



LA SEDA DE BARCELONA

LA SEDA DE BARCELONA, S.A. - ARTICLES OF ASSOCIATION

SECTION I

NAME, REGISTERED OFFICE, ACTIVITIES AND DURATION

Article 1. A company under the name of "LA SEDA DE BARCELONA, S.A.", regulated by the present Articles of Association, and in a supplementary fashion by current legislation regarding Limited Companies.

Article 2. The registered office of the Company shall be in El Prat del Llobregat, on Avenida Remolar No. 2, and may have such other places of business in other locations within or without Spain, through the creation of subsidiaries and offices designated by the Board of Directors, which shall be the body vested with power to create, remove or transfer said offices.

Article 3. The Company's objects are the manufacture and selling of synthetic fibre in all of its forms and derivations, production, manipulation, transformation and selling of all types of fibres, textile and technical threads, artificial and synthetic materials, including specific machinery, power and steam generation used for its manufacturing industries, as well as research in the above fields.

The company's objects shall also include any industrial or commercial activity associated to the chemical industry, the construction of industrial plants and participation in and management and exploitation of chemical companies. Its objects shall also include the manufacture, transformation and commercialization of all types of polymers and biotechnological materials, recycling of plastics and licensing of technological equipment.

The aforementioned activities may be undertaken by the Company either completely or in part, indirectly through its interests in other Companies having identical or analogous objects.

Excluded are all activities the undertaking of which require special requisites as set out by current legislation that are not met by this Company.

Article 4. Its operations having begun on 25 March 1925, the Company shall not be limited by time. Notwithstanding the above, the Company may be dissolved in such cases and for such reasons as per Article 31 of these Articles of Associations.



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SECTION II

SHARES AND SHARE CAPITAL

Article 5. The share capital is fixed at ONE HUNDRED SIXTY MILLION FIVE HUNDRED SEVENTY EIGHT THOUSAND TWO HUNDRED SIXTY EUROS (160.578.260 EUROS) split in 626.873.401 ordinary shares, fully subscribed and disbursed, with a nominal value of 0,256157 euros each, making up the same and only series and represented by account entries”.

Article 6. Shares corresponding to share capital shall be of one single class. They shall be entered in the Central Registry of El Servicio de Compensación y Liquidación de Valores (Securities Clearing and Settlement Service), which shall also contain the constitution of real limited rights and other encumbrances on the same, as well as any conditions required by current legislation on Limited Companies and Securities Market.

Article 7. Holders of shares issued by the Company are subject to the provisions set out in these Articles of Association as well as the agreements adopted by the General Meeting of Shareholders notwithstanding any objections and the right to separation granted to them by the Law.

The ordinary shares of the Company shall grant the holder the following basic rights:

- a) The right to attend General Meetings of Shareholders as per the conditions set out in Article 12 of the present Articles of Association and the right to object to proposals made regarding the Company.
- b) The right to vote in the shaping of company will at General Meeting of Shareholders, one vote granted for every €15 nominal share value, notwithstanding the right of shareholders who hold fewer shares to unite and be represented with an aim to exercise their voting rights.
- c) The right to share in distributions of company’s income and assets from liquidation as per conditions set out in the Law.
- d) Preferred subscription rights when new shares are issued or for bonds convertible to shares, in accordance with the provisions of the Law.
- e) The right to information, as per legally established terms.

Article 8. To achieve it aims the company may make use of loans (in all of their forms) from banks or other institutions, by resolution of the Board of Directors, or issue bonds or other debt instruments, under the conditions and in cases it deems appropriate, by resolution of the General Meeting of Shareholders, free of limitations save for those set forth by law.



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SECTION III

GOVERNING BODY AND ADMINISTRATION

Article 9. The Company shall be governed and regulated under the full and sovereign authority of its shareholders via General Meeting; the Board of Directors shall represent and oversee the activities of the company.

CHAPTER 1

GENERAL MEETING OF SHAREHOLDERS

Article 10. The ordinary General Meeting of Shareholders shall be held within six months after the close of the financial year, its purpose being to grant discharge to the Board, approve the financial statement and to decide upon appropriation of profits. It can also be informed of and give its opinion on any matter contained on the Meeting Agenda. Any Meeting other than the aforementioned shall be considered as being extraordinary. General Meetings shall be convened by resolution of the Board of Directors or by request of shareholders in cases and under the conditions set forth by Law.

