

## **RULES OF PROCEDURE OF THE BOARD OF DIRECTORS**

### **I. INTRODUCTION**

#### **1.**

##### **(Scope)**

1. These rules of procedure determine the operating rules of the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., (hereinafter referred to as “Semapa” or “the Company”), incorporating some of the procedures which have been followed and adopting new ones, with the aim of systematising the applicable rules and improving the operation of this corporate body.
2. The operation of the Board of Directors of Semapa shall be governed by the provisions of the law, the articles of association and these rules.
3. The policy and the relevant mechanisms for the detection and prevention of irregularities (whistleblowing) applicable to the Board of Directors, ensuring that the appropriate means for reporting and addressing irregularities are in place, and safeguarding the confidentiality of the information provided and the identity of the whistleblower, are laid down in the Rules of procedure on Whistleblowing mentioned in below clause 16.
4. For ease of access to and consultation of all the relevant provisions, without selective duplication of subject matter in these rules, the provisions of the law and the articles of association most relevant to the matters regulated herein are attached hereto.

#### **2.**

##### **(Directors' Duties)**

In the performance of their functions, and in addition to other duties established by law or by the Company's articles of association, the directors shall:

- a) Inform themselves and prepare with diligence the meetings of the Board of Directors and of the Committees that they come to join;
- b) Attend the meetings of the Board of Directors and of the Committees which they come to join, intervening in an active and constructive manner, in order to contribute to the approval of the resolutions which are more appropriate for the pursuit of the Company's interests;
- c) Comply with the rules that are adopted from time to time by the Board of Directors concerning the distribution of functions and delegation of powers;

- d)** Perform the actions and exercise, in a diligent manner, the acts and mandates entrusted to them by the Board of Directors;
- e)** Comply with and ensure that all Company employees under them comply with the internal rules that, at any moment, are in force;
- f)** Investigate, or ensure the investigation of, all facts concerning the activities of the Company of which they are aware and that may be an indication of the practice of illicit or harmful acts; and
- g)** Treat in confidence any documents of the Company which they have access to, in the exercise of their functions, including the content of the Board meetings and preparatory information of the meetings.

## **II. MEETINGS OF THE BOARD OF DIRECTORS**

### **3.**

#### **(Scheduling and notice)**

- 1.** Meetings shall be scheduled as far in advance as possible, and the date of all the foreseeable meetings during the year shall be set at the beginning of the year.
- 2.** Notice shall be given in writing of all meetings, indicating the order of business, preferably by email, even when the meeting has been scheduled in advance; albeit, the directors attending the meeting or being represented at said meetings, and those who have attended the meeting in which, in their presence, or in the presence of their representative, the date(s) and time(s) of the new meeting(s) were set, are deemed to have been given notice of the meeting.
- 3.** Prior notice of no less than five days shall be given of unscheduled meetings; however, in case of urgency, the Board may be convened as early as possible, even if less than the delay mentioned above.

### **4.**

#### **(Order of business)**

- 1.** The order of business shall be determined by the Chairman of the Board of Directors.
- 2.** Any director may request the inclusion of items in the order of business, which request shall be addressed to the Chairman of the Board of Directors as far in advance of the date of the meeting as possible, preferably within twenty-four hours after being convened, accompanied by the respective supporting documents.

3. The supporting documents relating to the various items on the order of business shall be distributed by the Company Secretary to all directors, sufficiently in advance so as to permit the directors to examine them in due time, preferably with the notice of the meeting.
4. The content of Board meetings is of a confidential nature, as are the documents concerning the preparation and conduction of the meetings.

## **5.**

### **(Attendance)**

1. In addition to the directors and the Company Secretary, meetings of the Board of Directors may be attended by Company staff or even third parties, when invited by the Chairman or as requested by any director and accepted by the majority of the directors present or represented, as may be convenient in view of the matters to be discussed.
2. The attendance of any Company staff or third parties of any meeting of the Board of Directors binds the former to maintain confidentiality of all subjects discussed at the meetings.
3. Any member of the Audit Board may attend all meetings of the Board of Directors, irrespective of invitation, and for this purpose all notices of meetings and the respective orders of business shall be sent to the Chairman in due time.

