



ARTICLES OF ASSOCIATION CONSOLIDATED IN AN ONLY TEXT

TITLE I

GENERAL PROVISIONS

Article 1: Under the corporate name of "FUNDACIÓN CODESPA" (CODESPA Foundation), this Foundation is hereby incorporated, as a nongovernmental organization, with a non-profitable and a private nature.

The Foundation shall be governed by the present Articles of Association, as well as by the Civil Code and other provisions regulating foundations when ever applicable. Likewise, it shall be governed by those provisions established by the Trustees, according to the interpretation and progress of the Articles of Association.

Article 2: This Foundation shall be of an indefinite term, as an institution of permanent character, with its personality and legal capacity to act.

Article 3: The Foundation shall have its registered office in Madrid, C/ Rafael Bergamín, 12, bajo.

The Board of Trustees may change its address to anywhere else and set all the offices in Spain and abroad that may be required for a better accomplishment of the Foundation's purposes.

TITLE II

FOUNDATION'S PURPOSES

Article 4: 1. The Foundation's purpose is aimed at serving to the general interest through the co-operation of economical and social development of the developing countries, in the deprived areas in other countries and by the promotion of charity and social activities either in Spain or abroad, by collaborating, in that case, with other non-profit-making NGOs, with the intentions of responding to the essential needs in the areas of food, health, employment, etc.

2. The government bodies shall be liable for drafting, in each case, the Foundation's purpose and the development of the activities' programs.

Article 5: The Board of Trustees shall be responsible for complying with the Foundation's decision provided in CODESPA Foundation's certificate of incorporation, notwithstanding the functions that the legislation in force entrusts to the Commission.

Article 6: To enforce the Foundation's purposes mentioned in the article 4, the Foundation may:

- a) To organize public opinion campaigns promoting co-operation for development, arrange discussions, publish scientific studies and take part in meetings dealing with problems in the financial and social development.
- b) To promote the improvement in the communities by providing all the necessary resources with the appropriate technologies in deprived areas or poverty bags to achieve the restart of the economy of the country and the human and social promotion of its inhabitants.
- c) To promote small rural businesses and aquaculture installations, health centers to meet the needs of public health, food and hygiene, medical research centers targeted to eradicate the endemic diseases in the developing countries; institutions dedicated to human and professional training, from pre-school years to university levels; the promotion of women and handicraft training, as well as the conservation and restoration of masterpieces of archeological, artistic and historic interest.
- d) To obtain subsidies allocated to carry out projects enabling the improvement of the living conditions in the deprived areas both in Spain and in developing countries, especially the Latin American ones.
- e) To participate in a joint financing basis, in that case, with the competent bodies belonging to Spain's Administration, with the European Communities, with the Inter-American Development Bank, with nongovernmental organizations (NGO's) and other entities, both public and private, Spanish or from other countries, in the carrying out of projects and programs directed to the co-operation for development and to training and care functions.
- f) To analyze the economic, financial, technical, sociologic and cultural viability of those projects related to co-operation for development arising.
- g) To evaluate the results of the programs and projects that CODESPA Foundation has carried or is carrying out when working for co-operation for development.
- h) To train members specialized in development matters in various fields (economy, education, health, administration, etc.) and send technical teams to the developing countries as well as making international exchanges in which teachers and students participate.



- i) To carry out the remaining projects and programs that the Board of Trustees, in accordance with what is stipulated in the article 4, may consider as appropriate.

The actions made on the Foundation's behalf shall be closely related to its beneficiaries to increase their confidence within their possibilities.

Article 7: 1. Those persons or bodies belonging to the poorest populations in the developing countries, and discriminated people living in the slums of the biggest cities, especially those from Latin America, shall be the beneficiaries of this Foundation, and, to the exclusive discretion of the Trustees, subject to criteria of impartiality and non-discrimination, shall fairly receive help from the Foundation. Therefore, nobody may claim to the Foundation, either individually or collectively, the right to be a beneficiary thereof. No person, or entity, being public or private, may impose to be granted with financial help or to receive services.

