

**BYLAWS OF THE  
PUBLIC LIMITED  
LIABILITY  
COMPANY  
NAVANTIA, S.A.  
S.M.E.**



**Navantia**

# INDEX

<b>TITLE I</b>	CORPORATE NAME, DURATION, OBJECT AND ADDRESS .....	3
<b>TITLE II</b>	CORPORATE CAPITAL AND SHARES .....	5
<b>TITLE III</b>	DEBENTURES .....	7
<b>TITLE IV</b>	CAPITAL INCREASE AND DECREASE .....	9
<b>TITLE V</b>	COMPANY BODIES .....	12
<b>TITLE VI</b>	ANNUAL ACCOUNTS .....	22
<b>TITLE VII</b>	AMENDMENTS TO THE ARTICLES OF ASSOCIATION, COMPANY DISSOLUTION AND LIQUIDATION, AND CONFLICT RESOLUTION .....	24

---

# TITLE I

## CORPORATE NAME, DURATION, OBJECT AND ADDRESS

### Article 1. CORPORATE NAME

The Company is called Navantia, S.A., S.M.E. and is governed by these Articles of Association, by Legislative Royal Decree 1/2010 of 2 July approving the consolidated text of the Corporate Enterprises Act, and by any other provisions applicable to it in its capacity as a state-owned company.

### Article 2. CORPORATE PURPOSE

The Company's corporate purpose is to engage in the following activities:

1. The Company shall carry out its activity mainly in relation to the military naval programmes, comprising the following activities:

I.- The construction, conversion, modification, transformation, repair and scrapping of all types of ships; of all types of floating devices and platforms; civil engineering and waterworks; metal constructions, mechanical elements and floating material; and degassing and cleaning of tanks.

The construction, repair and marketing of engines, turbines and other power systems, whatever their type and use, and their components, including spare parts and technical assistance.

The marketing, project organisation, bidding, design, construction, assembly, trials and start-up for both propulsion systems for all types of ships, floating devices and platforms and for turnkey projects.

The manufacturing, marketing and sale of spare parts and technical assistance of wind generators and industrial components.

II.- The research, prior study, project, construction, maintenance and repair of turbines, engines, weapons and systems, as well as the tools, the electrical, electronic and acoustic equipment and the fire prevention, detection and extinguishing equipment.

III.- The research and development of new technologies and projects for the naval area, propulsion and power, weapons and systems, and the provision of technical assistance regarding the activities described in the preceding sections.

IV.- The marketing of its production and of any techniques, products or services (including the development, installation, maintenance, repair, operation and control, information capture, assessment and certification of the information and communication technologies) that may arise from its research, development or management.

The activities stated in the preceding sections can be carried out fully or partially indirectly by the Company through the ownership of shares or stakes in companies whose corporate purpose partially or completely coincides.

2. Complementarily, the Company can carry out the activities stated in section 1.- above in relation to civil programmes or activities.

### **Article 3. DURATION**

The Company shall have an indefinite duration. It shall start its operations on the day of granting its deed of incorporation.

### **Article 4. REGISTERED OFFICE**

The registered address is established in Calle Velázquez nº 132, Madrid.

The Board of Directors is empowered to change the registered office within the same municipality and create, close or transfer Company branches, agencies, representations, representative offices and offices anywhere in Spain or abroad.

### **Article 5. WEBSITE**

Corporate enterprises can have a corporate website.

The creation of a corporate website must be resolved by the Company's General Shareholders' Meeting. The meeting announcement must expressly include the creation of a website in its agenda. The governing body shall be competent to modify, transfer or close the Company's website.

The resolution to create a website shall be stated in the sheet opened for the company at the competent Companies Register and it shall be published in the Official Gazette of the Companies Register.

The resolution to modify, transfer or close the website shall be stated in the sheet opened for the company at the competent Companies Register and it shall be published in the Official Gazette of the Companies Register and in the website that has been decided to modify, transfer or close within thirty days of entering the resolution.

Until the website publication takes place in the Official Gazette of the Companies Register, the inclusions made by the company in the website shall not have legal effects.

The Company shall guarantee the website's security, the authenticity of the documents published on it and free access to it with the possibility of downloading and printing what is included therein. The burden of proof shall correspond to the Company.

The directors have the duty to maintain what has been included in the website during the term required by law and shall jointly and severally be liable between them and with the Company vis-à-vis the partners, creditors, workers and third parties regarding the damages caused as a result of a temporary interruption of access to the website, unless the interruption is due to unforeseeable circumstances or force majeure.

The communications between the company and the partners, including sending documents, requests and information, can be made by electronic means, provided that such communications are accepted by the partner. Through the corporate website, the company shall enable the corresponding contact device with the company that accredits the indubitable reception date as well as the content of the electronic messages exchanged between the partners and the company.

---

# TITLE II

## CORPORATE CAPITAL AND SHARES

### Article 6. CORPORATE CAPITAL

The corporate capital is established at €226,323,113.56 (TWO HUNDRED TWENTY-SIX MILLIONS THREE HUNDRED TWENTY-THREE THOUSAND ONE HUNDRED AND THIRTEEN POINT FIFTY-SIX EUROS ) and has been fully subscribed and paid.

### Article 7. SHARES

The capital is divided into 37,657,756 shares, each with a par value of 6.01 euros, and they are all of the same class, represented by bearer securities and numbered from 1 to 37,657,756, both inclusive, all of which have the details required in the law.

### Article 8. DOCUMENTATION REGARDING THE SHARES

The Company can issue provisional receipts before issuing the final securities. Such provisional receipts shall necessarily bear the names, and the provisions for the final securities shall be applicable to them as appropriate.