## **6.**

### **(Absence)**

1. When possible, directors not attending meetings of the Board of Directors shall notify the Company Secretary in advance, providing the reasons for absence.
2. When sufficient information is provided, at the relevant meeting the Board of Directors shall issue its opinion on the excuse for absence, in accordance with Article 393 no. 1 of the Companies Code.
3. If it is not possible for the director to justify his absence beforehand, he shall inform the Secretary of the Company of such reason until the meeting of the Board of Directors held after the meeting in which he was absent, in which case the Board of Directors shall give its opinion on the justification at the meeting following communication to the Secretary of the Company.
4. An absence shall be considered justified if the grounds are not refused by the Board of Directors until the end of the second meeting following the communication of such grounds to the Company Secretary.
5. In the event of his temporary absence or impediment, the Chairman of the Board of Directors shall be replaced, in the following order, by: (i) Director appointed by himself for that purpose (ii)

Vice Presidents according to their age, (iii), CEO and (iv) Other directors according to their age, without prejudice to the statutory powers concerning voting rights.

**7.**

**(Representation)**

1. Proxy letters from absent directors who wish to be represented shall be submitted by the start of the meeting, but no proxy may be used more than once.
2. Postal votes may be cast by absent directors in any written form, open or closed, addressed in all cases to the Chairman of the Board of Directors, and shall be presented by the time of the vote.
3. The Company Secretary shall provide directors on request with proxy forms and postal voting forms.

**8.**

**(Relation with other corporate bodies)**

1. The Directors may have access to all Company information and staff for assessing performance, the situation and the outlooks on the development of the Company, including, namely, the minutes, documents supporting decisions taken, convening notices and records on the meeting of other corporate bodies, without prejudice to access to all other documents or people who may be called upon to provide clarifications.
2. The Directors are required to provide others corporate bodies and committees, in accordance with the legal statutory requirements, with all necessary information and documents required for the exercise of legal and statutory functions of such bodies and committees.

**III. EXECUTIVE BOARD**

**9.**

**(Exclusion from delegation)**

In addition to the matters provided in the Commercial Companies Code, the following may not be generally delegated:

- a) The definition of the strategy and main policies of the Company, although the Board of Directors may delegate to the Executive Committee the drafting of the preliminary strategic plan and investment policy, subject to the approval of the Board of Directors;
- b) The organisation and coordination of the business structure; and,

- c) Matters that should be considered strategic, by virtue of the amounts involved, the risk, or special characteristics.

## **10.**

### **(Rules of Procedure)**

The act delegating powers may establish the rules of procedure for the Executive Committee, which rules shall be reduced to the minimum deemed essential. The Executive Committee itself shall have discretion to organise its own procedures.

## **11.**

### **(Coordination with the Board of Directors)**

1. The Chairman of the Board of Directors shall notify the Company directors, at the start of all meetings of the Board of Directors, of the most relevant resolutions and acts of the Executive Committee since their last meeting, of which the other directors may not yet have been informed.
2. Minutes shall be drawn up of all Executive Committee meetings; these shall be kept by the Company Secretary and made available to any member of the Board of Directors or of the Executive Committee that requests them.
3. The Chairman of the Executive Committee shall, as far as possible, seek to involve non-executive directors in specific projects and acts in order to allow them to follow and maintain close contact with the Company's activities, depending on the matters involved and their specific qualifications and interests.
4. All executive directors shall be available to provide explanations and information as requested by the non-executive directors; however, enquiries shall preferably be addressed to the Chairman of the Executive Committee.

## **IV. OTHER COMMITTEES AND OFFICES**

## **12.**

### **(Control and Risk Committee)**

1. The Board of Directors shall set up, and in the same act lay down the respective rules of procedure, for a committee with the aim of detecting and controlling relevant risks in the Company's operations.

2. The Committee shall prepare, for approval by the Board of Directors, the Company's risk policy for each social year, which shall identify, without limiting:
  - a) The main risks to which the Company is subject in the development of its activities and the levels of risk considered acceptable to the Company;
  - b) The likelihood of such risks and their impact on the Company's operations;
  - c) The necessary tools and measures for the mitigation of the risks identified as relevant for the Company's activities.
3. The Committee is also expected to monitor the implementation of the Company's risk policy, without prejudice to the policy being evaluated annually by the Board of Directors in the context of annual assessment of the level of internal compliance with and performance of the risk management system and possible changes to the risk framework mentioned before.
4. The activities of the Committee should not overlap with that of the Audit Board, undertaking to provide such clarifications and information as the Audit Board deems necessary to supervise and evaluate the risk management process that is in effect in the Company every year, and its size and competences must be compatible with the size of the Company.