2. Notwithstanding what is stipulated in the previous paragraph, the Foundation may accept, by an agreement held by the Trustees, donations, inheritances or legacies, which, at the request of the donor or the testator, shall be assigned for specific purposes, as long as they are included in the purposes of the Foundation provided in the articles 4 and 6.

3. Specifically, in those cases provided in the previous article, ad hoc Commissions may be established to enforce the specific purposes, with the members and powers stipulated in these Articles of Association.

TITLE III

FOUNDATION'S BODIES

Chapter 1 – General provisions

Article 8: 1. The management, administration and representation of the Foundation shall be the Trustees' duty, they are also granted with all the powers.

2. The Trustees shall carry out their activities through the Board of Trustees, the Executive Committee the ad hoc Commissions and the Director, appointed in accordance with these Articles of Association.

The Board of Trustees may appoint an Honor Board of Trustees, formed by relevant Spanish and foreign figures.



Article 9: In the Board of Trustees, in the Executive Committee and in the ad hoc Commissions the members shall hold positions of responsibility and freely granted.

Article 10: The Foundation's government bodies shall carry out their duties without any limitation and their decisions shall be definitive, notwithstanding the powers legally granted to the official Commission adopted by CODESPA FOUNDATION and without prejudice of the powers conferred to the *Tribunales de Justicia* (Courts of Justice).

In consequence, and as express willingness from the founders, the Foundation cannot impose on the governmental bodies, when adopting agreements of any kind, the compliance of requirements other than those expressly stipulated in these Articles of Association or legally established.

Chapter 2 – Board of Trustees

Article 11: 1 The Board of Trustees shall be constituted by a minimum of 15 members and a maximum of 49, who, between them shall appoint the President, who shall represent the Foundation, and Vice-President, who shall act as President in the event of the President's position being vacant, or him being absent or ill.

2. The Board of Trustees shall appoint the Executive Committee from its members.

3. The mandate of the President shall be extended to a maximum period in which the designated members retire as members of the Board. In other words, this position shall have a maximum duration of four years. These members may be re-elected on a restrictive basis.

Article 12: 1. The first Board of Trustees shall be appointed by the founders. The mandate of the members of the Board of Trustees shall last four years. Those retiring members may be re-elected.

2. Those vacancies created by the termination of the mandate, by death or resignation, as well as by the incapacity or the impossibility to carry out the duties

that this position implies, which can be noticed by the two thirds of the remaining members in the Board of Trustees, shall be filled by means of the agreement held by the absolute majority belonging to this Board.

Article 13: 1. The Board of Trustees shall meet at least twice a year, and as many times as the President thinks fit or at the request of half of its members.

2. The Secretary shall follow through with the calling of meetings, ten days in advance before they are held.

3. The Board of Trustees meeting shall be validly held when half, plus one of the members attend or ratify the agreements adopted therein.

4. The agreements shall be held by majority of votes of those members that are present or who act on behalf of another. In the event of being a draw, the President shall decide the vote.

5. The agreements shall be entered into a minutes book, in which they shall be duly authorized by the Secretary with the President's approval.

6. The execution of the agreements corresponds to the President, and, on his or her behalf, the Director of the Foundation.

Article 14: The Board of Trustees corresponds to everything that's concerned with high government, administration and the representation of the Foundation, and, in particular, the following powers:

- a) To enforce decisions made both by the founder members and the Foundation's Articles of Association.
- b) To conduct the inspection, surveillance and orientation of the Foundation's work.
- c) To set the criteria for the distribution and assignation of funds available, pursuant to the Foundation's purposes.
- d) To revise and, if applicable, approve the plan of action, the appropriate report, as well as the statement of balance and the profit and loss account, submitted by the Director, together with his or her management.
- e) To develop and interpret the founders' decisions presented in the Articles of Association and in the Certificate of Incorporation, as well as modify the Articles of Association, if it is deemed necessary for a better compliance of the purposes stipulated in article 4, as well as the decisions of the founders, informing the Commission of them to be enforced.
- f) To form a solemn declaration of having complied faithfully the Founders' decisions and to provide evidence when it is so required by the Commission.
- g) The remaining powers provided in other articles belonging to these Articles of Association.