Article 11. The General Meetings of Shareholders, both Ordinary and Extraordinary, save for cases specifically set out in Article 99 of the Law, shall be called by the Board of Directors by way of an announcement published in the Boletín Oficial del Registro Mercantil and in one of the daily newspapers possessing largest circulation in the province of the company's registered address, at least **one month** prior to meeting date, except in those cases for which the Law establishes other time periods.

The meeting announcement shall contain the location, date and time of the meeting, as well as the agenda and any other information required by Law. Said announcement may include the first and second call of the meeting, on the condition that they be separated by a minimum of at least twenty-four hours.

Article 12. All shareholders which can duly certify their ownership of shares amounting to an aggregate par value of at least 15 euros shall participate in the General Meeting. Ownership shall be certified through corresponding certificates issued by the Body responsible for accounting or associated Body, provided the registration is made at least five days prior to the date on which the Meeting is to be held. Upon receiving said prior accreditation, the depository institution shall provide each shareholder with an attendance card, which grants him/her the right to attend the general meeting, and shall contain information regarding number and series of subscribed shares and the corresponding votes to which he/she is entitled.

Shareholders that have fulfilled conditions established in this article can be represented at convened meeting by other shareholders, their respective attendance cards duly endorsed.



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Article 13. The General Shareholders Meetings shall, save for Universal meetings, be held at the registered offices, being convened at the time indicated in its corresponding notice. The Chairman of the Board of Directors, or, in his/her absence, the Vice Chairman shall preside over the General Meeting. If neither of these can attend, a shareholder shall be designated by the Board Of Directors to do so. The Secretary of the Board of Directors shall act as secretary for the General Meeting; failing this, the role of Secretary shall be assumed by the youngest Board member in attendance. The list of attendees shall be drawn up and designated in accordance with article 111 of the Law; this list may be compiled in a file or computerised format.

Article 14. The General Meeting, in both its Ordinary and Extraordinary forms, shall be officially convened in its first call when twenty-five percent of the subscribed capital with voting rights is present or represented. The second call of the General Meeting shall be officially convened regardless of the capital in attendance.

Notwithstanding the aforementioned, when the General Meeting of Shareholders, either in its ordinary or extraordinary form, shall deal with matters specified in article 103 of the current Limited Companies Act, as per its agenda, and passing of associated resolutions shall be considered valid only when at least fifty percent of the share capital is present or represented in the Meeting's first call. For the second call of the meeting, twenty-five percent of said share capital shall suffice.

Article 15. Resolutions are passed at the General Meeting of Shareholders by favourable vote cast by shareholders representing the majority of share capital present with the right to vote, save for special provisions of the Limited Companies Act, which requires qualified majority.

Article 16. After each General Meeting of Shareholders, the acting Secretary shall draft meeting minutes including, in addition to the necessary legal and formal particulars, a list of attendees, minutes, text detailing resolutions passed and voting results. Minutes drafted as detailed above shall be approved at the end of the meeting by attendees, or within fifteen days after said meeting by meeting Chairman and two shareholders acting as Scrutinisers duly designated as such at the Meeting, one representing the majority and the other, the minority. Once the meeting minutes are approved, resolutions contained therein shall be effective and entered into the Book of Minutes, duly authorised and signed by acting Chairman and Secretary, and, in the second case, two Scrutinisers.



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CHAPTER II

BOARD OF DIRECTORS

Article 17. The Board of Directors shall consist of no fewer than five and no more than sixteen members, shareholders or not, designated by the General Meeting of Shareholders, as per the provisions of article 137 of the Limited Companies Act, which shall also determine the number of board members, within the limits established therein.

Each Board Member, on taking up his or her position of office, shall deposit one hundred and fifty euros (€150) in company shares in the Company's Bank account, as a guarantee for the faithful fulfilment of their duties. The above deposit shall not be returned until such time as the General Meeting of Shareholders has approved both his/her management and the accounts of the last financial year during which the member has held his/her position of office. No individual may hold the position of director in the Company if he/she has been disqualified from doing so by law, particularly under Law 25/1983 dated 26 December and the Limited Companies Act.

Article 18. Board Members shall hold their position of office for a term of five years.

The tenure of office can be partially renewed by half, or by default, half every three years and the remaining half shall be renewed every five years. Board members who have completed their term of office may be re-elected indefinitely, and may remain in office until the date of the first Ordinary General Meeting held after financial year in which he/she has turned seventy-five.