### **13.**

#### **(Corporate Governance Committee)**

The Board of Directors shall set up, and in the same act lay down the respective rules of procedure for, a corporate governance committee with the aim of ensuring the ongoing supervision of compliance by the Company of the legal, regulatory and statutory provisions that apply to corporate governance, furthering reflection and improvement of the corporate governance model adopted.

### **14.**

#### **(Investor Support Office)**

The Board of Directors shall organize an investor support office to handle contacts with the market and to assure equal access to information for all shareholders and investors.

### **15.**

#### **(Assigning portfolios and setting up other Committees)**

1. The Board of Directors may, in particular, instruct one or more of the directors to deal with certain matters of administration, assigning them responsibilities, and set up specialized Committees, with or without the presence of their members, for overseeing specific matters.
2. The decision of the Board of Directors on the composition of any Committee shall specify its specific tasks, establish its composition, appoint its Chairman and establish, by regulation, its

operating methods or, alternatively, refer to each of the Committees concerned the organisation of its operations and the subsequent adoption of its regulation, whichever is the most appropriate for each case.

## **V. SPECIFIC POWERS AND DUTIES IN THE FIELD OF CORPORATE GOVERNANCE**

### **16.**

#### **(Regulatory functions)**

The Board of Directors shall approve and assure effective implementation of the following regulations:

- a)** Rules of procedure on the reporting of irregularities (whistleblowing), setting the framework and rules for reporting, by collaborators, of irregularities which allegedly took place within the Company;
- b)** Regulations on Ethical Principles, which shall establish the essential ethical functions of all of Semapa's employees, and the arrangements for overseeing compliance with these principles; and,
- c)** Regulation of Conflicts of Interests and Related Party Transactions, which establishes ways of preventing, identifying and resolving conflicts of interest between the directors and senior management of the Company and the interests of the Company, and defines which related party transactions must be previously approved by the Board of Directors and related party transactions requiring also prior favourable opinion of the Audit Board. The approval of this Regulation is subject to prior favourable opinion of the Audit Board.

### **17.**

#### **(Communication of related party transactions)**

The Board of Directors shall communicate to the Audit Board, at least every six months, all related party transactions subject to prior approval by the Board of Directors, as well as all related party transactions that also require a prior favourable opinion of the Audit Board, as defined in the Regulation on Conflict of Interests and Related Party Transactions.

### **18.**

#### **(Duties relating to specific acts)**

- 1.** The Board of Directors shall evaluate its performance annually, as well as the performance of the Executive Committee and of other Committees and managing directors, if any, taking into account the compliance with the Company's strategic plan and budget, risk management, its

internal operation and the contribution of each member to that purpose, and the functioning between the Company's Bodies and Committees, identifying the ways in which such performance may be improved.

2. On the basis of the work carried out by the Corporate Governance Committee, the Board of Directors shall conduct an annual review of the corporate governance model adopted, identifying any constraints to its operation.
3. The Board of Directors shall also report yearly on the activities carried out by non-executive directors, referring to any constraints they may have encountered.

#### **19.**

##### **(Conflicts of Interest)**

1. When any director considers that there is a situation or a fact that constitutes or may determine the existence of conflict of interest, in accordance with the Regulation on Conflicts of Interests and Related Party Transactions, the director is required to report such situation or fact to the Chairman of the Board of Directors with the appropriate notice.
2. The director who has an interest in conflict with the interests of the Company may not vote on resolutions concerning such interest, and is required to provide all information and clarifications which the other directors may request.

#### **20.**

##### **(Performance of other administrative duties)**

1. The directors in the Executive Committee may not perform executive functions in entities outside of the Company's group, except if the activity of such entities is deemed to be ancillary or complementary to the group's activity or is not very time-consuming.
2. The directors who are not in the Executive Committee may perform management functions (executive or not) in entities outside of the Company's group, where such companies do not carry out activities that compete with that of the Company, or in companies directly or indirectly held by the Company, and the Chairman of the Board of Directors must be notified before the start of such functions.
3. For the purposes of complying with the provisions of this article, the directors undertake to submit annually to the Chairman of the Board of Directors a disclosure of the positions they occupy in corporate bodies.



## **VI. MISCELLANEOUS**

### **21.**

#### **(Minutes)**

1. Minutes shall be drawn up of all meetings of the Board of Directors by the Company Secretary or whomsoever the Chairman of the Board may designate.
2. The draft minutes shall be circulated by email for the approval of all members of the Board of Directors present at the meeting, and shall only be submitted for a formal resolution at the next meeting if a consensus cannot be reached by email.

