

**ARTICLES OF ASSOCIATION OF CORPORACIÓN DE RESERVAS
ESTRATÉGICAS DE PRODUCTOS PETROLÍFEROS (CORES)**
**(Annex IV to Royal Decree 1716/2004 of 23rd July, which regulates the obligation
to maintain minimum security stocks, the diversification of the natural gas
supply and CORES)**

(In the event of discrepancy, the Spanish-language version prevails)

CHAPTER I

General provisions

Article 1 *Name and legal system*

CORES, created by Royal Decree 2111/1994 of 28 October, shall be governed by the content of Act 34/1998 of 7 October on the Hydrocarbon Sector, by the applicable regulatory provisions and by these articles.

Article 2 *Purpose*

The purpose of CORES is:

- a) The establishment, maintenance and management of strategic stocks as classified by article 14 of this royal decree.
- b) The control of minimum security stocks, as referred to in article 50 of Act 34/1998 of 7 October, and section 1 of article 2 of this royal decree.
- c) The control of the compliance with the obligation to maintain minimum security stocks of natural gas, as referred to in article 98 of Act 34/1998 of 7 October, and section 2 of article 2 of this royal decree.
- d) The control of the compliance with the obligation to diversify the natural gas supply, as referred to in article 99 of Act 34/1998 of 7 October, and in article 3 of this royal decree.
- e) The preparation of statistical reports relating to the hydrocarbon sector, and cooperation with the various public authorities in order to provide information, advice and any other activity regarding aspects included within the scope of its faculties.

Article 3 *Registered office*

CORES shall establish its registered office in Madrid, and may change the registered office within this municipal district as required for any reason. It may also establish branches and representative offices in other locations in Spain that it considers necessary for the fulfilment of its objectives.

Article 4 *Term*

CORES has been established for an indefinite term.

Article 5 *Territorial scope* The Corporation has a national scope and its activities extend to the entire Spanish territory, without prejudice to the content of article 11 of this Royal Decree, and the content of point 3 of article 3 of Directive 2006/67/EC of the Council of 24 July 2006, which obliges member states to maintain minimum stocks of crude oil and/or petroleum products.

CHAPTER II

Concerning the members of CORES and its representative bodies

Article 6 *Members*

1. All operators authorised to distribute petroleum products on a wholesale basis in the Spanish territory, including liquid petroleum gases, as regulated in articles 42 and 45 of Act 34/1998 of 7 October, as well as the natural gas shippers regulated in article 58.a) and d) of the aforementioned Act shall be members of CORES by compulsory membership.
2. Membership is acquired automatically from the date of the administrative authorisation to operate and shall remain in force for as long as said authorisation remains valid.

Article 7 *Governing bodies*

The governing bodies of CORES are as follows:

- a) The Chairman.
- b) The General Assembly.
- c) The Board of Directors.

Article 8 *Duties of the Chairman*

The Chairman of CORES has the following duties:

- a) To act as CORES' lawful representative in all kinds of formalities and contracts and before any individual or company, in court and out of court, without prejudice to the power-of-attorney system established by the Board of Directors.
- b) To manage the activities and inspection tasks, and to propose the commencement of any sanctioning proceedings to the relevant public administration.
- c) To submit to the Board of Directors for its approval the proposals for the fixing of fees and the annual accounts.
- d) To summon and chair the Board of Directors and the General Assembly.
- e) To manage those issues related to the inspection activities and the handling of individual information of the obliged parties.
- f) To exercise the powers expressly delegated by the Board of Directors to him, as well as those powers assigned by the legislation in force.

Article 9 *The General Assembly*

1. The General Assembly is made up of all of the duly accredited CORES' members.
2. It is the responsibility of the Chairman of CORES to summon the General Assembly. Said summons must be in one single call, and the corresponding notice, which must state the date of the Assembly and the agenda of the points to be covered, shall be published in two major newspapers with national coverage with at least fifteen days' notice before the date of the Assembly. This period may be shorter if urgent circumstances make it advisable, after notification to the Ministry of Industry, Tourism and Trade.
3. The Chairman must summon the General Assembly once every financial year to report on the evolution of CORES' activities during the previous financial year, to approve the accounts and to review the management of the administration bodies. The

Assembly shall also be summoned when so requested in writing, with an indication of its purpose, by the members of CORES who represent at least 15% of the total voting rights of the members. The Chairman may also summon the Assembly when it is deemed appropriate in accordance with the interests of CORES.

4. The General Assembly shall be quorate, irrespective of the number of attendants. The General Assembly shall be chaired by the Chairman of CORES, who shall appoint the Secretary in charge of preparing the minutes of the meetings, and who shall have a right to speak but not to vote.

5. Resolutions shall be passed by a three-quarters majority of the votes present and shall be notified, once the corresponding minutes have been approved, to the Ministry of Tourism and Trade which, if appropriate, and within a period of 15 days from the receipt date, may veto those resolutions that might infringe the provisions of Act 34/1998 of 7 October on the Hydrocarbon Sector and its implementing regulations.

6. The General Assembly shall decide on the approval of the accounts and of the management of the administration bodies, as well as any other questions that are attributed to it by legal provisions or by these articles of association.

Article 10 *Right to vote*

The members of CORES shall hold the voting rights they are entitled to on a pro rata basis to the volume of their effective annual financial contribution to CORES.