Article 19. Any vacancies arising on the Board of Directors not attributable to expiry of the term of office of the member or members concerned, shall be filled on an interim basis by shareholder appointed by the Board of Directors. Such appointments shall be submitted to the next General Meeting of Shareholders for final approval. Any Board member appointed to fill a vacancy can only hold office for the remainder of the term for which the member he/she is replacing has been elected.

Article 20. The Board of Directors shall meet whenever necessary in the interest of the Company, as determined by the Chairman or whoever is acting in this capacity, either at his/her own initiative or at the request of at least three of its Members, at least within the three months after the close of the financial year to fulfil provisions set out in article 29 of these Articles of Association. Members not attending a given meeting may delegate, in writing, their representation at the meeting to any other Board Member, in writing, duly authorised with his/her signature.

The Chairman, Vice Chairmen, should they exist, and the Board Members shall receive remuneration of an annual fixed amount plus a stipend for attending each Board meeting held throughout the year, for the period during they hold position of office. Both the annual remuneration and stipend amount are subject to approval by the General Meeting of Shareholders.



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Article 21. The Board of Directors shall be officially convened when at least half plus one Board Members are present or represented. Resolutions shall be adopted by absolute majority of votes cast by present or represented Board Members; in the event of a tie in votes, the Chairman shall cast the deciding vote. Resolutions regarding permanent delegation of powers of Board of Directors shall require the favourable vote of at least two-thirds of the number of members of the Board.

Resolutions passed by the Board of Directors and Executive Committee, should it exist, may also be passed by way of voting through written communication, without the need to call a meeting, if there is no objection made by any of its members, provided these resolutions can be challenged according to terms and provisions set out in the Law by the individuals authorised to do so. Meetings of the Board of Directors shall be presided by its Chairman, in his/her absence by the Vice Chairman, and in his/her absence, a Board Member designated by the Board of Directors. The post of Secretary shall be held by the individual appointed as such on the Board of Directors, and in his/her absence, a Director shall be chosen to do so by the Board.

Article 22. The acting Secretary shall draw up minutes for each meeting of the Board of Directors and Executive Committee, should one exist, detailing the names of the attending members, indicating whether they attended in person or by representation, the summary of meeting deliberations, text detailing resolutions passed and voting results (these should be recorded with names), as well as any other required legal and formal particulars. Minutes drafted as detailed above shall be approved at the end of the meeting by attendees or as the first item of the Agenda at the following meeting and entered into the Book of Minutes duly authorised and signed by the acting Chairman and Secretary.

Article 23. Notwithstanding the sovereign powers of the General Meeting of Shareholders with regard to the regulation and governance of the Company, the Board of Directors, shall, in a permanent fashion, direct, administer and represent shareholders in and out of court, as well as in any acts and contracts included in the Company's domain and its administration, be they civil, commercial, legal or public, whatever the legal nature of the assets, rights, obligations, actions, exceptions and appeals to which they refer and the individuals or private entities, Authorities, Courts at any level and of any jurisdiction and other Public organisations, be they of the State, Autonomous Regions or Local Administrations it may affect, bearing no more limitations other than those reserved for the General Meeting of Shareholders by these Articles of Association or the Law.



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CHAPTER III

BOARD OF DIRECTORS CHAIRMAN AND SECRETARY

Article 24. The Board of Directors shall choose from among its members a Chairman, who shall in turn preside over the General Meeting of Shareholders. His/her duties, notwithstanding duties delegated to him/her by the Executive Committee, are as follows: Calling meetings of Board of Directors; ensuring that the calling, convening and holding of General Meetings of Shareholders and meetings of the Board of Directors follow norms with regard to form and solemnity established in these Articles of Association and according to the Law; presiding over General Meeting of Shareholders and the meetings of the Board of Directors he/she attends, guiding deliberations to ensure they are restricted to that included on the Agenda and resolving any issues that may arise; deciding when items have been sufficiently discussed and submit resolutions to voting once more than two turns have each been heard in favour of and against said resolution; using their voting power to cast deciding votes when draws arise in meetings of the Board of Directors; similarly he/she shall authorise the list of attendees by signing said list as well as the minutes taken at the General Meeting of Shareholders and the meetings of the Board of Directors presided by him/her, authorising any certified copies of Company minutes issued by the Secretary.

The Board of Directors may also designate a Vice Chairman from among its members to act as Chairman in the case the Chairman is absent or unable to do act as such. He/she shall similarly be authorised to authorise said certified copies of the minutes of the General Meeting of Shareholders and the meetings of the Board of Directors issued by the Secretary.