### **22.**

#### **(Support Services)**

1. The Company Secretary shall be responsible for supporting the operation of the Board of Directors, and all requests for clarifications and information of an administrative nature shall be addressed to him.
2. All directors shall provide the Company Secretary their updated telephone numbers, postal and email addresses, including contact details which may be used in urgent situations.

### **23.**

#### **(Entry into Force and Amendments)**

1. These rules of procedure enter into force on the date of their approval.
  2. Any amendment to the rules may only be approved by the Board of Directors.

**ANNEX I**  
**to the Rules of Procedure of the Board of Directors of Semapa**  
**(11 to 17 of the Articles of Association)**

**11**

1. The Board of Directors, to be elected by the General Meeting for a four year term of office, which may be renewed one or more times, comprises an odd number of directors, between three and fifteen.
2. The General Meeting which elects the Board of Directors shall appoint the respective chairman and, should it see fit, may also elect alternate directors up to the limit established by law.

**12**

Each director shall secure his liability by providing a bond of the minimum amount provided for in law, if the General Meeting does not establish a higher value.

**13**

The Board of Directors shall, in general, take all steps needed for the management and development of the company, and namely those which are not expressly attributed to other company bodies by law or these articles.

**14**

1. The Board of Directors may, when it sees fit, delegate the day-to-day management of the company to one or more Managing Directors, or to an Executive Board.
2. The Executive Board shall comprise directors chosen by the actual Board of Directors and shall have a Chairman with a casting vote, also appointed by the Board of Directors or, if no such appointment is made when designating the executive directors, by the Executive Board itself.
3. The Managing Directors or the Executive Board shall be responsible for the day-o-day management of the company, with the powers of management delegated to them by the respective Board.

**15**

- 1.** The Board of Directors shall meet when and where required by the company interest, when called, verbally or in writing, by the Chairman or by two other directors; the Board of Directors shall meet no less than once a quarter.
- 2.** The Chairman of the Board of Directors shall have powers to co-ordinate and oversee the work of the Board.
- 3.** Any member of the Board of Directors may be represented at each meeting by another director who shall exercise the respective voting right in the name and at the liability of the director he represents.
- 4.** Powers of representation shall be granted by letter, telex or fax addressed to the Chairman.
- 5.** Resolutions shall be adopted by a majority of the directors present or represented, and the Chairman or, in his absence or impediment, the member of the Board who has been assigned this right on appointment, shall have a casting vote.
- 6.** In the event of his temporary absence or impediment, the Chairman shall be substituted in the exercise of his powers and duties by the director he appoints to represent him, without prejudice to the provisions of the preceding paragraph as regards the casting vote.
- 7.** A director is deemed definitively absent when he misses two consecutive meetings or five non-consecutive meetings, without any justification accepted by the Board of Directors.

**16**

The company shall be bound:

- a)** By the joint signature of two directors;
- b)** By the joint signature of one director and one attorney, granted powers by the Board of Directors for such act or category of acts;
- c)** By the signature of one director, or of one or more attorneys, when granted powers by the Board of Directors for such act or category of acts.

**17**

- 1.** In addition to remuneration for the exercise of their duties, the Directors shall be entitled to an old age or invalidity pension scheme, or complementary retirement pension scheme.
- 2.** The remuneration of directors and the old age or invalidity pension scheme or complementary

retirement pension scheme shall be fixed by a Remuneration Committee, comprising an odd number of members elected by the General Meeting.

3. Remuneration may comprise a fixed component and a variable component, the latter including profit sharing; such share in the profits shall not exceed more than five per cent of the net results of the preceding financial year for the directors as a whole.
4. The old age or invalidity pension scheme or complementary retirement pension scheme shall take into account the rights acquired by directors under other benefit schemes.
5. The company may take out with insurance companies or other relevant institutions total or partial cover for the benefits resulting from the retirement or complementary retirement scheme referred to in the preceding paragraphs.

**ANNEX II**  
**to the Rules of Procedure of the Board of Directors of Semapa**  
**(Articles 390 to 412 of the Commercial Companies Code)**

**Article 390**

**Composition**

1. The board of directors shall comprise the number of directors established in the articles of association.
2. The articles of association may lay down that the company has only one director, provided that the share capital does not exceed 200,000 euros; the sole director shall be subject to the provisions on the board of directors which do not presuppose more than one director.
3. Directors need not be shareholders, but they shall be individuals with full legal capacity.
4. If a corporate entity is appointed as director, it shall appointed an individual to hold office in his own name; the corporate entity shall be jointly and severally liable with the person it designates.
5. The articles of association may authorize the election of alternate directors, of a number equal to one third of the full directors.

