

By-laws of
Befesa Medio Ambiente, S.A.

Article 5.- Prevailing text approved by resolution of the Ordinary General Shareholders' Meeting on 21st June 2001.

Article 6.- Prevailing text approved by resolution of the Ordinary General Shareholders' Meeting on 21st June 2001.

Article 17.- Prevailing text approved by resolution of the Ordinary General Shareholders' Meeting on 18th June 2002.

Section Three of Heading III and renumbering of articles 22 to 31, inclusive.- Prevailing text approved by resolution of the Ordinary General Shareholders' Meeting on 24th June 2003.

Article 3.- Registered Offices. Prevailing text approved by resolution of the Ordinary General Shareholders' Meeting on 17th April 2008.

Article 12.- Notice of meeting. Text approved by resolution of the Ordinary General Shareholders' Meeting on 17th April 2008.

Article 20.- Calling and quorum for Board meetings. Text approved by resolution of the Ordinary General Shareholders' Meeting on 17th April 2008.

Heading I
Name, Duration, Registered Offices and Object

Article 1.- Name.

The joint stock company is established under the name Befesa Medio Ambiente, S.A. which shall be governed by these By-laws and the legal provisions applicable to it at any specific time.

Article 2.- Duration.

The company's duration shall be of an indefinite nature. The company shall commence operations on the day its charter of incorporation is executed, without

prejudice to what is established by Law as regards activities and contracts executed on behalf of the company prior to its entry in the Mercantile Registry.

Article 3.- Registered Offices.

The company shall be domiciled in Erandio (Bizkaia), carretera Bilbao a Plencia 21.

The company may establish regional offices, agencies or delegations, in Spain as well as abroad, by approval of the Board of Directors, which shall be the competent body to agree the change of domicile within the same town, as well as the elimination or transfer of the regional offices, agencies and delegations.

Article 4.- Object.

The object of the company shall consist of:

- a) The acquisition, alienation and holding, itself, of shares, participations, bonds, stock, as well as any other negotiable securities and public or private debt listed or not on organized markets.
- b) The promotion, participation and management of businesses and activities in the primary, industrial, construction and services sectors, related to the protection and recovery of the environment, and with the rational use of natural resources, including non-nuclear energies.
- c) The acquisition, storage, treatment, exploitation, recovery, processing, manufacturing and commercialization of all types of raw materials, products, by-products, as well as waste of an industrial, urban, agricultural, animal, sanitary origin, including poisonous and non-nuclear hazardous waste, including their recycling, recovery and elimination.
- d) The prevention, treatment, control and elimination of emissions, spills, and solid, liquid and gaseous wastes of an industrial, urban, sanitary, agricultural, animal origin, including poisonous and non-nuclear hazardous wastes.
- e) The decontamination, restoring, regeneration, recovery and reconditioning of lands, deteriorated or contaminated buildings or installations, as well as the arranging and rearranging of specific territories.
- f) The carrying out of engineering studies, projects, reports, analysis, assessment and works, research, experimentation, development and commissioning of all types of procedures, methods, systems, equipment, facilities, devices and mechanisms related to the aforementioned activities, as well as their exploitation.

In any event, the object does not include any activity subject to special legislation, and to be precise the legislation on the stock exchange, credit companies and collective investment institutions.

The activities included in the company object may be, totally or partially, developed by the company in an indirect manner through the holding of shares or participations in companies with an identical or analog object.

Heading II **Share Capital. Shares**

Article 5.- Share Capital.

The share capital is set at Eighty One Million Six Hundred and Eleven Thousand Five Hundred and Seventy One point Seven Nine (81,611,571.79) euro and is fully subscribed and paid in.

Article 6.- Number and representation of the shares in which the share capital is divided into.

The company's share capital is divided into 27,113,479 shares, each with a face value of 3.01 euro, numbers 1 to 27.113.479, both inclusive, which attribute the same rights recognized by Law and these By-laws to their respective holders.

