

# ARTICLES OF ASSOCIATION OF FUNDACIÓ FLUIDRA

## CHAPTER I

### **Name, nature, term, registered address, scope of action and legal status**

#### *Article 1. Name, nature and term*

Fundació Fluidra is a not-for-profit foundation whose assets, earnings and resources are in all cases obtained from its work for the general purposes set out in these articles of association. The foundation is called Fundació Fluidra.

The Foundation is a long-term project that has been incorporated for an indefinite term.

#### *Article 2. Registered address*

The Foundation's registered address has been established in the city of Sabadell, at Avda. Francesc Macià 60, planta 13, 2<sup>a</sup>.

#### *Article 3. Scope of action*

The Foundation does most of its work in Catalonia. However, it may operate in the rest of Spanish territory, as well as on an international level.

#### *Article 4. Legal status*

The Foundation is a legal entity that enjoys full legal capacity with the legal standing to execute its founding charter in a public deed and to file its registration with the Registry of Foundations of the Government of Catalonia.

The Foundation is governed by the provisions set forth in its founding charter, the legal provisions to which it is subject, those established herein and any resolutions that the Board of Trustees may pass in the exercise of its powers.

## CHAPTER II

### Purposes and work of the Foundation

#### *Article 5. Purposes of the Foundation*

The Foundation's founding principles are as described below.

(a) To run projects and provide services, equipment and components related to water treatment, in the broadest sense, to underprivileged groups; (b) to promote projects related to entrepreneurship in general from whatever sector and, specifically, those related to the sustainable use of water; (c) to drive research and the sustainable use of water forward; and (d) to advocate culture in general and music in particular as a tool that brings dignity into people's lives.

#### *Article 6. Activities*

In order to attain its purposes, the Foundation works on activities that the Board of Trustees deems it should do directly or in partnership with other organizations, institutions and individuals, in accordance with the provisions of the regulations on foundations. Specifically, to deliver on its founding principles, the Foundation is involved in the activities listed below by way of example:

- a) Funding research and entrepreneurship.
- b) Giving scholarships to study at public or private teaching institutions.
- c) Promoting, funding and organizing conferences, symposia, seminars and talks.
- d) Running and taking part in awareness-raising campaigns on the sustainable use of water.
- e) Promoting, financing, publishing and disseminating all kinds of regular and standalone publications.
- f) Promoting and supporting activities and programs for health education and the promotion of health related to the sustainable use of water.
- g) Providing financial and other types of assistance to the less privileged people and groups in society and engaging in initiatives aimed at helping and protecting them.
- h) Contributing to any others that best fulfill the founding purposes in the opinion of the Board of Trustees.

Activities related to the founding principles must be carried out under the rules specifically governing them, by obtaining, where appropriate, the permits or licenses required to do so.

*Article 7. Basic rules for the use of resources in pursuit of the founding principles*

The annual revenues and other income obtained by the organization must be used to fulfill the founding principles, subject to the restrictions established by current legislation.

The Foundation may engage in all kinds of lawful economic activity, transactions, contracts, operations and business, without any restrictions other than those imposed by the laws in force.

*Article 8. Basic rules for selecting beneficiaries*

The following groups are beneficiaries of the Foundation: underprivileged people and groups of society, as well as any individuals or legal entities whose work or social, industrial, cultural, health, teaching or research activities leads them to request support from the Foundation, provided that they fall within the remit of its founding principles.

The choice of beneficiaries must be made by the Board of Trustees, in accordance with the principles of impartiality and non-discrimination, from among people who find themselves in the following circumstances: they form part of a sector of the population assisted by the Foundation, they request funding or a service that the Foundation is able to offer or they meet any additional specific requirements that the Board of Trustees may agree upon.

The allocation of funding to beneficiaries shall in any event be subject to the material, human and financial resources available to the Foundation at any given time.

The Foundation reserves the right to withdraw funding, grants and resources at any time in the event that a beneficiary fails to meet any commitments undertaken.

## **CHAPTER III**

### **Financial framework**

*Article 9. Assets and finances of the Foundation*

The Foundation's assets are earmarked for the performance of its founding principles. Its assets are made up of the following:

- a) The initial funding as stated in the founding charter.
- b) The financial assets and rights that the Foundation accepts and receives for the purposes of increasing its funding.
- c) The earnings, yields, revenues, products and other resources that make up the Foundation's assets in whatever shape or form.