Article 25. The Board of Directors shall similarly appoint a Secretary, whose duties may be assumed by a Board Member or non-member, who, in this latter case, shall not have voting rights. The duties of the Secretary are as follows: assist the Chairman, carry out his/her role as Secretary at General Meeting of Shareholders and meetings of the Board of Directors he/she attends, drafting the list of attendees and minutes as well as entering them in the Company's book of minutes, issuing certified copies of its contents with the Signature of the Chairman or Vice Chairman, where appropriate. Similarly the Secretary shall be authorised to issue and sign attendance cards for the General Meeting of Shareholders.

CHAPTER IV

DUTIES AND POWERS OF THE BOARD OF DIRECTORS

Article 26. The Board of Directors can delegate, either fully or in part, those powers or duties that are legally delegable and which have been granted to them with regard to the administering of company assets, directing and management of the Company's business and the power to represent it, to use the company seal and manage its financial resources to an Executive Committee consisting of no fewer than four and no greater than eight Members, to one of its members acting as Managing Director, or to



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an individual who is either a member or non-member of the Board, who shall be the authorised representative bearing the title of Manager, Director or another similar title through which they are granted the corresponding powers. Similarly, some powers may be delegated either temporarily or permanently or for a specific area of business, to other individuals by granting them the particular powers associated to this business.

Article 27 a) The Board of Directors shall be authorised to appoint a Managing Director, and appoint Directors for any post, office or special task, as well as to designate fixed remuneration for Managers, Directors and Authorised representatives in the form of salaries, commissions or fees or in any other form that they require as remuneration for the fulfilment of the duties assigned to them.

Article 27 b) AUDIT COMMITTEE. Under the name deemed appropriate by the Board of Directors, the Company shall have an Audit Committee consisting of at least three Non-Executive Directors appointed by the Board of Directors who shall have the skills, experience and dedication required to fulfil their duties as members of Executive Management of the Company. The Chairman shall be chosen from among said non-executive Members, to be substituted every four years; they may be re-elected after the period of one year has passed since their term of office has ended. The Secretary of the Board of Directors shall act as Secretary of the Committee.

The Committee shall support the Board of Directors in their supervisory role, through periodic review of the drafting of economic-financial reporting, internal controls of the Company and the independence of the External Auditor.

The Committee shall have the following competences:

1. To advise the General Meeting of Shareholders on the issues pertaining to their area of competence.
2. Nominate an External Auditor of Accounts and submit this nomination to the Board of Directors for its subsequent submission to the General Meeting of Shareholders as per article 204 of the Limited Companies Act.
3. Supervise internal auditing services.
4. Understand the processes involved in the financial reporting and internal control systems of the Company.
5. Liaise with external auditors in order to receive information on any issues which could compromise the independence of said auditors and any other issues relating to the Accounts Auditing process, as well as any other communication set out in Accounts auditing legislation and in the technical auditing rules.
6. Any other reporting duty or proposal assigned to it by the Board of Directors, be they general or specific in nature.



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The Committee shall meet however many times as determined by and at any time convened by its Chairman or at the request of two of its members or by the Board of Directors. The Committee shall meet at least twice a year and one of these meetings shall be convened for the purpose of assessing efficiency and compliance with the rules and procedures that govern the Company and to compile the information that the Board must approve and include in the annual report.

Any member of the Company's management team or staff required for the purposes stated above shall be obliged to attend Committee meetings, to cooperate and provide access to information available to him/her. The attendance of the Company's external Accounts Auditor may also be required.

In order to ensure the fulfilment of its duties, the Committee shall be given access to the means required for it to operate independently. The Audit Committee shall be officially convened when at least half of its members are in attendance, present or represented, its resolutions or recommendations shall be passed through majority of the votes in favour. In the case of a tie, the Chairman shall cast the deciding vote. Committee members may delegate their representation to another member, but no member shall assume two representations in addition to his/her own.

The resolutions passed by the Audit Committee shall be entered into a Book of Minutes, each being signed by the Chairman and Secretary. The Board of Directors shall draft the competences and rules of operation of the Audit Committee, delegating the drafting of the Articles of Association to the committee itself.

Article 27 c) APPOINTMENT AND REMUNERATION COMMISSION

The Appointment and Remuneration Commission shall consist of at least three and no more than five Members appointed based on their professional knowledge and experience, maintaining the same proportion between members representing propriety shareholders and independent members that exists in the Board itself.