The securities, whatever their class, are numbered in correlative order, they shall be issued in booklets and they can include one or more shares of the same series. The securities shall state at least the following details:

1. The Company's name and registered office, the identity details of its filing at the Companies Register, and its tax number.
2. The par value of the share, its number, the series to which it belongs and, if it is a preference share, the special rights granted to it.
3. The fact that it is a bearer share.
4. Any restrictions to its free transferability.
5. The amount paid or the fact that it has been completely released.
6. The fact that one or more directors have subscribed it; this can be done through the mechanical reproduction of the signature. In this case, a notarial certificate shall be issued to accredit the identity of the signatures reproduced by mechanical means with those written in the presence of the authorising notary. The certificate must be filed at the Companies Register before issuing the securities.
7. In the event that there are non-voting shares, this shall be highlighted in the security representing the share.

The legitimacy to exercise the shareholder rights, including, where applicable, the transfer, once the securities are printed and delivered, is obtained by showing them or, where applicable, through a certificate accrediting that they have been deposited at an authorised institution. The securities must be shown only for entering them into record in the Register Book for Shares.

The Company shall keep a Register Book for Registered Shares, which shall include the issuances and the successive transfers thereof, stating the full name and, where applicable, the nationality and address of the successive holders, as well as the creation of in rem rights and other encumbrances on the shares. The Company shall consider only those who are registered in that Book as shareholders.

Any shareholders requesting this can examine the Register Book for Registered Shares.

The Company can only rectify the entries that it considers to be false or inaccurate when it has notified the interested parties its intention to do this and the latter have opposed this within thirty days of the notification.

Until the securities representing the shares are printed and delivered, the shareholders are entitled to obtain a certificate for the shares recorded in their name.”

## **Article 9. SHAREHOLDER RIGHTS**

Shares give their legitimate holders the status of being partners and grant them the rights acknowledged in the consolidated text of the Corporate Enterprises Act, in these Articles of Association and in the applicable provisions.

In accordance with the terms established in the law and apart from the cases envisaged therein, shareholders have at least the following rights:

- a.- Participate in the distribution of corporate earnings and in the resulting liquidation assets.
- b.- Have pre-emptive rights when new shares or convertible debentures are issued.
- c.- Attend and vote at the General Shareholders’ Meetings and challenge the corporate resolutions.
- d.- Receive information.

## **Article 10. CAPITAL CALLS AND DEFAULTING SHAREHOLDERS**

Shareholders are obligated to provide the portion of unpaid capital, where applicable, in the form and within the deadline envisaged.

Shareholders shall be in default when the deadline has expired for paying the unpaid capital.

Shareholders in default of the capital calls cannot exercise their right to vote. The amount of their shares shall be reduced from the share capital when calculating the quorum for the General Shareholders’ Meeting.

Defaulting shareholders shall not be entitled to receive the dividend or have pre-emptive rights over new shares or convertible debentures.

Once the amount for the capital calls has been paid, in addition to the owed interest, shareholders can claim the dividend that has not expired, but they cannot claim the pre-emptive subscription if the exercise period has already elapsed.

When shareholders are in default, the company may, depending on the cases and the nature of the contribution not made, demand them to comply with their payment obligation, with the legal interest rate and the damages caused as a result of the default, or sell the shares on account and at the risk of the defaulting shareholder.

If the company decides to sell those shares but the sale cannot be made, the shares shall be redeemed, with the consequent capital decrease, and the company makes a profit from the amounts already received for them.

The acquirer of the non-fully paid shares is jointly and severally liable vis-à-vis all the transferors that preceded it and, at the choice of the Company directors, for the payment of the unpaid part.

The transferors' liability lasts for three years, starting from the date of the respective transfer. Any agreements that are contrary to the joint and several liability as stated shall be rendered null and void. The acquirer that pays can claim the entire amount that has been paid from the subsequent acquirers.

## **Article 11.** TRANSFER OF SHARES

The shares are transferrable in accordance with the provisions in force and with these Articles of Association but, until the Company is registered and, where applicable, the capital increase is registered at the Companies Register, the shares cannot be delivered or transferred.

---

# **TITLE III**

## **DEBENTURES**

## **Article 12.** DEBENTURE ISSUANCE

The Company can issue numbered series of debentures or other securities, which acknowledge or create a debt. Apart from that established in special laws, the securities that acknowledge or create a debt issued by a corporation shall be subject to the system established for debentures in the Corporate Enterprises Act.

## **Article 13.** TERMS AND CONDITIONS OF ISSUANCES

The terms and conditions of each issuance and the company's ability to formalise them, when not regulated by the law, shall be subject to the clauses stated in the Articles of Association and to the resolutions adopted by the General Shareholders' Meeting with the quorum established in article 194 of the Corporate Enterprises Act and with the majority set out in section two of article 201.

The necessary requirements are to create an association or syndicate to defend the debenture holders and the Company must designate a person who, as the trustee, takes part in the granting of the issuance contract on behalf of the future bondholders.

## **Article 14.** SUBSCRIPTION

Subscribing to the debentures means that the holders fully ratify the issuance contract and their membership to the syndicate.

## **Article 15.** DECREASE IN CAPITAL AND RESERVES

Unless the issuance is guaranteed with a mortgage, with pledged securities, with a public-sector guarantee or with a joint and several endorsement from a credit institution, the syndicate of debenture holders' consent shall be required to decrease capital or reserves so the initial proportion between their sum and the amount of debentures pending redemption is reduced.

That acceptance shall not be necessary when the company increases capital charged to the restated or updated balance sheet accounts or to reserves.

## **Article 16.** CONVERTIBLE DEBENTURES

The company can issue debentures convertible into shares, provided that the General Shareholders' Meeting establishes the bases and types of conversion and resolves to increase capital with the necessary amount.

Before the Meeting's announcement, the directors must draft a report that explains the bases and types of conversion, which must be accompanied by a report from an auditor designated by the Companies Registrar and who shall not be the Company's auditor.

The convertible debentures cannot be issued for an amount lower than their par value. The debentures cannot be converted into shares when their par value is lower than that of the shares.