**Article 391**

**Appointment**

1. The directors may be appointed in the articles of association or elected by the general or constitutive meeting.
2. The articles of association may stipulate that the election of directors shall be approved by cotes corresponding to a given percentage of the capital or that the election of some of them, representing no more than one third of the total, shall also be approved by a majority of the votes attached to certain shares; however, the right to appoint directors shall not be assigned to certain categories of shares.
3. Directors shall be appointed for a period established in the articles of association, of no more than four calendar years, the calendar year in which the directors are appointed being counted as a full year; in the absence of any indication in the contract, it shall be understood

that the appointment is made for four calendar years, and that the directors may be re-elected.

4. Although appointed for a fixed term, directors shall remain in office until their replacements are appointed, without prejudice to the provisions of Articles 394, 403 and 404.
5. Appointees may manifest their acceptance expressly tacitly.
6. Directors shall not have themselves represented in the exercise of their duties, save in the case provided for in Article 410.5, and without prejudice to the possibility of other powers being delegated in the cases provided for in law.
7. The provisions of the preceding paragraph shall not prevent the company, acting through its directors, from appointing attorneys for specific acts or categories of acts, without the needs for express provision in the articles of association.

## **Article 392**

### **Special rules on election**

1. The articles of association may establish that, for a number of directors no greater than one third of the board, a separate election may be held, between persons proposed in lists subscribed by groups of shareholders, provided that none of these groups has shares representing more than 20% and less than 10% of the share capital.
2. Each list as referred to in the preceding paragraph shall propose no less than two eligible persons for each of the positions to be filled.
3. The same shareholder shall not subscribe more than one list.
4. If at a separate election lists are presented by more than one group, the various lists shall be put to the vote together.
5. The general meeting shall not elect other directors until, in accordance with paragraph 1 of this article, the number of directors stipulated for this purpose in the articles of association has been elected, unless the lists in question are not presented.
6. The articles of association may also establish that a minority of shareholders which has voted against the winning proposal in the election of the directors shall be entitled to appoint no less than one director, provided that such minority represents no less than 10% of the share capital.

7. In the systems provided for in the preceding paragraph, the election shall be held amongst the shareholders who voted against the winning proposal for the election of directors, at the same meeting, and the directors thereby elected shall automatically substitute the persons with the least votes on the winning list or, in the event of a tie, the person in last place on such list.
8. In companies with shares subscribed by public bodies, or concessionaires of the State or entities deemed equivalent to the same in law, the articles of association shall obligatorily include one of the systems provided for in this article; when the articles of association make no such provision, the provisions of the preceding paragraphs 6 and 7 shall apply.
9. The articles of association may be amended to include one of the systems provided for in this article by resolution adopted by a simple majority of votes cast at the meeting.
10. If the articles of association provide for the election of alternate directors, the provisions of the preceding paragraphs shall apply to the election of as many alternate directors as directors to whom such rules have been applied.
11. The directors representing the State or public entities deemed equivalent to the same in law for this purpose shall be appointed under the terms of the respective legislation.

### **Article 393**

#### **Substitution of directors**

1. The articles of association shall set the number of times, consecutive or otherwise, a director may fail to attend a meeting without an excuse accepted by the management body without being deemed definitively absent.
2. The definitive absence of a director shall be declared by the management body.
3. In the event of the definitive absence of a director, he shall be replaced, as follows:
  - a) By the chairman calling alternate directors, in the order of the list submitted to the general meeting of shareholders;
  - b) If there are no alternate directors, by co-option, unless there is not a sufficient number of directors in office in order for the board to function;
  - c) In the event of failure to co-opt a new director within 60 days as from the date of absence, the audit board or the audit committee shall designate the substitute;

- d) By election of a new director.
- 4. Co-option and designation by the audit board or audit committee shall be submitted for ratification at the next general meeting.
- 5. Substitutions made under the terms of paragraph 1 shall last until the end of the term for which the directors have been elected.
- 6. Temporary substitutions shall only be made in the event of suspension of directors, in which case the provisions of paragraph 1 shall apply.
- 7. In the event of the absence of a director elected under the special rules established in Article 392, the respective alternate director shall be called and, if there is none such, a new election shall be held, to which the said special rules shall apply, adapted as necessary.