- h) To terminate the Foundation's activities, completing all the formalities provided which charity purpose are to be allocated the resulting assets.

The powers aforementioned are purely representative and not restrictive.

Chapter 3 – Executive Committee

Article 15: 1. The Executive Committee shall be formed by a minimum of three members and a maximum of nine members.

2. The Board of Trustees' President shall preside the meetings held by the Executive Committee, planning the agenda assisted by the Director. The President shall enable the Executive Committee's members to participate in the meetings. The Trustees' Secretary shall act as the meeting's secretary.

3. The Board of Trustees may renew every two years the Executive Committee, and their retiring members may be re-elected.

4. The Executive Committee may meet as many times as the President may deem fit or when a third part of the members requires it.

5. Those provisions stipulated in the sections 2 to 6 from article 13 shall be applied to the Executive Committee.

6. However, and in urgent cases, the President may call, in a 24-hour term, the Executive Committee or even adopt agreements without a meeting, by consulting all the members by any means, taking the minutes of the said agreements at the discretion of the Executive Committee in the first ordinary meeting held in the Foundation.

7. The Executive Committee shall be empowered to propose to the Board of Trustees the re-election of those members having retired. This proposal of re-election shall be of a restrictive nature.

Article 16: 1. The duty of the Executive Committee, notwithstanding the powers of the Board of Trustees, shall belong to the management, administration and representation of the Foundation, under the policy of the Board aforementioned.

2. With demonstrative purposes, and not restricted, the powers of the Executive Committee shall be as follows:

- a) To act on behalf of the Foundation in all kinds of relations, acts and contracts, before the State, Autonomous Communities, Provinces, Municipalities, Authorities, Courts where a judge sits alone, Courts, Magistracies, Corporations, Bodies, Companies, Banks, their offices or agencies, even those located in Spain, legal and private persons, carrying out all rights, actions and exceptions and following by all formalities,



instances, incidences and remedies, as many proceedings, files, claims or cases interesting to the jurisdiction of the Foundation, which shall grant all the powers required.

b) To accept the acquirement of legal possessions or rights to the Foundation's interest or for the compliance of a determined purpose of those contained in articles 4 and 6, always providing that it freely considers that the nature and the amount of the legal possessions or rights is adequate and sufficient for the compliance of the purpose to which they are aimed: to carry out all types of acts or contracts or acquisition, possession, administration, sale and encumbrances on real or personal estate, even those related to the granting, modification or partial or total cancellation of any mortgages, redemption of real rights and any other ownership in fee simple done by the Foundation, as long as previous authorization by the Commission is not necessary. If so, the Board of Trustees shall be empowered to do that.

c) To charge and receive the income, profits, dividends, interests and benefits and any other earnings coming from the legal possessions that form part of the Foundation's assets.

d) To make all the required payments, even those related to preference shares and all the necessary expenses to collect, administer and protect the provisions that the Foundation owns at that moment.

e) To build any buildings that the Foundation may deem necessary for complying with its purposes, making decisions by an appropriate means and supplies of any kind, without prejudice of its quality or importance, by using any procedure to do so, in direct acquisitions as in auctions and calls for bid, without any authorization to do so.

f) To carry out directly, or by any designated representative, those political and financial rights corresponding to the Foundation as acting holder of shares and other transferable securities, and that way to attend, deliberate and vote in the General Meetings, Assemblies, Unions, Associations and other bodies belonging to the respective Companies or issuers, carrying out all the legal powers given to the aforementioned holder. It shall also enter into, execute and conclude acts, contracts, agreements, proposals and other documents that are judged to be required.

g) To carry out all the functions related to the disposal, administration, conservation, custody and protection of the legal possessions, always providing that previous authorization of the Commission is not necessary, if so, the Board of Trustees shall be empowered to do carry out these duties, as well as to grant all the powers that it may deem necessary.