## **Article 17.** PREFERENTIAL SUBSCRIPTION RIGHTS

The company shareholders are entitled to preferential subscription rights over the convertible debentures.

The preferential subscription rights on the debentures convertible into shares shall be governed by the provisions of article 304 to 306 of the Corporate Enterprises Act.

## **Article 18.** CONVERSION OF DEBENTURES

Unless the General Shareholders' Meeting resolves to carry out another procedure, the debenture holders can request the conversion at any time. In this case, the directors, within the first month of each half-year, shall issue the shares that correspond to the debenture holders who have requested the conversion in the previous half-year and shall register in the Companies Register, during the following month, the capital increase corresponding to the issued shares.

In any case, the General Shareholders' Meeting must state the deadline for carrying out the conversion.



Where possible, if the capital is increased charged to reserves or is decreased as a result of losses, the conversion ratio between the debentures and the shares must be changed, in proportion to the amount of the capital increase or decrease, so that it affects both shareholders and debenture holders in the same way.

The General Shareholders' Meeting cannot resolve to decrease capital by refunding contributions to shareholders or condoning the capital calls if there are convertible debentures, unless the debenture holders are offered beforehand the possibility of carrying out the conversion with sufficient guarantees.

## Article 19. TRUSTEE

Once the debenture issuance is agreed, the issuer shall appoint a trustee, which must be a natural or legal person with proven experience in legal or financial matters. The issuer shall establish the remuneration for the trustee.

The trustee shall protect the debenture holders' common interests and, in addition to the powers granted to it in the issuance deed, it shall also have the powers attributed to it by the general assembly of debenture holders.

The trustee shall establish the internal regulations of the syndicate, conforming to the system established in the issuance deed as envisaged.

The trustee shall be the legal representative of the syndicate of debenture holders as well as the liaison between the company and the debenture holders. As such, the trustee can attend the general meetings of the issuer, with the right to speak but not vote, inform the meeting of the resolutions adopted by the syndicate and require it to provide the reports believed to be of interest to the assembly of debenture holders.

The trustee shall be present at the draws that are held for both the award and redemption of debentures and ensure that the par amounts are repaid and the interest paid.

On behalf of the syndicate, the trustee can carry out the corresponding actions against the issuer, against the directors or liquidators, and against those guaranteeing the issuance.

The trustee shall be liable vis-à-vis the debenture holders and, where applicable, vis-à-vis the company regarding the damages caused for the acts carried out in the discharge of his duties without the professional diligence that should have been used.

## Article 20. REDEMPTION

The Company can collect the issued debentures:

- a.- Through a redemption or early payment, in accordance with the conditions of the issuance deed.
- b.- As a result of the agreements arranged between the Company and the Debenture Holders' Syndicate.
- c.- Through acquisition on the stock market, with the aim of redeeming them.
- d.- By converting them into shares, in agreement with the owners.

---

# TITLE IV

## CAPITAL INCREASE AND DECREASE

### Article 21. TYPES OF CAPITAL INCREASE

The capital can be increased by issuing new shares or raising the par value of the existing shares.

In both cases, the equivalent value of the capital increase can comprise both the new monetary or non-monetary contributions to equity, including the contribution of credit against the company, or charged to the profit or reserves that were already recognised in the latest approved balance sheet.

The capital increase must be resolved by the General Shareholders' Meeting with the requirements established for amending the Articles of Association.

### Article 22. DELEGATION OF POWER TO THE DIRECTORS FOR CAPITAL INCREASES

The General Shareholders' Meeting, with the requirements established for amending the Articles of Association, can delegate the following powers to the Board of Directors:

1. State the date for carrying out the resolved capital increase and establish its terms and conditions where not envisaged in the Meeting's resolution.
2. Implement the aforementioned resolution within one year, except in the case of converting debentures into shares.
3. Resolve one or more times to increase capital up to a specific amount in the opportunity and for the amount that they decide without previously consulting the General Shareholders' Meeting. Such increases cannot be higher than half of the Company's capital at the time of authorisation in any case and must be made through monetary contributions within five years of the Meeting's resolution.

As a result of the delegation of power, the Board of Directors also has the power to redraft the article on capital in the Articles of Association once the increase has been resolved and implemented.

### Article 23. PREFERENTIAL RIGHTS

In capital increases where new ordinary or preference shares are issued and charged to monetary contributions, each partner shall be entitled to subscribe a number of shares in proportion to the par value that they own.

The period for exercising the preferential subscription right cannot be less than one month from the publication of the announcement for the subscription of new shares in the Official Gazette of the Companies Register.

The preferential right shall not exist when the capital increase is due to the absorption of another company or of part or all of the equity spun-off of another company or the conversion of debentures into shares.

The directors can replace the publication of the announcement with a written notification to each shareholder and usufructuary included in the Register Book for Bearer Shares, and the subscription period shall be calculated from the moment that the notification is sent.

The preferential subscription rights are transferable under the same conditions as the shares from which they derive. In capital increases charged to reserves, the same rule shall be applicable to the free allocation rights of the new shares.

## **Article 24. EXCLUSION OF PREFERENTIAL RIGHTS**

In the event that the Company's interests warrant this, the General Shareholders' Meeting that resolves to increase capital can also resolve to partially or fully exclude the preferential subscription rights.

To enable this resolution, which must respect the requirements for amending the Articles of Association, to be valid, the following are essential:

- a.- The directors must draft a report that specifies the value of the company shares and justifies in detail the proposal and counterproposal to be met by the new shares, stating the persons who must be attributed; and an auditor, who is not the company auditor, appointed for such purposes by the Companies Register, must draft another report, under his own responsibility, regarding the fair value of the company shares, the underlying value of the preferential subscription rights whose exercise is proposed to be excluded or limited, and the reasonableness of the data included in the directors' report.
- b.- The announcement of the General Shareholders' Meeting must state the proposal to exclude the preferential right, the type of issuance of the new shares and the partners' right to examine the report(s) stated in the preceding section at the registered address and request the delivery or shipment of those documents free of charge.
- c.- The par value of the new shares to be issued plus, where applicable, the amount of the share premium must correspond to the actual value resulting from the report of the auditor stated in the preceding section.

