the second part of the General Accounting Plan, the date of the Spin-Off for accounting purposes will be 1 January 2021. This date corresponds to the starting date of the financial year in which the Spin-Off will be approved and implemented by Viscofan and Viscofan España.

**11. ARTICLES OF ASSOCIATION OF VISCOFAN AND THE BENEFICIARY OF THE SPIN-OFF**

Viscofan

As a consequence of the Spin-Off, no amendment shall be made to the Articles of Association of Viscofan, which are those registered at the date on which these Draft Terms of Spin-Off were drawn up at the Mercantile Registry.

Viscofan España

For the purposes of complying with article 74 of the LME and, by reference to article 31 of the mentioned legal text, a copy of the Articles of Association of Viscofan España is attached as Annex no. 4 to these Draft Terms.

**12. POSSIBLE CONSEQUENCES OF THE SPIN-OFF ON EMPLOYMENT, AS WELL AS POSSIBLE GENDER IMPACT ON THE MANAGEMENT BODIES AND THE IMPACT, IF ANY, ON CORPORATE SOCIAL RESPONSIBILITY OF THE COMPANIES.**

The Spin-Off means that Viscofan España will be under the legal requirement to incorporate into its workforce all workers who currently work for Viscofan in managing the Spin-Off Equity (hereinafter, the "Assigned Workers").

The Assigned Workers will provide their services at Viscofan España from the date on which the Spin-Off is filed at the Mercantile Registry of Navarre. Pursuant to Article 44 of the Workers Statute (Estatutos de los Trabajadores), governing company successions, the Beneficiary Companies shall ensure that the Assigned Employees

continue to enjoy, at their new posts, all the rights derived from their previous employment relationship with Viscofan. In accordance with the law, Viscofan shall notify the Spin-Off to the legal representatives of the Assigned Employees. The Spin-Off shall also be notified to the relevant public bodies, particularly the General Treasury of the Social Security and the competent Public Employment Service. The effectiveness of the Spin-Off is not expected to affect either the volume of jobs or the terms of employment.

The management bodies of the companies participating in the Spin-Off will not be affected and, consequently, there will be no gender impact on them. Nor will the Spin-Off have any impact on matters relating to social responsibility at those companies.

### **13. TAX REGIME.**

Article 116.3 of Regional Law (Ley Foral) 26/2016 of 28 December on Corporate Income Tax defines this corporate action as a non-monetary contribution of a branch of activity and in accordance with Article 129 of the same legal text, the special regime provided for in Chapter VIII of Title VIII of the aforementioned Law shall apply to it and the appropriate notification shall be made to the Tax Authorities in due time and form, in accordance with the current provisions of the Corporate Income Tax Act and its implementing regulations.

### **14. INDEPENDENT EXPERT REPORT.**

As mentioned in section 3, pursuant to the provisions of Articles 49.1.2 and 78 bis LME, no expert report on the Draft Terms will be required.

### **15. EXPRESS STATEMENT THAT THE DRAFT TERMS OF SPIN-OFF HAVE BEEN SIGNED BY THE DIRECTORS OF VISCOFAN AND VISCOFAN ESPAÑA.**

For the appropriate purposes, it is hereby expressly stated that the Draft Terms of Spin-Off are signed by all members of the Boards of Directors of Viscofan and Viscofan España, requesting their admission to filing with the Mercantile Registry of Navarre for the purposes set forth in article 32 LME and article 226 of the Mercantile Registry Regulations. The Draft Terms will also be available on Viscofan's corporate website ([www.viscofan.com](http://www.viscofan.com)) and shall be maintained there at least until the end of the period for creditors to exercise their right to oppose the Spin-Off. The fact the Draft Terms of Spin-Off are available in the aforementioned website shall be published in the Mercantile Registry Official Gazette.

On the basis of the foregoing considerations, and expressly assuming the commitment not to carry out any kind of act that could compromise the approval of the projected Spin-Off, these Draft Terms of Spin-Off are signed in duplicate.