h) To organize the internal and external functioning of the Foundation, establish all the regulations of any kind that the Foundation may deem necessary, freely appoint and dismiss all the managing, health and technical staff and set out their salary, fees and rewards, without other formalities that are set under discretion.

i) To control directly, or by means of persons acting on its behalf, the correct allocation of all the cultural and charity investments approved by the Board of Trustees, and control and examine all the services created to comply the Foundation's purposes, as well as its functioning and administration.

j) To grant some of its powers, if it thinks fit, to one or more persons, and also being able to designate, if it is appropriate according to the circumstances, a general administrator.

k) Any other power or functions that, notwithstanding those that correspond to the Board of Trustees, usually are delegated to the Executive Committee.

3. The Executive Committee shall be responsible for drafting a Code of Good Management, which should be approved of by the Board of Trustees. Regardless of the Ad hoc Commissions regulated in **articles** 7.3 and 21 of the Articles of Association, the Executive Committee can suggest the creation of other specific Committees in order to carry out particular functions. The members of such Committees shall be appointed by the Board of Trustees from the proposal of the Executive Committee.

Chapter 4 – The Foundation Director

Article 17: The Foundation Director shall be appointed by the Board of Trustees.

The appointment should be made in favour of a qualified person for the exercise of such a position, to the judgement of the Board of Trustees. As it is referred to a position of trust, it shall always be revocable.

Article 18: On a purely representative position, The Director corresponds to the following authorizations, as well as the responsibilities delegated to him by the Board of Trustees and the Executive Committee:

- a) To attend the Board of Trustees and the Executive Committee meetings.
- b) To carry out, with the widest authorities delegated by the Board of Trustees, the management and execution of the agreements and guidelines taken by the Board of Trustees and the Executive Committee, and in general, all the necessary organizational functions for the best achievement of all foundational aims.
- c) To prepare, propose and manage the Foundation's development plan.
- d) To appoint and separate the administrative, auxiliary and subordinate staff members of the Foundation and establish their corresponding remuneration.

- e) To order the payments, ask for loans, grant loans, have funds available, and open current or credit accounts on behalf of the Foundation in any credit establishment, together with a member of the Executive Committee.
- f) To contract works, services and supplies.
- g) To formalize and present to the Board of Trustees the Foundation's development plan for each financial year, the annual accounts, as well as the extraordinary budgets.
- h) To represent the Foundation, by the Executive Committee's delegation, in all legal and non-legal proceedings, and in all relationships with Public Powers, Entities, Corporations and legal entities or natural persons of any kind.
- i) Any attributions delegated by the Executive committee.

Article 19: The Secretary of the Foundation shall be appointed by the Board of trustees upon the proposal of the Executive committee and he shall act as secretary of both bodies. As it represents a position of trust, it is revocable at any moment.

Article 20: The faculties of the Secretary are as follows:

- a) Act as Secretary of the Board of trustees and of the Executive Committee.
- b) Facilitate a correct development of the meetings held by the Board of trustees and the Executive committee, offering the employers any necessary advice and information.
- c) Keep the documentation of the Foundation and put on public record in the minutes the development of the sessions of the Board of trustees and Executive committee.
- d) Attest resolutions of the Board of trustees and Executive committee.

Chapter 5 – Ad hoc Commission

Article 21: 1. The ad hoc commissions foreseen in the third paragraph of the seventh article shall compose to the number of people established by the Board of trustees while creating it, but cannot be less than three.

2. The designation of the members of the ad hoc commissions corresponds to the Board of trustees. Nevertheless, this Board can delegate to the donor of the goods the power to designate up to the half of the members of this commission.

3. The term of office of the ad hoc commissioners and the form of renewal of any vacancies, shall be determined by the Board of trustees, and if they didn't do so, the rules foreseen in article 12 shall be applied, for the Board of Trustees.