## *Article 10. Disposals*

- 10.1. The assets that make up the funding and those directly earmarked for the founding principles may only be disposed of or encumbered for a consideration in line with the conditions set by the founders or the contributors. The yields obtained from their disposal or encumbrance must be reinvested in the acquisition or improvement of other assets subject to the principle of subrogation liens.
- 10.2. If exceptional circumstances arise that prevent the reinvestment undertaking, either in full or in part, before the Board of Trustees completes the disposal it must submit a statement of compliance to the Supervisory Board in which these circumstances are described, in addition to a report signed by independent experts who certify the need for the disposal and the grounds that justify not reinvesting in other assets. It must also justify the use to be made of the item that is not reinvested, which must at all times fall within the founding principles.
- 10.3. The need and suitability of direct or indirect disposals and encumbrances are subject to the submission of documents that justify and accredit them. Before arranging any disposals, the Board of Trustees must have suitable information in order to take a responsible decision.
- 10.4. Prior authorization must be sought from the Supervisory Board to carry out disposals, encumbrances and one-off managerial decisions in the following cases:
  - a) If the donor has expressly required this.
  - b) If established by one of the articles of association.
  - c) If the assets or rights to be disposed of have been received from public institutions or purchased using public funding.
- 10.5. Whenever necessary or advisable due to the economic climate and the laws in force, the Board of Trustees may make any changes it deems fit in the investments of the Foundation's assets.
- 10.6. In order to dispose of resources and rights that make up the Foundation's assets, as well as to accept inheritances, bequests, other resources and rights that may be added to the Foundation's capital assets, at least two-thirds of the members of the Board of Trustees must vote in favor of such a motion in compliance with the legal requirements in force.
- 10.7. Whenever disposals, transfers or encumbrances require a statement of compliance to be issued, two-thirds of the members of the Board of Trustees must vote in favor, except for those members who may not vote because of a conflict of interest with the Foundation.

## *Article 11. Accounting framework*

11.1. The Foundation must keep a day journal and inventory journal, and file its annual statements.

11.2. The Board of Trustees must carry out an inventory and draw up its financial statements at the same time at the financial year-end, in accordance with generally accepted accounting standards pursuant to the provisions to which they are subject.

The financial year-end falls on 31 December of each year.

11.3. The financial statements must consist of a single record made up of:

- a) The balance sheet.
- b) The income statement.
- c) The statement of changes in equity.
- d) The cash flow statement.
- e) The notes to the financial statements, in which the information contained in the balance sheet and the income statement must be filled in, expounded and discussed, and details given of the work done in the performance of the founding principles, and the number of beneficiaries and the services they received specified, as well as the resources, if any, carried over from the previous financial year yet to be assigned, and the companies in which there is a majority shareholding and the proportion of any such shareholdings reported.

11.4. Information about statements of compliance and the execution of instruments and agreement to which they are subject must at the very least be reported in the financial statements.

11.5. The Board of Trustees must approve the financial statements within six months of the year-end and submit them as legally provided for by the Supervisory Board of the Government of Catalonia so that they can be filed within 30 days of their approval.

11.6. The Board of Trustees must approve and submit an annual report on any short-term investments it makes on securities markets in compliance with the code of conduct that not-for-profit organizations must follow, pursuant to the laws in force or to the provisions established by the body that regulates such matters.

11.7. The financial statements must undergo an external audit if required to do so by law.

Even if the financial statements are not subject to an audit by law, if one-third of the trustees request this on justified grounds because they believe that an exceptional circumstance has arisen in the management of the Foundation that makes this advisable, a meeting of the Board of Trustees must be called within fifteen business days at most to be counted from the time of the request in order to put forward valid arguments on whether or not the audit requested of the financial statements should be conducted.

If the Board of Trustees is not called to a meeting within the above deadline, or if it is but a motion is passed not to carry out the audit, any trustees who may wish to do so may address their request to the Supervisory Board, pursuant to the provisions of the Civil Code of Catalonia.

#### *Article 12. Annual funding*

The Foundation's annual funding must comprise:

- a) The revenues and returns earned from its assets.
- b) The credit balances that may be accrued from the Foundation's work.
- c) Subsidies and other gifts received for this purpose that do not have to be added to the Foundation's assets.

#### *Article 13. Mandatory spending*

The Foundation must allocate at least seventy percent of its annual net revenues and other income obtained to its founding principles. The rest must either be allocated to the deferred performance of its principles or to increasing its own funds. The Board of Trustees must approve the appropriation of income.

If the Foundation receives assets or rights without it being specified how they should be allocated, the Board of Trustees must decide whether such donations should be saved or spent directly on the Foundation's work.