Madrid, 25 February 2021

**MEMBERS OF THE BOARD OF DIRECTORS OF VISCOFAN, S.A.**

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José Domingo de Ampuero y Osma

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Néstor Basterra Larroudé

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Agatha Echevarría Canales

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Ignacio Marco-Gardoqui Ibáñez

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José María Aldecoa Sagastasoloa

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Jaime Real de Asúa Arteche

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José Antonio Canales García

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Juan March de la Lastra

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Santiago Domecq Bohórquez

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Agatha Laura González Molero

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Agatha Carmen de Pablo Redondo

## **LIST OF ANNEXES**

- 1- Balance Sheet of Viscofan S.A. at 31 December 2020
- 2- Balance Sheet of Viscofan España S.L.U. at 31 December 2020
- 3- Assets, Equity and Liabilities subject to the Spin-Off
- 4- Articles of Association of Viscofan España

## ANNEX 1

### Balance Sheet of Viscofan S.A. at 31 December 2020

#### VISCOFAN S.A. (EUR)

ASSETS	2020.12	EQUITY AND LIABILITIES	2020.12
<b>10 - NON-CURRENT ASSETS</b>	<b>533,841,173</b>	<b>30 - EQUITY</b>	<b>513,379,141</b>
100 - Intangible Assets	8,589,971	300 - Corporate equity	513,926,909
101 - Property, plant and equipment	142,434,558	301 - Adjustments from changes in valuation	-1,205,694
105 - Lease assets	0	302 - Grants	657,926
102 - Investment property	0	<b>31 - NON-CURRENT LIABILITIES</b>	<b>44,874,183</b>
103 - LT financial assets	371,172,611	310 - Non-current provisions	3,028,882
104 - Deferred tax assets	11,644,033	312 - LT financial liabilities	41,374,782
<b>11 - CURRENT ASSETS</b>	<b>103,773,150</b>	313 - Deferred tax liabilities	470,519
110 - Non-current assets held for sales	0	<b>32 - CURRENT LIABILITIES</b>	<b>79,360,999</b>
111 - Inventories	38,624,291	320 - Liab assoc with non-current assets held for sale	0
112 - Accounts receivables	58,992,501	321 - ST provisions	5,656,554
113 - ST financial assets	3,613,021	322 - ST financial liabilities	41,575,857
114 - Prepayments	320,117	323 - Trade and other payables	32,128,588
115 - Cash and cash equivalents	2,223,220	324 - Prepayments	0
<b>20 - TOTAL ASSETS</b>	<b>637,614,323</b>	<b>40 - TOTAL EQUITY AND LIABILITIES</b>	<b>637,614,323</b>

## ANNEX 2

### Balance Sheet of Viscofan España S.L.U. at 31 December 2020.

VISCOFAN ESPAÑA S.L.U.(EUR)			
ASSETS	2020.12	EQUITY AND LIABILITIES	2020.12
<b>10 - NON-CURRENT ASSETS</b>	<b>0</b>	<b>30 - EQUITY</b>	<b>50,000</b>
100 - Intangible Assets	0	300 - Corporate equity	50,000
101 -Property, plant and equipment	0	301 - Adjustments from changes in valuation	0
105 - Lease assets	0	302 - Grants	0
102 - Investment property	0	<b>31 - NON-CURRENT LIABILITIES</b>	<b>0</b>
103 - LT financial assets	0	310 - Non-current provisions	0
104 - Deferred tax assets	0	312 - LT financial liabilities	0
<b>11 -CURRENT ASSETS</b>	<b>50,000</b>	313 - Deferred tax liabilities	0
110 - Non-current assets held for sales	0	<b>32 - CURRENT LIABILITIES</b>	<b>0</b>
111 - Inventories	0	320 - Liab assoc with non-current assets held for sale	0
112 - Accounts recivables	0	321 - ST provisions	0
113 - ST financial assets	0	322 - ST financial liabilities	0
114 - Prepayments	0	323 - Trade and other payables	0
115 - Cash and cash equivalents	50,000	324 - Prepayments	0
<b>20 - TOTAL ASSETS</b>	<b>50,000</b>	<b>40 - TOTAL EQUITY AND LIABILITIES</b>	<b>50,000</b>