#### **Article 394**

##### **Judicial appointment**

- 1. When the board of directors has been unable to meet for a period of more than 60 days, due to lack of sufficient directors and because the substitutions provided for in Article 393 have not been made, and also when more than 180 days have elapsed after expiry of the term for which the directors were elected without fresh elections being held, any shareholder may apply for judicial appointment of a director, until the board is duly elected.
- 2. A director appointed judicially is equivalent to a sole director, as permitted by Article 390.2.
- 3. In the cases provided for in paragraph 1, the directors still in office shall cease their duties on the date of judicial appointment of a director.

#### **Article 395**

##### **Chairman of the board of directors**

- 1. The articles of association may establish that the general meeting electing the directors should also designate the respective chairman.
- 2. In the event of the articles of association containing no clause as provided for in the preceding paragraph, the board of directors shall choose its chairman, and may replace the same at any time.
- 3. The chairman shall have a casting vote in resolutions of the board in the following situations:
  - a) When the board consists of an even number of directors;



**b)** In other cases, when so established by the articles of association.

1. In the cases referred to in sub-paragraph a) of the preceding paragraph, in the absence or impediment of the chairman, the casting vote shall be exercised by the member of the board to whom such right has been assigned in the respective act of designation.

## **Article 396**

### **Bond**

1. The liability of each director shall be secured in one of the forms provided for in law, in respect of a sum fixed in the article of association, which shall be no less than 250,000 euros for companies issuing securities admitted for trading in regulated markets or for companies which meet the criteria set in paragraph 2 a) of Article 413, and no less than 50 000 euros for all other companies.
2. The bond may be substituted by an insurance policy, in favour of those entitled to compensation, the cost of which shall not be borne by the company, save to the extent to which the compensation exceeds the lower limit set in the preceding paragraph.
3. Save in companies issuing securities admitted for trading on regulated markets and companies which meet the criteria set in paragraph 2 a) of Article 413, the bond may be waived by resolution of the general or constitutive meeting electing the board of directors or a director and also when the appointment has been made in the articles of association, by provision in the same.
4. Liability shall be secured within 30 days of the date of designation or election and such bond shall remain in force until the end of the calendar year following that in which the director departs from office for whatever reason, on pain of immediate cessation of duties.

## **Article 397**

### **Transactions with the company**

1. Companies shall not grant loans or credit to directors, make payments on their behalf, provide guarantees for obligations they have contracted or provide them with advances on remuneration greater than the equivalent of one month.
2. Any contracts entered into between companies and their directors, directly or through intermediaries, shall be null and void if they have not been previously authorized by resolution of the board of directors, in which the party concerned shall not vote, with the

favourable opinion of the audit board.

3. The provisions of the preceding paragraph shall also apply to acts or contracts concluded with companies which are controlled, which control or which belong to the same group as that in which the contracting party is a director.
4. In its annual report, the board of directors shall specify any authorizations granted under the terms of paragraph 2, and the report of the audit board or the audit committee shall mention the opinions rendered on these authorizations.
5. The provisions of paragraphs 2, 3 and 4 shall not apply in the case of an act included within the normal trading of the company on an arm's length basis.

#### **Article 398**

##### **Other duties**

1. During the period for which they are appointed, directors shall not exercise, in the company or companies which are controlled, which control or which belong to the same group, any temporary or permanent duties under an employment contract, whether subordinate or autonomous, nor shall they enter into any such contracts with a view to the provision of services when they depart from office as director.
2. When the person appointed director exercises, in the company or companies referred to in the preceding paragraph, any of the duties mentioned in the same paragraph, the contracts relating to such duties shall lapse, if they were entered into less than one year previous to the appointment, or shall be suspended, if they have been in effect for longer.
3. Without authorization from the general meeting, directors shall not carry on in their own name or as employee any activity competing with that of the company, nor hold office in any competitor company or be appointed as representative of the same.
4. The authorization referred to in the preceding paragraph shall define the basis on which such director shall have access to sensitive information.
5. The provisions of 2, 5 and 6 of Article 254 shall apply.

#### **Article 399**

##### **Remuneration**

1. Powers to fix the remuneration of each director, taking into account the duties performed

and the state of the company's affairs, shall lie with the general meeting of shareholders or a committee appointed by the same.

2. Remuneration may be fixed or else consist in part of a percentage of the profits for the period, the maximum percentage for distribution to the directors to be set by a clause in the articles of association.
3. The percentage referred to in the preceding paragraph shall not be applied to profits allocated to reserves or any part of the profits for the period which could not be legally distributed to shareholders.