4. The appointment of the President of the Ad hoc Commission, corresponds to the Board of trustees.

5. The contents of numbers 1,2,3,4,5 and 6 of article 13 are applicable to the Ad hoc commission.

The decisions shall be made by majority vote of those present or represented. In the case of a draw, the Executive Committee shall decide and make public this matter.

TITLE IV

ASSETS AND FINANCIAL AGREEMENT

Article 22: 1.The assets of the Foundation can be formed by all types of legal possessions, wherever they are established.

2. The capital of the Foundation is that invested by the founders. The capital can be increased with real and personal estates, which hereinafter the Foundation decides to acquire by any of the transactions provided under the Law, only if the Board of Trustees agrees to assign it to increase the original capital.

Contributions to the capital of the FUNDACIÓN CODESPA do not imply any obligation or risk to the donor, regarding the own Foundation as well as the projects that it promotes or finances.

3. The Foundation may acquire, in order to achieve better accomplishment of its purposes, legal possessions coming from public or private bodies and estates, bequests and donations from anybody.

4. The assets acquired hereafter, except what is determined in articles 7 – 2 and 22 –2, shall have, upon the acceptance of the Board of Trustees, the consideration of benefits or income, and shall be used to increase those which are applied annually to the attentions and aims of the Foundation.

Article 23: The assignment of the foundation provisions to the achievement of the mentioned objectives mentioned in articles 4 and 6 are of a common and indivisible character, meaning that, there are no assignments of parts or quotes, equal or not, regarding the foundation provisions and benefits designated to them. Accordingly, the Foundation should not be required to divide or distribute the provisions or its income among the different charity purposes pursued, nor apply them to one or various.

On the completion of the foundational aims it must be intended at least 70 per cent of the income regarding the financial results, which are developed, and also of the income obtained by other reasons, deducted the expenses due to the achievement of those results, in the terms foreseen as provided by Law. The rest has to be designated to increase the foundational provisions or the reserves as agreed by the Board of trustees. The period in order to comply with this obligation shall be from

the beginning of the year in which they have obtained such results and income and the next four years regarding the end of that year.

Article 24: 1. The Executive committee can in every moment, upon the proposal of the Director of the Foundation and if the previous authorization of the Commission is not necessary, introduce changes he considers appropriate to the provisions of the foundation, in accordance with the economic situation; with the aim of avoiding that this, still maintaining its nominal value, shall decrease its effective or acquisition value. If the authorization of the Commission is required, this power corresponds to the Board of trustees.

2. The founders, in order to achieve the permanence of the Foundation, in favor of its future beneficiaries, recommend the Executive committee to exercise the power conferred in the previous paragraph, subject to their faith and conscience and to the best of their knowledge and belief.

Article 25: 1. When companies, which issue securities, constitute the provisions of the Foundation to expand their own social capital, by giving existing shareholders preferential subscription rights, the Foundation may subscribe to the shares representing the extension or proceed with the sale of the rights of subscription. The new securities or, if appropriate, the amount of such sale shall be allocated to the foundation's provisions.

2. If the capital increase is done by depositing reserves or capital gains of the company referred to, in the preceding paragraph, the Foundation, in order to increase their own provisions, shall acquire the shares representing the expansion or, if appropriate, accept the raising of the nominal value of older shares: Nevertheless, in such exceptional cases in which the situation requires that the Foundation acts as a shareholder, an additional contribution shall be required.

3. In case of a merger, in any possible form, of one or some of the companies whose shares are part of the provisions of the Foundation, it shall be considered that the titles received as a consequence of such operation, shall represent an integral part of the provisions of the Foundation.

Article 26: To ensure the custody of the assets belonging to the Foundation, the following rules shall be applied:

- 1) The real estate and real rights shall be registered in the Land Register.
- 2) The titles shall be deposited on behalf of the Foundation in bank institutions designated by the Executive Committee.

- 3) The other moveable property, property deeds, deposit receipts and any other documentary proof of ownership, quiet enjoyment or any other right he holds, shall be held by the Director of the Foundation or by the person designated by the Director.
- 4) All the goods belonging to the Foundation shall be registered in the Inventory and Balance book, the person in charge of it shall be the Secretary and stated in this book shall be the exact details and circumstances for precise identification and description.