### ANNEX 3

#### Assets, Equity and Liabilities subject to the Spin-Off

ASSETS	2020.12	EQUITY AND LIABILITIES	2020.12
<b>10 - NON-CURRENT ASSETS</b>	<b>153,495,227</b>	<b>30 - EQUITY</b>	<b>-547,767</b>
100 - Intangible Assets	1,953,320	300 - Corporate equity	0
101 - Property, plant and equipment	141,114,769	301 - Adjustments from changes in valuation	-1,205,693
105 - Lease assets	0	302 - Grants	657,926
102 - Investment property	0	<b>31 - NON-CURRENT LIABILITIES</b>	<b>42,094,012</b>
103 - LT financial assets	0	310 - Non-current provisions	272,599
104 - Deferred tax assets	10,427,138	312 - LT financial liabilities	41,350,893
<b>11 - CURRENT ASSETS</b>	<b>61,192,333</b>	313 - Deferred tax liabilities	470,519
110 - Non-current assets held for sales	0	<b>32 - CURRENT LIABILITIES</b>	<b>62,361,136</b>
111 - Inventories	38,624,291	320 - Liab assoc with non-current assets held for sale	0
112 - Accounts receivables	21,024,885	321 - ST provisions	5,656,554
113 - ST financial assets	933,383	322 - ST financial liabilities	40,041,272
114 - Prepayments	320,117	323 - Trade and other payables	16,663,310
115 - Cash and cash equivalents	289,657	324 - Prepayments	0
<b>20 - TOTAL ASSETS</b>	<b>214,687,560</b>	<b>40 - TOTAL EQUITY AND LIABILITIES</b>	<b>103,907,380</b>

## **ANNEX 4**

### **Articles of Association of Viscofan España S.L.U.**

----- **ARTICLES OF ASSOCIATION** -----

----- **CHAPTER I** -----

----- **NAME, PLACE OF BUSINESS, PURPOSE AND TERM** -----

**Article 1. Name** - A Limited Liability Company is hereby set up, which shall be governed by these Articles of Association and, insofar as not provided for herein, by the legal provisions in force, under the name of "**VISCOFAN ESPAÑA, SOCIEDAD LIMITADA**", in short "**VISCOFAN ESPAÑA, S.L.**" -----

**Article 2. Registered Address** - The place of business is set in Tajonar, in the municipal district of Aranguren (Navarre), calle Berroa, 15-4º. -----

**Article 3. Purpose** - The Company has the following purpose: -----

- a) The manufacture, distribution and marketing of casings and films for food use, in particular, based on collagen, cellulose, fibrous and plastics. -----
- b) Research and development of new uses and applications of casings and casing material, including bioengineering. -----
- c) And, the production of electricity, by any technical means, both for its own consumption and for sale to third parties. -----

All the activities comprising the aforementioned corporate purpose may be carried out both in Spain and abroad, and may be carried out totally or partially indirectly, through the ownership of shares or equity interests in companies with an identical or similar purpose. -----

Activities subject to specific regulations are excluded from the corporate purpose. -

**Article 4.** The Company is incorporated for an indefinite term and starts trading on the date on which the deed of incorporation is signed and executed. -----

----- **CHAPTER II** -----

----- **SHARE CAPITAL AND EQUITY INTEREST** -----

----- **REGIME** -----

**Article 5. Capital** - The company capital amounts to **FIFTY THOUSAND EUROS (€50,000)** divided into fifty (50) EQUITY INTERESTS, each with a nominal value of one thousand euros (€1,000), indivisible and cumulative, numbered sequentially from one (1) to fifty (50), both inclusive, which confer the same rights on the shareholders, with the exceptions expressly laid down in Royal Legislative Decree 1/2010, approving the revised text of the Capital Companies Act.

The equity interests shall not have the status of securities, may not be represented by certificates or book entries and may not be called shares. -----

**Article 6** - The transfer of equity interests by inter vivos transactions shall be carried out in accordance with the following rules: -----

**Voluntary transfer:** -----

a) Equity interests shall be freely transferable between shareholders, as well as to companies belonging to the same group of companies as the transferor. The term "group of companies" is understood to be that stipulated in Art. 42 of the Commercial Code. -----

b) When the transfer is intended to be made to natural or legal persons who do not meet any of the above circumstances, the following rules shall be observed: -----

1. A shareholder who intends to transfer all or part of his/her equity interests must inform the administrative body in writing, which in turn must inform the other shareholders in the same way within fifteen days. -----

2. Both communications must contain the number and characteristics of the equity interests to be transferred, the identity of the acquirer, the price and other conditions of the transfer.

3. The shareholder or shareholders interested in the acquisition must notify the company within fifteen days of the notification. If there are several shareholders interested in the acquisition, the equity interests shall be distributed among all of them pro rata to their stake in the share capital.