#### **Article 400**

##### **Suspension of directors**

1. The audit board or audit committee may suspend directors when:
  - a) Their state of health prevent them temporarily from performing their duties;
  - b) Other personal circumstances which prevent them from performing their duties for a period presumably greater than 60 days and they request temporary suspension from the audit board or audit committee, or when such body deems that the company interest so requires.
2. The articles of association may regulate the situation of directors during suspension; in the absence of such provisions, all their powers, rights and duties shall be suspended, save for their duties which do not presuppose the actual exercise of office.

#### **Article 401**

##### **Supervening incapacity**

If, after the appointment of the director, any incapacity or incompatibility arises which constitutes an impediment to such appointment and the director fails to leave office or to eliminate such supervening incompatibility within 30 days, the audit board or audit committee shall declare termination of duties.

#### **Article 402**

##### **Retirement of directors**

1. The articles of association may establish an old age or invalidity retirement plan for directors, to be funded by the company.

2. The company may assign complementary retirement pensions to directors, which shall nonetheless not exceed the remuneration received from time to time by the directors in office or, if their remuneration varies, the highest remuneration paid to directors in office.
3. Directors' entitlement to retirement or complementary pensions shall cease when the company is wound up, although the company may take out insurance contracts at its own cost to cover this risk, in the interest of the beneficiaries.
4. The regulations governing the implementation of the provisions of the preceding paragraphs shall be approved by the general meeting.

### **Article 403**

#### **Dismissal**

1. Any member of the board of directors may be dismissed by resolution of the general meeting at any time.
2. Resolutions dismissing without due cause directors elected under the special rules established in Article 392 shall not take effect if shareholders representing no less than 20% of the share capital vote against them.
3. One or more shareholders owning shares corresponding to no less than 10% of the share capital may, until a general meeting has been convened to resolve on the matter, apply for judicial dismissal of a director, citing due case.
4. Due cause for dismissal shall comprise, namely, serious breach of the director's duties and unsuitability for normal exercise of his respective duties.
5. If the dismissal is not based on due cause, the director shall be entitled to compensation for damage suffered, in the manner stipulated in contract entered into with him or under the general terms of the law, although such compensation shall not exceed the value of the remuneration that he would presumably have received through to the end of his term of office.

### **Article 404**

#### **Resignation**

1. Directors may resign from office by letter addressed to the chairman of the board of directors or, if the director resigning is the chairman, to the audit board or audit committee.

2. Resignation shall only take effect at the end of the month following that in which notice was given, unless a substitute has in the meantime been appointed or elected.

#### **Article 405**

##### **Powers of the board of directors**

1. The board of directors shall manage the company's affairs, and shall submit to the resolutions of the shareholder or the intervention of the audit board or audit committee only in cases where the law or articles of association so determine.
2. The board of directors has sole and full powers to represent the company.

#### **Article 406**

##### **Management powers**

The board of directors shall resolve on any matter relating to the management of the company, namely:

- a) The choice of its chairman, the provisions of Article 395 notwithstanding;
- b) Co-option of directors;
- c) Requests for the calling of general meetings;
- d) Annual reports and accounts;
- e) Acquisition, disposal and encumbrance of immoveable property;
- f) Provision of bonds and personal or real security by the company;
- g) The opening and closing of establishments or important parts of the same;
- h) Significant extensions to or reductions in the company's business;
- i) Major changes to the organization of the company;
- j) Establishment or cessation of lasting and important cooperation with other companies;
- l) Change of registered offices and increases in share capital, on the terms laid down in the articles of association;
- m) Plans for merger, division or transformation of the company;
- n) Any other matter on which any directors requests a resolution from the board.

## **Article 407**

### **Delegation of management powers**

1. Save when prohibited by the articles of association, the board may assign special responsibility for certain management matters to one or more directors.
2. The special responsibility referred to in the preceding paragraph shall not cover the matters provided for in sub-paragraphs a) to m) of Article 406 and shall not exclude the normal powers of the other directors or the board, or their liability, under the terms of the law.
3. The articles of association may authorize the board of directors to delegate the day-to-day running of the company to one or more directors or an executive board.
4. The board's resolution shall set the terms of such delegation, which shall not include the matters provided for in sub-paragraphs a) to d), f), l) and m) of Article 406 and, in the case of an executive board, such resolution shall establish its composition and the respective procedural framework.
5. In the event of delegation, the board of directors or members of the executive board shall designate a chairman of the executive board.
6. The chairman of the executive board shall:
  - a) Assure that full information is provided to the other members of the board of directors with regard to the activities and resolutions of the executive board;
  - b) Assure compliance with the limits of the delegation of powers, with the company strategy and with the duties of collaboration before the chairman of the board of directors.
7. The provisions of Article 395.3 shall apply, duly adapted, to the chairman of the executive board.
8. The delegation of powers provided for in paragraphs 3 and 4 shall not exclude the powers of the board to adopt resolutions on the same matters; the other directors shall be liable, under the terms of the law, for general oversight of the actions of the managing director or directors or the executive board and, also, for any losses caused by their acts or omissions, when, having been aware of such acts or omissions or of the intention to commit the same, they failed to cause the board to intervene to take the appropriate measures.