## **Article 25. CAPITAL DECREASE**

The capital decrease may be aimed at restoring the balance between the company's capital and equity which has been reduced as a result of losses, creating or increasing the legal reserve or voluntary reserves or refunding the value of the contributions, as well as cancelling the obligation to provide the pending contributions.

The capital decrease can be carried out by reducing the par value of the shares, redeeming them or grouping them.

The capital decrease is mandatory when the losses lower its equity to under two-thirds of its capital and no recovery in equity is forthcoming for one full financial year.

When the capital decrease is aimed at restoring the balance between the company's capital and equity which has been reduced as a result of losses, this must have the same effect on all the shares in proportion to their par value but respecting the privileges that may be granted in the law for such purposes or in the Articles of Association for certain classes of shares.

The capital decrease as a result of losses cannot in any case lead to refunding the partners or cancelling the obligation to provide the pending contributions.

---

# TITLE V

## COMPANY BODIES

### Article 26. CORPORATE BODIES

The Company's bodies are the General Shareholders' Meeting and the Board of Directors.

### Article 27. GENERAL SHAREHOLDERS' MEETING

The quorate shareholders attending the duly convened General Meeting shall resolve on the matters in its own powers by the majority envisaged in the law or in these Articles of Association.

All the shareholders, including the dissenters and those who do not participate in the meeting, are subject to the Shareholders' Meeting resolutions without prejudice to the rights and actions acknowledged to them in the law.

### Article 28. TYPES OF SHAREHOLDERS' MEETINGS

The General Shareholders' Meetings can be ordinary or extraordinary.

### Article 29. ORDINARY SHAREHOLDERS' MEETINGS

The Ordinary Shareholders' Meeting that has been previously convened for such purpose shall necessarily take place within the first six months of each financial year in order to review corporate management, approve, where applicable, the previous year's accounts and resolve to distribute the earnings.

The Annual General Meeting shall be valid, even if it has been convened or held past the deadline.

### Article 30. EXTRAORDINARY SHAREHOLDERS' MEETINGS

Any Shareholders' Meetings that are not envisaged in the preceding article shall be considered to be extraordinary.

### Article 31. CONVENING THE GENERAL SHAREHOLDERS' MEETING

The Annual and Extraordinary General Meetings must be convened through an announcement published in the Official Gazette of the Companies Register or on the company website one month before the date established for the meeting. Voluntarily or in addition to the latter or when the company does not have a website, the announcement shall be published in one of the newspapers with the largest circulation in the province of the registered office.

The announcement shall state the company name, the time and date of the meeting at first call, the agenda with the items to be dealt with, and the position of the person(s) making the announcement. It can also include, where applicable, the date of the meeting at second call.

There must be at least 24 hours between the meeting at first and second call. It can also include, where applicable, the date of the meeting at second call.

If the duly convened Shareholders' Meeting, whatever its type, is not held at first call and the announcement does not include the date at second call, the latter must be announced, with the same agenda and the same announcement requirements as the first, within two weeks of the date on which the Meeting is not held and ten days before the date of the meeting.

Shareholders representing at least 5% of capital can request the publication of a supplement to the Shareholders' Meeting announcement that includes one or more items of the agenda. That right must be exercised by notifying it in a reliable way and which must be received at the registered office within five days of the publication of this announcement. The supplement to the announcement must be published at least two weeks before the date scheduled for the meeting. In the event that the supplement to the announcement is not published within the legal deadline, the meeting shall be null and void.

## **Article 32.** THE POWER AND OBLIGATION TO CONVENE

The directors can convene the Extraordinary General Shareholders' Meeting whenever they deem this fit in the company's interests, and, in any case, on the dates or during the periods established in the law and in the Articles of Association.

They must also convene it when shareholders owning at least 5% of share capital request this, stating the issues to be dealt with at the Meeting in the request. In this case, the Meeting must be convened to be held within thirty days of the date on which the directors have been requested by notarial means to convene it.

The directors shall draft the agenda, and must necessarily include the issues stated in the request.

## **Article 33.** UNIVERSAL SHAREHOLDERS' MEETINGS

Notwithstanding the preceding articles, the Meeting is understood to be convened and quorate provided that all the paid-up capital is present and the attendees unanimously accept to hold the Meeting. The Universal Shareholders' Meeting can be held anywhere.

## **Article 34.** QUORUM

The General Shareholders' Meeting shall be quorate at first call when the shareholders present or represented own at least 25 per cent of the subscribed capital with voting rights. The Articles of Association can establish a higher quorum.

The Meeting shall be valid at second call whatever the capital in attendance, unless the Articles of Association establish a specific quorum, which must necessarily be lower than that established therein or required by the law for the first call.

## **Article 35. EXTENSIONS FOR SHAREHOLDERS' MEETINGS**

The General Shareholders' Meetings shall be held on the day stated in the announcement but the sessions can be extended for one or more consecutive days. The extension can be resolved at the proposal of the directors or at the request of a number of shareholders representing one-quarter of the capital present at the Meeting. Whatever the number of sessions, the Meeting shall be considered to be one and only one set of Minutes shall be issued for all the sessions.

## **Article 36. SPECIAL RESOLUTIONS. QUORUM**

To enable the Ordinary or Extraordinary Shareholders' Meeting to validly the issuance of debentures, the capital increase or decrease, the exclusion or limitation of preferential subscription rights on new shares, the transformation, merger or spin-off the company, the overall assignment of assets and liabilities, the transfer of the registered office abroad and, in general, any amendments to the Articles of Association, the attendance of shareholders present or represented at first call owning at least 50% of the subscribed capital with voting rights shall be necessary and the resolution must be adopted by the absolute majority. The attendance of 25% of that capital shall be sufficient at second call.