The financial contribution referred to in the above paragraph shall be calculated in accordance with the amount of the fees effectively paid to CORES during the 12 months immediately prior to the date of the summons of the General Assembly, except when the purpose of the General Assembly is the approval of the annual accounts and the review of the management of the administration bodies. In this case, said contribution shall be that made during the relevant financial year.

The Board of Directors shall verify the number of voting rights that each member holds before the holding of the General Assembly.

Article 11 *The Board of Directors*

1. The Board of Directors of CORES must consist of eleven members, apart from the Chairman of CORES, who shall chair the meetings.

2. The Chairman of CORES and four members of the board shall be appointed by the Ministry of Industry, Tourism and Trade for a term of office of five years, and they may be re-elected for the same periods. One of these members of the board shall be proposed by the National Energy Commission.

3. The remaining seven members of the board shall be elected by the General Assembly for a term of five years, and they may be re-elected for the same periods, as follows:

a) Authorised wholesale distributors of petroleum products, with refining capacity in the Spanish territory, shall elect three representatives.

b) Authorised wholesale distributors of petroleum products, without refining capacity, shall elect two representatives.

c) Authorised wholesale distributors of liquid petroleum gases shall elect one member of the board.

d) Natural gas shippers who are also members of CORES shall elect one member of the board.

4. The Board of Directors shall elect, by majority of votes, a Deputy Chairman from among its members, and the deputy chairman shall perform the organic functions associated with the role of Chairman if the appointed Chairman is unable to do so.

5. The Board of Directors may establish one or more committees, formed by its

members, with specific functions concerning specific aspects that comprise the legal purpose of CORES, but these shall always be subject to the ultimate control of the Board of Directors, or shall be in order to comply with the legislation in force at any time. The Board of Directors, when creating said committees, shall establish the specific competences that they assume, their deliberation procedures and operating rules, the number and identity of their members, as well as any other circumstance that it deems advisable.

6. If one of the elected members resigns before the expiry of the term of his/her office, the Board of Directors may appoint an interim member for the time being until the next General Assembly is held.

Article 12 *Powers of the Board of Directors*

1. The Board of Directors has the following powers:

- a) To determine the general policy of CORES and to discuss any issues of significance for it.
- b) To approve the internal organization and operating rules and procedures of CORES, in line with the applicable regulating legal principles.
- c) To monitor the activities of CORES, with the exception of those aspects related to specific inspection tasks or that are related to the individual information of the obliged parties.
- d) To approve the proposals to fix the fees to be submitted to the Ministry of Industry, Tourism and Trade.
- e) To draft the annual accounts of CORES.
- f) To exercise the remaining functions assigned to it by the legal provisions or these Articles of Association.
- g) To approve a comprehensive inspection manual that includes the basic principles to be followed by the inspection activities, as well as the procedures to carry them out.
- h) To establish the official address of CORES, as well as any representative offices deemed necessary for the fulfilment of its purposes.
- i) Any other powers not assigned to the General Assembly or to the Chairman of CORES.

2. The Board of Directors shall be quorate when the meeting, summoned by the Chairman or the person who might replace him, is attended by, apart from the Chairman, half plus one of its members. Resolutions shall be adopted by a majority of the votes cast. The Ministry of Industry, Tourism and Trade, through the Chairman, may exercise its veto right, within a term of 15 days, in connection with any resolution that goes against public interests.

CHAPTER III **Financing system**

Article 13 *Financial resources*

1. CORES shall have the following financial resources:

- a) Regular or extraordinary fees that must be paid by its members and other obliged parties to maintain minimum security stocks.

- b) The products and revenues from the assets and rights that constitute its equity.
- c) Revenues resulting from its debt or loan capital. For these purposes, CORES may use financial markets to obtain the resources required for the fulfilment of its objectives.
- d) Any other ordinary or extraordinary revenues that may be generated in the course of exercising its functions.

2. Fees shall be paid to CORES in the manner and periods determined in applicable legislation.

3. If there is a surplus in the collection of fees compared to the expenses effectively incurred upon and for whose coverage the fees were established, the Board of Directors may agree either upon a refund of the aforementioned surplus, to use said surplus in the establishment of future fees or to fund the financial reserve referred to in article 52.3, paragraph four, of Act 34/1998 of 7 October, until it reaches a minimum amount equal to a quarter of the ordinary expenses of the financial year in question. Said resolution must be ratified by the General Assembly summoned for the approval of the annual accounts of the relevant financial year.

4. Before submitting to the Ministry of Industry, Tourism and Trade the proposals for the establishment of the fees, these shall be made available, together with the corresponding budget, to all the members of CORES. The corresponding General Assembly shall be called for these purposes.

Article 14 *Budget*

CORES shall draft an annual ordinary budget of income and expenses as referred to in section 4 of the above article, subject to the rules contained in these Articles of Association and general rules applicable in this matter, which shall include a forecast of the financial resources required for the fulfilment of its objectives.

CHAPTER IV Concerning the dissolution of CORES

Article 15 *Dissolution*

CORES shall be dissolved for the reasons and with the effects provided for in law.

Article 16 *Liquidation committee*

In the event of the dissolution of CORES, the Extraordinary General Assembly shall appoint a liquidation committee to carry out all operations required for the liquidation.