## **Article 408**

### **Representation**

1. The board of directors' powers of representation shall be exercised jointly by the directors, and the company shall be bound by legal transactions concluded by a majority of the directors, or ratified by them, or by a smaller number as established in the articles of association.
2. The articles of association may lay down that the company is also bound by transactions concluded by one or more managing directors, within the limits of the powers delegated by the board.
3. Notices or declarations from third parties to the company may be addressed to any of the directors, and any provision otherwise in the articles of association shall be null and void.
4. Notices or declarations from a director and made to the company shall be addressed to the chairman of the board of directors or, when he is making the notices or declarations in question, to the audit board or audit committee.

## **Article 409**

### **Binding**

1. The acts of the directors, carried out on behalf of the company and within the powers granted to them by law, shall be binding vis-à-vis third parties, despite the limitations established in the articles of association or resulting from the resolutions of shareholders, even if such limitations are published.
2. The company may, however, enforce against third parties limitations on powers deriving from the company objects, if it is proven that the third party was aware and could not be unaware, in view of the circumstances, that the act carried out was in breach of such clause and if, in the meantime, the company has not ratified such act, by express or tacit resolution of the shareholders.
3. The awareness referred to in the preceding paragraph cannot be proven only by the publicity given to the articles of association.
4. Directors shall bind the company by appending their signature, indicating this capacity.

## **Article 410**

### **Meetings and resolutions of the board**

1. The board of directors shall meet whenever convened by its chairman or two other directors.
2. The board shall meet no less than once a month, save as otherwise established in the articles of association.
3. Directors shall be notified of meetings in writing, with appropriate advance notice, save when the articles of association provide for meetings on pre-set dates or another form of call.
4. The board shall not adopt resolutions without a majority of its members being present or represented.
5. The articles of association may permit any director to be represented at a meeting by another director, by means of a proxy letter addressed to the chairman, but no proxy letter may be used more than once.
6. Directors may not vote on matters where they have, on their own account or through third parties, a conflict of interests with the company; in the event of a conflict, the director shall notify the chairman of the same.
7. Resolutions shall be adopted by a majority of the votes of the directors present or represented and of those who, when so permitted by the articles of association, have sent postal votes.
8. If not prohibited by the articles of association, board meetings may be held using telematic means, if the company assures the authenticity of declarations and the security of communications, the content of such meetings and the identify of the participants being recorded.

## **Article 411**

### **Invalidity of resolutions**

1. The resolutions of the board of directors are null and void:
  - a) When adopted at a meeting not duly convened, unless all the directors are present or represented or, if the articles of association so permit, they have sent postal votes;
  - b) When their subject matter is of a nature not subject to resolution by the board of directors;



- c) When their subject matters if offensive to common decency or overriding legal rules.
- 2. The provisions of paragraphs 2 and 3 of Article 56, adapted as necessary, shall apply.
- 3. Resolutions shall be annulable when they breach the provisions of the law, if nullity is not applicable, or those of the articles of association.

## **Article 412**

### **Allegation of the invalidity of resolutions**

- 1. The board itself or the general meeting may declare the nullity of or annul the defective resolutions of the board of directors, on the request of any director, the audit board or any shareholder with voting rights, within one year of learning of the irregularity, but no more than three years from the date of the resolution.
- 2. The time limits established in the preceding paragraph shall not apply to the assessment by the general meeting of the acts of directors, the general meeting having powers to resolve to declare the act null and void, or to annul the same, even if the matter is not stated in the notice of meeting.
- 3. The general meeting of shareholders may, however, ratify any annulable resolution of the board or directors or else replace the null and void resolution with a resolution of its own, provided it does not relate to matters where the board of directors has sole powers.
- 4. The directors shall not execute or consent to execution of resolutions which are null and void.