When shareholders representing over 25% of capital but whose voting rights do not reach 50% of the subscribed capital attend at second call, the resolutions referred to in the preceding section can only be validly adopted with the favourable vote from two-thirds of the capital present or represented at the Meeting.

## **Article 37. THE RIGHT TO ATTEND**

The shareholders who, individually or grouped with others, own at least one hundred (100) shares can attend the General Shareholders' Meeting, provided that they have been registered in the corresponding register five days before the meeting.

The members of the Board of Directors must attend the General Shareholders' Meetings.

The Chairperson can authorise the attendance of any other person deemed fit, although the Meeting can revoke such authorisation.

## **Artículo 38. ATTENDING MEETINGS BY TELEMATIC MEANS**

The Meetings can be attended by telematic means which duly guarantee the party's identity. The announcement shall state the deadlines, forms and ways for exercising the shareholder rights envisaged by the directors to enable the Meeting to be held in an orderly fashion. In particular, the directors can specify that the speeches and proposed resolutions which, in accordance with the Corporate Enterprises Act, are planned to be stated by those attending by telematic means be submitted to the company before the Meeting is declared to be quorate. The replies to those from such shareholders exercising their right to information during the Meeting shall be made in writing within seven days of the Meeting.

## **Article 39.** REPRESENTATION

Any shareholders with the right to attend can be represented at the General Shareholders' Meeting by another person who does not have to be a shareholder. The representation must be granted in writing and specifically for each Meeting, complying with the legal provisions on this issue and any other legal provisions on this matter.

This power to be represented is understood to be without prejudice to the legal provisions regarding family representation and granting of general powers.

The representation is always revocable. In the event that the represented member attends the Meeting, this shall revoke the representation.

## **Article 40.** MEETING PANEL

The Shareholders' Meeting shall be chaired by the Board of Directors Chairperson and, failing this, by the Vice Chairperson, if applicable; and, in the absence of both, by the Director or shareholder elected by the Meeting itself.

The Chairperson shall be assisted by a Secretary, who shall be that of the Board of Directors and, failing this, by the person designated by the Meeting.

## **Article 41.** ATTENDANCE LIST

Before dealing with the Agenda, an attendance list shall be drawn up, stating the nature or representation of each attendee and the number of shares owned or represented in attendance.

The attendance list can also be drafted in a file or added to a computerised database. In such cases, the means used shall be stated in the minutes themselves and the corresponding identification procedures signed by the Secretary and countersigned by the Chairperson shall be stated in the sealed cover of the file or computer media.

At the end of the list, the number of shareholders present or represented and the amount of capital that they own shall be stated, specifying the amount corresponding to the shareholders with the right to vote.

## **Article 42.** DISCUSSION AND ADOPTION OF RESOLUTIONS

Once the meeting has started, the Secretary shall read the items on the Agenda, which will then be discussed; the Chairperson and then the persons whom he designates shall then speak.

Once those speeches have been made, the Chairperson shall give the floor to the shareholders who request this, directing and maintaining the debate within the limits of the Agenda and concluding it when he/she believes that they have been sufficiently discussed.

Lastly, the various proposed resolutions shall be put to vote.

The resolutions must be adopted with the favourable vote from a majority of the capital with voting rights present or represented at the Meeting, apart from those envisaged in the second paragraph of Article 36 above; and each share grants one vote.

It is understood that any shareholder present or represented at the Meeting who does not expressly state their abstention or nay vote is voting in favour of the proposed resolutions. The majority approval shall be accredited by simply stating the number of votes against and abstentions.

In any case, the votes for the proposals based on the items of the agenda of any type of Shareholders' Meeting can be cast by delegation or by post, email or any other remote means that guarantees the identification of the individual exercising their right to vote, under the terms envisaged in article 198, sections 2 and 3 of the Corporations Law (Ley de Sociedades Anónimas) in force.

The shareholders who cast their remote vote are taken into account as present for the purpose of the Meeting's quorum.

Likewise, the matters that are substantially independent must be voted separately at the Meeting.

In any case, even if the following are stated in the same item on the agenda, they must be voted separately:

- a.- The appointment, ratification, re-election or removal of a director.
- b.- The amendment to the Articles of Association, to an article or to a group of articles that are independent of each other.
- c.- The matters that are thus stated in the Company's Articles of Association.

## **Article 43. RIGHT TO RECEIVE INFORMATION**

The shareholders can request the directors, until the seventh day before the date of the Meeting, the reports or clarifications that they deem appropriate or draft the questions that they deem fit in writing regarding the items on the agenda, and the directors must provide them in writing until the date of the Meeting.

During the General Meeting, the shareholders can ask for the information or clarifications that they deem fit regarding the items on the agenda and, in the event that the shareholder right cannot be met at that time, the directors are obligated to provide that information in writing within seven days of the Meeting. The directors are obligated to provide the information requested under the two preceding sections, unless that information is not necessary for protecting the shareholder rights or there are objective reasons to believe that it may be used for ultra vires purposes or its publication may harm the company or related parties.

The information requested cannot be refused when the request is supported by shareholders representing at least 25% of capital.

Likewise, once the Ordinary Shareholders' Meeting has been convened, any shareholders can obtain from the company, immediately and free of charge at the registered address, the documents that will be submitted for its approval and the audit report.

## **Article 44. SHAREHOLDERS' MEETING'S MINUTES**

Minutes shall be taken of the Ordinary and Extraordinary Shareholders' Meetings in a book kept for such purpose. The Minutes, drafted with all the legal requirements and signed by the Chairperson and Secretary of the Board of Directors or by the Chairperson and Secretary designated expressly by the Shareholders' Meeting, can be approved by the Meeting itself afterwards and, failing this, within fifteen days, by the Meeting's Chairperson and two comptrollers, one representing the majority and the other the minority.