At least seventy percent of income must be spent on the performance of the founding principles within four financial years to be counted from the start of the year following that in which it was recognized in the financial statements.

#### *Article 14. Operating expenses*

The expenses arising from running the Board of Trustees and its delegated bodies, but not counting the cost of directors and managers, may not be greater than 15% of the net income obtained during any given financial year.

#### *Article 15. Shareholdings in companies*

The Foundation may incorporate companies and hold shares in them without prior authorization, unless this entails personal liability for company debt.

The Foundation must notify the Supervisory Board of the acquisition of shares if this entails the direct or indirect control of companies that limits the liability of their shareholders.

In any event, should the Foundation carry out managerial tasks for companies this must be compatible with the performance of its founding principles.

## **CHAPTER IV**

### **Set-up and operation**

#### *Article 16. The Board of Trustees*

The Board of Trustees is the Foundation's governing and administrative body that represents and manages it, and it discharges all of the powers and duties required to attain its founding principles.

#### *Article 17. Members of the Board of Trustees and requirements to be a member*

The Board of Trustees is a governing body made up of natural or legal persons and made up of at least 3 members and 7 members at most.

Any natural person with full legal capacity who has not been disqualified or banned from holding public office or posts, or to manage assets and has not been sentenced for fraud, forgery or white collar crimes may be a member of the Board of Trustees.

Legal persons must be represented on the Board of Trustees on a regular basis by the person to whom this duty falls pursuant to the rules that govern this matter, or by the person appointed for this purpose by the corresponding competent body.

#### *Article 18. Appointment, renewal and exercise of posts*

The first Board of Trustees must be appointed in the founding charter. Subsequently, the founder, in accordance with the provisions of the founding charter, reserves the right to appoint half plus one of the total members of the Board. Members not appointed by the founder shall be appointed by the Board of Trustees.

The trustees shall hold office for a term of 4 years and may re-elected for periods of equal duration on an indefinite bases, with the exception of Mr. Juan Planes Vila, who shall be a lifelong trustee pursuant to the founding charter.

Any trustees who stand down on whatsoever grounds before the end of their term of office may be replaced by appointment of the Board of Trustees. The substitute shall be appointed for the time left until the term of office of the person replaced would have come to an end. However, the substitute may be re-elected for the same terms established for the rest of the members.

The members of the Board of Trustees shall take up office once they have expressly accepted their posts in any of the ways established by law.

*Article 19. Non-remuneration*

The trustees shall discharge their posts free of charge, notwithstanding their right to be refunded any duly justified expenses and to receive indemnity for any damages that may arise from carrying out the work inherent to the post.

*Article 20. Powers and delegation of functions*

The Board of Trustees holds all of the powers that falls to it by virtue of the articles of association and, in general those that it requires in the discharge of the founding principles, except for those not permitted by the laws in force and these articles of association.

The Board of Trustees may delegate its duties in accordance with these articles of association and the laws in force. In any event, the following powers are non-delegable and may only be exercised by the Board of Trustees:

- a) Amendments to the articles of association.
- b) The merger, split or dissolution of the Foundation.
- c) The drawing up and approval of budgets and of the documents that make up the financial statements.
- d) Disposals of assets that as a whole or individually have a worth of more than a twentieth part of the Foundation's assets, except for the sale of securities that have been officially quoted at a price at least equal to the quoted price. Powers of attorney may likewise be granted to conduct such transactions under the terms and conditions approved by the Board of Trustees.
- e) The incorporation and endowment of another legal entity.
- f) The fusion, split and transfer of all or part of the assets and liabilities.
- g) The dissolution of companies or other legal entities.
- h) Those requiring the authorization or approval by the Supervisory Board, or the passing of a statement of compliance.
- i) The passing and notarization of statements of compliance.

The provisions in this article must be understood to be notwithstanding the authorizations that the Supervisory Board may deem necessary or the disclosures that must be made by law.



### *Article 21. Calls to meetings*

21.1. The Board of Trustees must hold an AGM in the first six months of every calendar year in order to approve the financial statements of the previous year.

EGMs may be called on the initiative of the president of the Board as many times she/he may deem fit for the smooth running of the Foundation. Meetings must also be held whenever one-quarter of the members of the Board so request, in which case the call must be issued thirty days following the request.