Notwithstanding other roles assigned by the Board of Directors, the Appointment and Remuneration Commission shall have the following duties:

- a) To formulate and review criteria establishing composition of the Board of Directors, and to select candidates.
- b) To inform on the selection of Members prior to their appointment by the General Meeting, or by the Board of Directors, where appropriate via co-option procedures.
- c) To submit nomination of members for each of the Commissions to the Board.
- d) To formulate and review selection criteria for candidates to senior management, management team and the Company, and to inform Board of Directors on the appointment, cessation or separation of managers and directors.
- e) To propose schedules of remuneration and annual remuneration amounts for Board Members, senior managers and directors.

The Board may form one or several Commissions to assess or follow-up on some area of special relevance for the good governance of the Company.



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The Board of Directors shall determine the number of members required for each Commission, and shall, by request of the Chairman, appoint its Members. Similarly, the pertinent Commission may request the Board to regulate its operations. Where no specific provisions exist, the procedural indications set out in these Regulations regarding the Board of Directors shall similarly be applied to Commissions.

Members of the Company's senior management shall attend Commission sessions whenever the Chairman deems their participation necessary or appropriate, to advise upon matters relevant to their area of competence.

SECTION IV

ANNUAL ACCOUNTS AND APPROPRIATION OF NET PROFIT

Article 28. The Company's financial year shall be fixed to the natural year; its financial accounts shall be closed on 31 December of each year.

Article 29. The Board of Directors shall, within three months after close of financial year, prepare and sign Annual Financial Accounts and Management Report corresponding to said financial year, along with their proposal regarding the appropriation of net profit. Said documents shall be submitted to Auditors, where appropriate, in accordance with the legislation pertaining to Limited Companies.

The Annual Financial Statements shall be submitted to approval by the Ordinary General Meeting of Shareholders, having been previously made available to said shareholders along with the Accounts Auditors Report, where appropriate, as per the terms and provisions of the Law.

Once it has been approved by Assembly, the Financial Statement, along with the Management Report and the Account Auditors Report, where appropriate, shall be subject to publication and legal deposit.

Article 30. The profit remaining at the end of each financial year, once associated expenses have been deducted, including those pertaining to administrative and maintenance costs, any existing debts and applicable depreciation, as well as allocations made for taxes and other items required by Law, shall constitute the resulting profit of the financial year, which shall be allocated in the following manner:

- a) To the legal reserve fund where applicable, in an amount and scope required by law.
- b) To voluntary reserves, in an amount, as proposed by the Board of Directors, ratified by the General Meeting of Shareholders.
- c) The remainder shall be distributed as a first dividend on the Shares of up to 6% of their par value, should it attain such an amount.
- d) The remainder, if applicable, shall be set aside by the General Meeting of Shareholders, which will determine its allocation.



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The dividends paid on Shares by the General Meeting of Shareholders shall be made effective by the Company on the dates and in the period of time determined by the Board of Directors.

SECTION V

WINDING UP AND LIQUIDATION

Article 31. The winding-up of the company shall only be undertaken in such situations and reasons determined by the Limited Companies Act.

Article 32. Upon winding-up of the Company, the words "in liquidation" shall be added to its name, its Board Members shall no longer hold their position of office. The General Meeting of Shareholders shall appoint an odd number of liquidators to assume the duties set out in article 272 of the Limited Companies Act.

Article 33. Once the operations have been finalised, assets have been monetized and liabilities cancelled or secured, the Liquidators shall formalise the liquidation accounts which they shall submit to the General Meeting of Shareholders. Once these are approved, the resulting monetised amount shall be used to pay back the capital disbursed for shares, and the remainder shall be distributed on a pro rata basis among all shares, the Company shall then be officially liquidated and dissolved, its registration in the Commercial Registry shall then be cancelled. These procedures shall be undertaken according to the provisions set out in articles 276 and following articles of the Limited Companies Act.

SECTION VI

GENERAL PROVISIONS

Article 34. Any issue or disputes that may arise within the Company, its organs and its shareholders, the resolution of which not following a single set of procedures determined and imposed by the Law, shall be resolved without recourse to appeal by three arbitrators, each appointed for each one of the parties involved in the dispute and a third selected by both.

In the absence of the above agreement regarding the third arbitrator, the President of the Bar Association of Barcelona (Colegio de Abogados de Barcelona) shall be herein designated as such, or whoever acts in this capacity, both the Company and the shareholders shall be obliged to draw up the relevant document certifying their consent to said arbitrators, their names, items or issues to be resolved, the period of time for a decision to be rendered and any other matters they consider of importance, which may be requested by judicial means.