The Minutes approved in either way shall be enforceable from their approval date.



## **Article 45. CERTIFICATES**

The Secretary and, failing this, the Deputy Secretary of the Board of Directors, if applicable, has the power to certify the General Meeting's minutes and resolutions.

The certificates shall be countersigned by the Board Chairperson or, failing this, by the Deputy Chairperson, if applicable.

## **Article 46. IMPLEMENTATION OF RESOLUTIONS**

The persons who have the power to certify the corporate resolutions in accordance with the preceding article, the members of the Board of Directors whose appointment is valid and filed at the Companies Register and the proxies with the powers for such purpose granted by the governing body are empowered to implement the corporate resolutions and grant the corresponding public deeds.

## **Article 47. CHALLENGING CORPORATE RESOLUTIONS**

The resolutions adopted by the General Shareholders' Meetings can be challenged in the cases and using the procedures established in the legislation in force.

## **Article 48. ADMINISTRATION OF THE COMPANY**

The Company shall be administered by a Board of Directors, which will comprise at least 5 members and at most 15.

The General Shareholders' Meeting has the power to appoint and remove directors. The director's position can be waived, revoked and re-elected. Directors do not have to be shareholders.

Any person who is incompatible in accordance with the applicable state and regional legislation at any given time cannot be directors or hold positions in the company.

## **Article 49. TYPES OF DIRECTORS**

When the General Shareholders' Meeting appoints a director or when the Board of Directors exercises co-option, the director shall be classified as executive, independent or proprietary.

For such purposes, they are understood as follows:

- a.- Executive directors are those who carry out senior management functions or are employed by the Company or its Group.
- b.- Independent external directors are those who do not have an employment or professional relationship with the Directorate General for State Assets or with the public-sector body that is a shareholder of the Company; with the body that has regulatory functions regarding the Company's corporate purpose; or with the Ministry attributed with protecting the Company.
- c.- External proprietary directors are those who, having been appointed by the General State Administration through its representatives at the Company's General Meeting or proposed to the Board of Directors for appointment through co-option, are not subject to the requirements defined for executive director or independent director.

The Board of Directors Regulations can specify and set out their details. Each director's status shall be maintained or, where applicable, modified based on the circumstances, and this shall be made public in the Annual Corporate Governance Report and in the Company's website.

## **Article 50. DURATION AND CO-OPTION**

The director's position shall be held for two years. At the end of that term, the Director can be re-elected one or more times for equal periods.

If there are any vacancies during the term for which the directors were appointed, the Board can designate, from among the shareholders, the persons who can fill the vacancies until the next General Shareholders' Meeting is held.

## **Article 51. DIRECTORS' REMUNERATION**

Directors shall be remunerated. The remuneration shall consist of allowances for attending the Board meetings that shall be paid by the Company within the maximum amounts established in accordance with the regulations in force for public-sector bodies and state companies. The amount shall be determined every year by the General Meeting within the preceding limits. The travel expenses shall be paid in accordance with the provisions in force for the state sector. The personal income tax regulations shall be applied to the attendance allowances and travel expenses.

The remuneration envisaged in the preceding section for attending the Board meetings shall not be compatible with that corresponding to the directors for, where applicable, carrying out executive functions for the Company, which shall be paid in accordance with that stated in the corresponding mercantile or employment contracts, within the structures and maximum amounts established in the regulations in force at any given time for state-owned companies.

The per diems must be determined every year by the General Shareholders' Meeting. These remuneration items shall be updated in accordance with that established every year for public-sector staff in the corresponding Budget Act.

## **Article 52. DIRECTORS' LIABILITY**

The directors shall perform their duties with the diligence of a prudent entrepreneur and a loyal agent and defend the corporate interests, understood as the company's interests, and they shall comply with the duties imposed by the laws and Articles of Association.

They must maintain the secrecy of the confidential information, even after they leave service.

The directors shall be liable vis-à-vis the Company, vis-à-vis the shareholders and vis-à-vis the corporate creditors for the damages caused by acts that contravene the law and the Articles of Association or due to those not performed with the diligence required of their position.

All the members of the governing body who carried out the harmful act or adopted the harmful resolution shall be jointly and severally liable, except for those who prove that they were not involved in adopting the resolution and did not know about it and those who knew about it and did everything appropriate to prevent the damages or at least expressly opposed it.

The fact that the harmful act or resolution is adopted, authorised or ratified by the General Shareholders' Meeting shall not exonerate them from liability in any case.

## **Article 53. COMPANY REPRESENTATION**

The Board of Directors shall have the Company's representation in and out of court. The representation shall include all the acts within the corporate purpose established in these Articles of Association, except for those within the General Meeting's powers.

## **Article 54. ANNOUNCEMENT AND VENUE**

The Board shall meet as many times as convened by the Chairperson, the Deputy Chairperson or their replacement as a result of the vacancy, absence or impossibility of the Chairperson, at his/her own request or when the Deputy Chairperson or the majority of directors request this. The announcement shall include the Agenda.

Notwithstanding the foregoing, the Board of Directors must meet at least once a quarter.

The directors who represent at least one-third of the members of the Board of Directors can convene it, stating the agenda, so that it can be held in the place where the registered office is located if, after requesting the Chairperson's, he/she does not convene it without justified reason within one month.

The ordinary meetings shall be held at the registered office but they can also be held anywhere else determined by the Chairperson.

Likewise, the Board meetings can be held in several places connected by systems that acknowledge and identify the attendees, provide permanent communication between the attendees regardless of where they are and enable them to speak and cast their vote in real time. The attendees in any of those places shall be considered as attendees of the same single meeting for the purpose of the Board of Directors. It shall be understood that the meeting is held where the Board Chairperson or, failing this, the Deputy Chairperson, is located.

Without prejudice to the foregoing and provided that no director opposes this, resolutions can be adopted without a session and in writing, in accordance with the requirements and formalities established in article 100 of the Trade Register Regulations. In this case, the directors can send the Board Secretary or his/her replacement, as applicable, their votes and the considerations that they wish to state in the minutes through whatever means which can prove that they have been sent.