21.2. Under exceptional circumstances, the Board of Trustees may hold its meetings via video conference, multi-party conferencing or any other system that does not involve the physical attendance of the trustees. In such cases, it must be possible to guarantee the identification of the attendees at the meeting, uninterrupted communications, the possibility of intervening in deliberations and the casting of votes. The meeting must be understood to be held in the place where the president is. At virtual meetings, any of the trustees who have taken part via multi-party conferencing and/or video conference must be considered as having attended them. Calls to meetings must be made by the president and contain the agenda and all matters to be addressed at any given meeting, otherwise valid resolutions may not be passed.

21.3. Meetings must be convened at least 15 days in advance of the date scheduled for them to take place.

21.4. Resolutions without a meeting. The Board of Trustees may also pass resolutions by casting their votes by post, via an electronic message or any other online medium, provided that the rights to information and a vote are guaranteed, and that there is a record of votes having been received and their authenticity. In such cases, it shall be understood that resolutions have been passed at the Foundation's registered address on the date of receipt of the last of the validly cast votes.

### *Article 22. Posts*

The Board of Trustees shall appoint a president, a vice-president and a secretary or a non-member secretary. Trustees who do not hold any of these posts shall have member status.

*Article 23. The president or and vice-president*

The president and, in her/his absence, the vice-president shall have following powers:

- a) To represent the Foundation as an institution.
- b) To call Board meetings, set their agenda, chair, suspend and adjourn them, as well as to conduct deliberations.
- c) To have the deciding vote in the event of a tie.
- d) To exercise all other powers set forth herein and those expressly entrusted to her/him by the Board of Trustees, pursuant to the provisions of the regulations in force.

*Article 24. The secretary*

The secretary shall call Board meetings on behalf of the president, draw up the minutes, keep the minutes on record and issue certificates on behalf of the president or of the vice-president in the case of the former's absence.

She/he shall likewise discharge all of the duties inherent to the post and those conferred on her/him herein.

*Article 25. Deliberation and passing of resolutions*

Board meetings shall be deemed validly constituted on the first call when half plus one of the trustees are in attendance, either in person or by proxy, whilst the attendance of a quarter of its members shall be required on the second call. In order for the Board meetings to be validly constituted, at least two trustees must have attended the two calls.

Board members may delegate their vote to other trustees in writing for specific matters. If a trustee holds this status because she/ holds office in another institution, the person who can replace her/him at that institution on the basis of its rules may act on her/his behalf.

Each trustee shall have one vote and resolutions shall be adopted by a majority vote of the those who are in attendance, either in person or by proxy, unless the resolutions in question specifically require another majority pursuant to these articles of association or by law. In the event of a tie, the president or acting president shall cast the deciding vote.

Directors who are not trustees may attend any Board meetings called and express their opinions but shall not be entitled to vote at them. If they are trustees, they shall be both entitled to express their opinions and vote.

The Board of Trustees may also invite any persons it deems appropriate to attend its meetings, at which they may express their opinions but shall not be entitled to vote.

### *Article 26. Meeting minutes*

The secretary must draw up the minutes for each meeting held, which must include the date, venue, agenda, the attendees, a summary of the matters discussed, the requests to take the floor of which there is a record and the resolutions passed, with an indications of the results of the votes and majorities.

The minutes must be drafted and signed by the secretary with the approval of the president and may be approved by the Board once the meeting is over or at the following meeting. However, resolutions shall be enforceable from the time they are passed, except if expressly provided for otherwise in the articles of association or at the time they were passed, in which case they shall not be enforceable until the minutes have been approved. If they are subject to mandatory registration, they shall not be enforceable until the time of registration.

The Foundation keep a minutes book in which all those that have been approved by the Board must appear.

### *Article 27. Conflicts of interest*

The trustees and persons featured in section 312.9.3 of Book III of the Civil Code of Catalonia must refrain from conducting any type of business or financial transaction that may compromise objectivity in the management of the Foundation, as provided for in Act 53/1984, on conflicts of interest of staff working for public administrations, and in the Organic Law on the General Electoral Regime.

Should a conflict of interest arise as provided for in the previous paragraph, the person affected must:

- a. Inform the governing bodies of the conflict of interest.
- b. Refrain from doing any work for the Foundation in respect of the specific situation affected.
- c. Refrain from taking part in the deliberations and voting of the resolutions to be passed by the Foundation's governing bodies in which there may be a conflict of interest.
- d. Refrain from using any information that the person in question had had access to in relation to the activities subject to the conflict of interest.

In order to ensure transparency and avoid conflicts of interest with the Foundation, the trustees must abide by the following Code of Conduct:

- (a) They may not conduct transactions with the Foundation if the need to do so has not been sufficiently accredited or if it cannot be shown that the interests of the Foundation prevail over those of the trustee or person of a similar standing. Furthermore, before the transaction in question is carried out, the Board of Trustees must adopt a statement of compliance under the terms provided for by law.