Article 27: Upon the express willingness of the founders, the Foundation should never be obliged to invest or convert its legal possessions, irrespective of their nature, in titles regarding public debt or in any other specified equity.

Article 28: The financial period shall be annual and it shall coincide with the calendar year.

Article 29: The Executive Committee shall inform the Board of trustees about the plan of action, and where appropriate, the special budget stated by the Director of the Foundation according to article 18 g).

The budgets shall be balanced and shall not exceed the provisions regarding the expenses in respect of the income.

Article 30: The plan of action shall be prepared taking into account the following rules:

- 1) The assets of goods of the Foundation shall be considered as income, estimated with proactive and prudent criteria, as any other income, which should not be incorporated to the provisions of the Foundation.
- 2) Regarding the expenses, the following division shall be made:
 - a. General expenses of the administration.
 - b. The designated expenses for the compliance of the foundational purposes.

Article 31: 1. The Foundation has to keep the accounting in an appropriate and in accordance to its activity, which should allow a chronological monitoring of the operations done. Therefore, it is necessary to be in charge of the Diary Book and the Inventory Annual accounts Book.

2. The annual accounts, which comprise the balance sheet, the profit and loss account and the annual report, are considered as one unit. They have to be written

clearly and state the true situation regarding the assets, the financial situation and also the results of the Foundation.

The report, as well as being completed, extended and comments made on the information contained in the balance and the income statement, shall include the activities of the foundation, changes in their governing bodies, direction and representation as well as the degree of compliance regarding the plan of action indicating the used resources, their origin and the number of beneficiaries in each of the actions which have been carried out. The agreements, if any, have been carried out with other entities for these purposes, and the level of accomplishment of the rules established in article 27 of the Law 50/2002. There shall be also enclosed another report of an inventory of the assets.

3. The annual accounts shall be approved by the Board of trustees of the Foundation within the six months following the end of the financial year. They shall be presented to the Commission in order to be evaluated and checked within the next ten working days in respect of the approval.

If the Foundation does not fulfill the legal and established requirements, the previous documents shall be subject to external audit, referring the report together with the annual accounts to the Commission.

4. The Board of trustees shall have to prepare and send to the Commission within the last three months of the financial year a plan of action reflecting the aims and activities foreseen for the next year.

TITLE V

TERMINATION

Article 32: The Foundation shall terminate if it cannot comply with any of its purposes for which it was constituted as it has been provided in the present Regulation. In the aforementioned situation, the Board of trustees shall agree with a majority of two thirds of its members and shall appoint a liquidation commission, to which all the powers are conferred, in order to fulfill the mission.

Once the assets of the foundation have been liquidated, the remaining amount shall be designated by agreement of the majority of the members of the Board of Trustees where they believe appropriate, to other foundations and institutions, which pursue equivalent general interests to those of the Foundation, that their legal possessions are bounded affected, even in the event of its dissolution, to the achievement of those considered as eligible entities that are patronage beneficiaries, to the effects provided in articles 16 to 25 of the Law 49/2002 of 23 December, designated in that moment by the Board of Trustees, according to that, incorporated in the legislation in force.

It shall also be extinguished, without detriment to the Court's powers, if the State or other public organism, through any Organization or authority, except for the power conferred to the Commission by the legal functions in force, with the intention to interfere, modify, contradict or by any possible way, not respect the decisions of the founder members provided in the deed of incorporation and the



present articles of association, and thus be perceived by the Board of trustees by a majority of two thirds. In such case, the Board of trustees can, by majority agreement, freely dispose of the assets that form the patrimony of the Foundation and shall apply them to charity purposes, under the terms of the previous paragraph, as they feel fit.

IT IS A COPY which exactly matches with its original that is located within my general protocol under the number stated at the beginning of the document. In addition, I do hereby issue it to the person, which is with me in Madrid on October 10, 2005.