## **Article 55. BOARD QUORUM**

The Board of Directors shall be quorate when the majority of the Board members exercising their duties are present or represented at the meeting.

The representation must be granted in writing and specifically for each Board meeting; no Director can have more than three representations, except for the Chairperson, who does not have this limit, but cannot represent the majority of the Board.

If the Chairperson of the Board of Directors decides this, the Company Officers and any other person deemed fit can attend the Board meetings.

## **Article 56.** BOARD POSITIONS

The Board elects a Chairperson, who is also the Company Chairperson, from within. The Board can designate a Vice Chairperson; in the Chairperson's absence, the Vice Chairperson shall stand in for him/her; if there is no Vice Chairperson, the Director with higher seniority in his/her position shall stand in for him/her.

The Board has the power to elect the Secretary and, where applicable, the Deputy Secretary, who may or may not be a Director; in case of vacancy, absence, or impossibility to attend, the Deputy Secretary shall stand in for him/her and shall have the same powers as the Secretary, or otherwise, the youngest Director from among those attending the meeting shall stand in for him/her.

## **Article 57.** DISCUSSION AND ADOPTION OF RESOLUTIONS

Once the meeting has started, the Secretary shall read the items on the Agenda, and they shall be discussed and put to vote.

The Board shall discuss the items on the Agenda and any other matters that the Chairperson establishes or the majority of the Directors present or represented propose, even if they are not on the Agenda.

The resolutions shall be adopted by an absolute majority of the Directors present or represented at the meeting, except when they refer to the permanent delegation of powers and the designation of the directors who will exercise them, in which case, they shall require the favourable vote of two-thirds of the directors or the majorities established in the law or these Articles of Association.

The Board of Directors resolutions shall be drafted in the Minutes by the Secretary, issued or transcribed in the corresponding Minutes Book, stating the circumstances envisaged in the legislation in force. The secretary must custody and safeguard the Minutes Book and issue the certificates regarding its content.

The Minutes shall be approved by the Board of Directors itself at the end of the meeting or at the following one. They shall be considered to have been approved if, within five days of receiving the draft Minutes, no Director has opposed this. The directors shall be entitled to state the objections that they deem appropriate in writing in the minutes regarding the resolutions adopted by the Board.

The Board can empower the Chairperson and one Director so that they can jointly approve the Meeting's Minutes.

Once the Minutes are approved, they shall be signed by the Secretary of the Board or of the meeting and countersigned by the acting Chairperson.

## **Article 58.** CHALLENGING THE BOARD OF DIRECTORS RESOLUTIONS

The directors and shareholders representing 5 per cent of the share capital can challenge the null and void or annulable resolutions of the administration bodies in accordance with the deadlines and procedure established in the law.

## **Article 59. DELEGATION OF POWERS**

To comply with the provisions of articles 249 and 249 bis of the Corporate Enterprises Act, the Board of Directors can designate from within an Executive Committee or one more Chief Executive Officers, determining their members or those who must hold such positions and how they must act, and can partially or fully, temporarily or permanently, grant the Executive Committee and delegate to the Chief Executive Officers all the powers that can be delegated in accordance with the law.

The permanent delegation of powers to the Board of Directors or, where applicable, to the Chief Executive Officer, or to the Executive Committee and the designation of the directors who will hold such positions shall require the favourable vote of two-thirds of the Board members and shall not be effective until this is registered at the Companies Register.

The Board of Directors can also permanently delegate all its representation powers to one or more directors, determining if they must act jointly or separately if they are more than one.

## **Article 60. BOARD COMMITTEES**

The Board of Directors shall approve its Internal Regulations with the basic organisation and functioning rules, the rules of conduct for its members and the supervision and control system in order to achieve better professionalism and efficacy in its actions, fostering the active participation of all its members and putting the corporate and shareholder interests ahead of their own, respecting the law, the Articles of Association and the principles of good corporate governance.

The Board shall act in plenary sessions or in committees which may be created permanently or for a specific matter, with delegated and executive powers or with the power to conduct studies, provide advice or make proposals. In accordance with the law and the Articles of Association, the Audit Committee is necessary, without prejudice to the name that the Board of Directors may give it at any given time, and its organisation and functioning rules shall be implemented in the Board of Directors Regulations based on the projections established in these Articles of Association.

---

# **TITULO VI**

## **ANNUAL ACCOUNTS**

### **Article 61. ANNUAL ACCOUNTS**

The annual accounts, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements, must be drafted with clarity so that they provide a true and fair view of the Company's equity, financial position and earnings, in accordance with the legal provisions, so that reading them can provide an accurate representation of the Company's economic situation and business progress.

## **Article 62.** CONTENT OF THE ANNUAL ACCOUNTS

The balance sheet structure shall conform to the provisions of the Corporate Enterprises Act and other applicable legal provisions.

The income statement shall conform to the provisions of the Corporate Enterprises Act and other applicable legal provisions.

The notes to the financial statements shall extend and comment on the information included in the balance sheet and income statement and in the other documents comprising the annual accounts. The notes to the financial statements shall include the indications envisaged in the Corporate Enterprises Act and other applicable legal provisions.

## **Article 63.** MANAGEMENT REPORT

The management report must contain a true and fair view of the Company's business performance and situation, and a description of the main risks and uncertainties it faces. The report must also include statements about the major events for the Company that have taken place after year-end, its foreseeable performance, its research and development activities and the acquisition of own shares, in accordance with the law. In the event that the Company drafts an abridged balance sheet and statement of changes in equity, it shall not be obligated to draft the management report.

## **Article 64.** AUDITING

The annual accounts and management report must be reviewed by auditors when there is a legal obligation to audit. The auditors shall also make sure that the management report tallies with the financial year annual accounts. The auditors shall have at least one month, from the time that they receive the accounts from the directors, to submit their report.