- (b) They must refrain from conducting any business that may compromise the objectivity of the Foundation's management, unless expressly authorized by the Board of Trustees.
- (c) They may not hold shares in companies in which the Foundation has a shareholding, unless expressly authorized to do so by the Board of Trustees.

#### *Article 28. Removal*

1. Trustees shall be removed from office on the following grounds:

- a) Death or declaration of absence, in the case of natural persons, and closure, in the case of legal entities.
- b) Disqualification or conflict of interest.
- c) Removal of a person from a post that was the reason for her/him sitting of the Board of Trustees.
- d) End of the term of office, unless renewed.
- e) Resignation notified to the Board of Trustees.
- f) A firm judgment that upholds liability for damages caused to the Foundation or that rules that an individual be removed from office.
- g) All other grounds establish by law or in the articles of association.

2. Trustees may step down using any of the methods for accepting office, but the resignation shall only become effective in respect of third parties when filed on the Registry of Foundations.

## **CHAPTER V**

### **Regulation of other bodies. Members and duties**

#### *Article 29. The general director*

The Board of Trustees may appoint a director in charge of the executive management of the Foundation. This position may be covered by a trustee, in which case the terms and conditions of the remunerated tasks to be carried out in the employment or professional relationship must be clearly set out in a contract. These tasks must be different to those inherent to the post of trustee.

The position of director is remunerated, subject to the terms that are considered appropriate for the nature of the post and the powers of representation conferred upon it.

If not a trustee, the director may attend any meetings of the Board of Trustees to which she/he is called to and may give her/his opinions at them but may not vote.

## CHAPTER VI

### Amendments to the articles of association and dissolution

#### *Article 30. Amendments to the articles of association and dissolution*

The Board of Trustees may pass a resolution as established in article 25 herein and in the regulations in force at an expressly called meeting to amend the articles of association, or to approve the merger, split or dissolution of the Foundation, with the authorization of the Supervisory Board in accordance with the laws in force.

#### *Article 31. Grounds for dissolution*

The Foundation shall be dissolved on the following grounds:

- a) End of the term established in the articles of association, unless an extension has been agreed upon beforehand.
- b) The full performance of the principles for which the Foundation was incorporated or if it were impossible do so, unless the Board agreed to amend its principles to achieve this end.
- c) A firm judgment ruling on the civil or criminal unlawfulness of its activities or purposes.
- d) The start of the liquidation phase in bankruptcy proceedings.
- e) All other grounds establish by law or in the articles of association.

#### *Article 32. Procedure for the dissolution and allocation of its assets*

In order carry out the liquidation of the Foundation's assets, the Board of Trustees may choose one of the following liquidation systems: liquidation of assets and liabilities or full divestment.

Liquidation systems permitted:

#### **A) Liquidation of assets and liabilities**

1. The dissolution of the Foundation requires the Board of Trustees to pass a justified resolution as provided for in article 25 herein and must be approved by the Supervisory Board.

2. The dissolution of the Foundation entails its liquidation, which must be carried out by the Board of Trustees, the liquidators, if any, or, alternatively, the Supervisory Board.

Any assets remaining must be awarded to other foundations or non-for-profit organizations with purposes similar to those of the Foundation or to public entities. In any event, organizations awarded the assets must be beneficiaries of patronage as provided by the tax laws in force.

3. The award or allocation of the remaining assets must be authorized by the Supervisory Board beforehand.

## **B) Full divestment**

1. The dissolution of the Foundation requires the Board of Trustees to pass a justified resolution as provided for in article 25 herein and must be approved by the Supervisory Board.

2. The dissolution of the Foundation marks the start of its liquidation, which must be carried out by the Board of Trustees, the liquidators, if any, or, alternatively, the Supervisory Board.

Its termination shall give rise to the full divestment of its assets and liabilities. Once the worth of its assets and liabilities have been calculated, the full divestment must be announced as required by current regulations, subsequent to obtaining approval to do so by the Supervisory Board, following which its assets may be awarded to other foundations or non-for-profit organizations with purposes similar to those of the Foundation or to public entities. In any event, organizations awarded the assets must be beneficiaries of patronage as provided by the tax laws in force.

3. If a full divestment cannot be carried out, the assets and liabilities must be liquidated and any credit left must be awarded as established in section 2.

\* \* \* \*