4. In the event that no shareholder exercises the right of first refusal, the administrative body shall, if it deems it appropriate, call a General Meeting, to be held within one month of the expiry of the above deadlines, so that said Meeting may settle, if appropriate, on the corresponding capital reduction, by means of the redemption of the equity interests to be transferred. -----

5. Once this last period has expired without the shareholders having exercised their pre-emptive acquisition right, and without the company having agreed to and implemented the aforementioned capital reduction, the holder shall be free to transfer his/her equity interests to the person and under the conditions he/she notified to the administrative body, provided that the transfer takes place within two months of the expiry of the last period indicated, since once this period has elapsed

without the transfer taking place, the established process must be restarted. -----

6. To exercise this pre-emptive acquisition right, the purchase price, in the event of any discrepancy, shall be the fair value of the equity interests on the day on which the company was notified of the intention to transfer. The fair value shall be understood to be that determined by an auditor other than the company's auditor, appointed by the Companies Registrar of the registered office at the request of the company or of any of the holders of the equity interests to be valued.

**Forced transfer:** -----

In this case, the provisions of Article 109 of Royal Legislative Decree 1/2010, approving the revised text of the Capital Companies Act, shall apply, establishing the company's right of pre-emptive acquisition. -----

**Article 7.** In the event of the death of a shareholder, if the heir or legatee, as the case may be, is not one of the natural persons referred to in section a) of the preceding article, the surviving shareholders shall have a preferential right of acquisition of the equity interests of the deceased holder, valued at the reasonable value they had on the day of death, determined in compliance with the provisions of the Capital Companies Act for cases of separation of partners, the price of which shall be paid in cash; this right of pre-emptive acquisition shall be exercised within a maximum period of three (3) months from the date on which the company is notified of the inheritance acquisition. -----

**Article 8.** The transfer of equity interests, by whatever means, shall not be effective in relation to the Company until it has been notified in writing to its administrative body, indicating the name and surname or company name, nationality and address of the new shareholder. -----

The company shall keep a register of shareholders, in which entries shall be made and in which shareholders shall have the rights provided for in Articles 104 and 105 of Royal Legislative Decree 1/2010, approving the revised text of the Capital Companies Act. -----

**Article 9.** In all matters relating to co-ownership, usufruct and rights in rem in respect of the equity interests, Royal Legislative Decree 1/2010, approving the revised text of the Capital Companies Act, shall apply. -----

### ----- **CHAPTER III** -----

### ----- **CORPORATE BODIES** -----

**Section 1. General Meeting.**-----

**Article 10.** The General Meeting shall be governed by the Royal Legislative Decree 1/2010, approving the revised text of the Capital Companies Act. Pursuant to Article 15, as this is a sole proprietorship, the sole shareholder shall exercise the powers of the General Meeting.

The decisions of the sole shareholder shall be recorded in the minutes under his/her signature or that of his/her representative, and may be executed and formalised by the actual shareholder or by the directors of the company.-----

**Article 11.** Certificates of the resolutions adopted at the General Meeting, or by the Board of Directors, as the case may be, shall be issued in accordance with Article 109 of the Mercantile Registry Regulations. -----

**Section 2. Company Administration.**-----

**Article 12.** The company shall be administered by a management body, the structure of which shall be a Board of Directors, consisting of not less than three and not more than twelve members.

**Article 13.** To be appointed to the position of Director, the status of shareholder is not a requirement. -----

Directors may not be Directors if they are legally incompetent, nor those declared incompatible under legislation governing executives or other specific general or regional regulations.

**Article 14.** Directors shall hold office for an indefinite term. -----

**Article 15.** The office of Director is not remunerated. -----

**Article 16.** The Board of Directors, subject to the system of action corresponding to its structure, shall hold the power to represent the company and may execute all matters within the corporate purpose, as well as exercise all powers not reserved by law or the Articles of Association to the General Meeting.-----

**Article 17. Board of Directors Regime**-----

**1. Composition:** The Board of Directors shall elect from among its members a Chairman and a Secretary, who may or may not be a member of the Board of Directors, and, where appropriate, one or more Vice-Chairmen or Deputy Secretaries, provided that such appointments have not been made by the General Meeting or the founders at the time of the appointment of the Directors.

**2. Convening Meetings:** The Board shall be convened by the Chair of the Board, or the person acting in his/her stead, who shall exercise this power whenever he/she deems it appropriate and, in any case, when requested by at least two Directors, in which case it shall be convened to be held within fifteen days of the request. -----

Notice of the meeting shall be given by the persons referred to in the previous point either by telegram, registered letter with acknowledgement of receipt, letter sent by notary, burofax or e-mail with acknowledgement of receipt, at least 72 hours before the date of the meeting; indicating the day, time and place of the meeting. Unless unanimously agreed by the Directors, the place of the meeting shall be fixed in the municipality corresponding to the registered office of the company.