## **Article 65.** APPOINTMENT OF AUDITORS

The auditors shall be appointed by the General Shareholders' Meeting before the end of the year to be audited for a time period that cannot be less than three years or more than nine years, starting from the date on which the first audit year starts, without prejudice of the provisions included in the regulations on accounts auditing regarding the possibility to extend. The General Shareholders' Meeting can designate one or more natural or legal persons as auditors and they shall act jointly. When those designated are natural persons, the Shareholders' Meeting must appoint the official and substitute auditors.

## **Article 66.** DRAFTING OF THE ANNUAL ACCOUNTS

The Board of Directors is obligated to draft, within a maximum period of three months starting from the end of the financial year, the annual accounts, the management report and the proposed distribution of earnings and, where applicable, the consolidated accounts and management report.

The annual accounts and management report must be signed by all the directors. If a director's signatu-

re is missing, this shall be stated in each of the documents where it is missing, expressly indicating the reason.

## **Article 67.** APPROVAL OF THE ANNUAL ACCOUNTS

The annual accounts shall be approved, within the first six months of the financial year, by the General Shareholders' Meeting, which shall resolve to distribute the year's earnings in accordance with the approved balance sheet.

## **Article 68.** LEGAL RESERVE

In any case, an amount equal to 10 per cent of the year's profit shall be allocated to the legal reserve, until it reaches at least 20 per cent of share capital. Until it reaches that limit, the legal reserve can only be used for offsetting losses, in the event that there are no other sufficient reserves available for such purpose.

## **Article 69.** DISTRIBUTION OF THE DIVIDEND

Once the reserves envisaged in the law or in the Articles of Association are covered, only the dividend charged to the year's profit or to the unrestricted reserves can be distributed if the book value of the company's net worth is not or, as a result of the distribution, does not turn out to be less than the share capital. For such purposes, the profit recognised directly in equity may not be distributed either directly or indirectly. If there are losses from prior years which make the company's net worth value lower than the share capital figure, the profit shall be used to offset such losses.

The General Shareholders' Meeting shall establish, in the dividend distribution resolution, the payment period and method. The dividend shall be payable, unless the Shareholders' Meeting resolution states otherwise, at the registered address from the day after the resolution date.

## **Article 70.** INTERIM DIVIDEND

The distribution of interim dividend among the shareholders can only be resolved by the General Shareholders' Meeting or by the Board of Directors under the following conditions:

- 1.- The Board of Directors shall draft an accounting statement, showing that there is sufficient liquidity for the distribution. This statement shall subsequently be included in the notes to the financial statements.
- 2.- The amount to be distributed cannot exceed the amount of the earnings obtained from the end of the previous financial year, after deducting the losses from prior years and the amounts allocated to the mandatory reserves under the law or the Articles of Association, as well as the estimated tax to be paid on those earnings.

## **Article 71.** FILING OF THE ANNUAL ACCOUNTS

Within one month of the approval of the annual accounts, a certificate for the General Shareholders' Meeting resolutions approving the annual accounts and distribution of earnings shall be submitted for filing at the Trade Register of the registered office, which must be accompanied by a copy of each of those accounts, as well as the management report and audit report."

---

## **TITULO VII**

# **AMENDMENTS TO THE ARTICLES OF ASSOCIATION, COMPANY DISSOLUTION AND LIQUIDATION, AND CONFLICT RESOLUTION**

### **Article 72. AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Any amendments to the Articles of Association must be resolved by the General Shareholders' Meeting.

Any amendments to the Articles of Association must meet the following requirements:

- 1.** The Board of Directors or, where applicable, the shareholders who propose the amendment must request this in a document and justify it.
- 2.** The announcement must clearly state the points proposed for the amendment as well as all the shareholders' right to examine, at the registered address, the full text of the proposed amendment and the report on it, and their right to ask for the delivery or sending of these documents.
- 3.** The resolution must be adopted by the General Shareholders' Meeting, in accordance with the provisions of these Articles of Association, as provided for in articles 194 and 201 of the Corporate Companies Act.
- 4.** In any case, the resolution must be recorded in a public deed, which shall be registered at the Companies Register and published in its Official Gazette.

### **Article 73. COMPANY DISSOLUTION**

The Company shall be dissolved by a General Shareholders' Meeting resolution, adopted in accordance with article 364 in the event of article 368 and for the reasons envisaged in articles 360.1 and 363.1 of the consolidated text of the Corporate Enterprises Act.

### **Article 74. COMPANY LIQUIDATION**

Once the Company is dissolved, the liquidation period shall be opened, the directors shall cease their



representation and the liquidators shall carry out the liquidation functions referred to in the consolidated text of the Corporate Enterprises Act. Nevertheless, the former directors, if required, must collaborate with the liquidation transactions.

The liquidators shall always be an odd number and they shall be designated by the General Shareholders' Meeting.

During the liquidation period, the General Shareholders' Meeting shall continue to hold its annual meetings and any extraordinary ones it deems fit to convene in accordance with the legislation in force.

Once the liquidation transactions are completed, the liquidators shall submit a final balance sheet to the General Shareholders' Meeting as well as a full report on those transactions and a project on how to divide the resulting assets among the partners.

The resolution that approves this can be challenged by the partners who did not vote in favour of it within two months of its adoption. When accepting the appeal to challenge this, the judge can decide ex officio to make a provisional filing of this at the Trade Register.

## **Article 75.** CONFLICT RESOLUTION

Without prejudice to the right to legally challenge the corporate resolutions, all the disputes, controversies and claims that may arise between the Company and the shareholders, or among the shareholders themselves, arising from the corporate transactions, shall be resolved through arbitration in law, with one or three arbitrators, in accordance with the procedure envisaged in Arbitration Act 60/2003, of 23 December, and with the obligation to comply with the arbitration decision issued.



**Navantia**