It may also be convened by the directors who represent at least one third of its members, indicating its agenda, to be held in the town/city of its registered office if, after making a request to the Chair, the latter has failed to convene it within a month without good reason. -----

The Board shall be validly convened without the need for prior notice, provided that all its members are present and all of them unanimously agree to hold the Board meeting. -----

**3. Proxies:**-----

Any Director may be represented by another Director. Representation shall be granted in writing and on an ad hoc basis for each meeting, by letter addressed to the Chair. -----

**4. Quorum:** The Board shall be quorate with the attendance in person or by proxy of more than half of its members. -----

**5. Form of deliberation and agreement:** All Directors shall have the right to speak on each of the matters to be discussed, without prejudice to the Chair's right to give the floor and to determine the length of the interventions. -----

Proposals for resolutions submitted by at least two Directors shall be put to the vote.

Each member of the Board may cast one vote. Resolutions shall be adopted by an absolute majority vote of the Directors attending the session, unless specifically provided for by law.

The Chair shall have the casting vote. -----

The Board may validly adopt resolutions by videoconference or multiple conference calls provided that none of the Directors objects to this procedure. In such a case, the meeting of the Board of Directors shall be deemed to be the only meeting held at the registered office. The Directors may also adopt resolutions without holding a meeting by written ballot and without a meeting, provided that none of the members of the Board objects to this procedure.-----

**6. Minutes:** The discussions and resolutions of the Board shall be recorded in a minutes book, which shall be signed by the Chair and the Secretary of the Board. The minutes shall be approved by the body itself, at the end of the meeting or at the following meeting. They may also be approved by the Chair and Secretary, within seven days of the Board meeting, provided that this has been unanimously authorised by the Directors attending the meeting. -----

**7. Delegation of powers:** The Board of Directors may appoint an Executive Committee or one or more Managing Directors from among its members, in all cases determining either a specific list of the powers to be delegated or the expression that all powers that may be delegated are delegated by law and in accordance with the Articles of Association; however, social accountability, submitting balance sheets to the general meeting, and the powers granted by the latter to the Board may not be delegated, unless it expressly authorises such delegation. -----

The delegation may be temporary or permanent. The permanent delegation and the appointment of its holder shall require the favourable vote of at least two thirds of the members of the Board and shall not take effect until it is registered in the Mercantile Registry. -----

**8. Managing Director.** The Board of Directors, without prejudice to the delegation of powers, may appoint a Managing Director who shall act under the authority, coordination and instructions of the corporate group of which the company forms part. -----

**9. Self-regulation:** Where not provided for, and insofar as it does not conflict with mandatory provisions, the Board may regulate how it operates.-----

----- **CHAPTER IV** -----

----- **FINANCIAL YEAR AND RESULTS** -----

**Article 18.** The financial year shall begin on the first day of January and end on the thirty-first day of December each year. By way of exception, the first financial year shall commence on the day specified in Article 4 of these Articles of Association as the commencement of corporate operations and shall end on the thirty-first day of December of the same year.-----

**Article 19.** The administrative body is obligated to draw up the annual accounts, the management

report and the proposal for the allocation of profits within three months of the end of the financial year. The annual accounts shall comprise the following documents: the balance sheet, the profit and loss account, the notes to the financial statements, the statement of changes in equity and, where appropriate, the cash flow statement. -----

The General Meeting shall approve the annual accounts and, once the allocation to the legal reserve and other legally established provisions have been covered, shall decide on the allocation of the profit for the year in accordance with the approved balance sheet. -----

**Article 20.** Within one month of the annual accounts being approved, they shall be filed along with the appropriate certificate accrediting said approval and application of the result, for deposit with the Mercantile Registry in the manner determined by Law. -----

----- **CHAPTER V** -----

----- **WINDING UP OF THE COMPANY** -----

**Article 21.** The Company shall be wound up by resolution of the General Meeting, adopted in accordance with the provisions of Section 1 of Chapter III of these Articles of Association and for the other causes provided for in Articles 360 et seq. of Royal Legislative Decree 1/2010, approving the revised text of the Capital Companies Act. -----