The shares shall be represented by entries on account and shall be controlled in accordance with what is stipulated in article 60 of the Company Law in force, and by the stock market governing regulations.

Article 7.- Rights conferred by the shares.

All the shares confer on their legitimate holder the condition of member and attribute him/her the rights recognized by Law and these By-laws.

Under the terms established by Law and in these By-laws, with the exception of the cases foreseen therein, the shareholder shall have, at least, the following rights:

- a) That of participating in the share out of company profits and in the patrimony resulting from the liquidation.
- b) That of preference subscription upon the issuing of new shares or securities convertible into shares.
- c) That of attending and voting at the General Shareholders' Meeting and impugnation of the corporate resolutions. Each share shall carry the right to

one vote. The company may issue shares that do not confer the right to vote under the conditions, and respecting the limits and requirements established by Law.

d) That of information.

Article 8.- Share Transfer Regime.

The shares are freely transferable, between the living and upon death, in accordance with what is established in the applicable legislation.

Heading III **Governing Bodies**

Article 9.- Governing Bodies.

The General Shareholders' Meeting, as the supreme deliberating body at which the corporate volition is declared by decision of the majorities established herein in relation to subjects of its competency and the Board of Directors, upon which the management, administration and representation of the company falls with the powers attributed to it by Law and these By-laws, are the governing bodies.

Section One **General Shareholders' Meetings**

Article 10.- General Shareholders' Meeting.

The shareholders, legally and validly constituted at a Shareholders' Meeting, shall decide by majority on the subjects that are the competence of the Meeting.

All the members, including those who vote against and those that have not participated in the meeting are bound to the resolutions adopted by the General Shareholders' Meeting, without prejudice to the right to impugnation corresponding to any shareholder in the cases and under the requirements established by Law.

Article 11.- Types of General Shareholders' Meetings.

General Shareholders' Meeting may be ordinary or extraordinary and must be called by the company administrators.

The Ordinary General Shareholders' Meeting, called to the effect in advance, shall be held within the first six months of each financial year to review corporate management, approve, if it were the case, the accounts of the previous financial year

and pass resolutions on the application of the results in accordance with the approved balance sheet.

Any General Shareholders' Meeting not foreseen in the previous paragraph, shall be considered an Extraordinary General Shareholders' Meeting and must be held whenever the Administrators believe it to be convenient for the interests of the company and, in any event, once a number of shareholders with, at least, 5% of the share capital request it stating in the petition the subjects to be dealt with at the General Shareholders' Meeting. In the case of the latter, the Shareholders' Meeting must be called for within 30 days from the date on which the Administrators were asked to call it, and the Agenda must include, at least, the subjects that were the object of the request.

Regardless of the subjects expressly reserved by Law and the By-laws for the Ordinary General Shareholders' Meeting, any other subject legally or statutorily attributed to the General Shareholders' Meeting may be dealt with at an ordinary or extraordinary Shareholders' Meeting.

Article 12.- Notice of Meeting.

Ordinary and extraordinary shareholder's meetings must be called by publishing a notice in the Official Gazette of the Mercantile Registry and in at least one of the daily mass circulation newspapers in the province in which the Company has its registered address at least one month prior to the proposed date of the meeting at first call. All of the issues to be discussed must be included in the notice. It may also state the date on which, if appropriate, the meeting is to take place at second call, with a minimum period of 24 hours between the first and second call of the meeting.

The notice of the Ordinary Shareholder's Meeting must make specific mention of the right of all shareholders to immediately and freely obtain the documents that are going to be subject to the approval of the meeting, from the Company, and the auditor's report of the financial statements, if appropriate. When the Ordinary or Extraordinary Shareholder's Meeting has to decide to amend the Company's bylaws, the proposed amendments must be mentioned on the notice of the meeting with due clarity as well as the right of all shareholders to examine the complete text of the proposed amendment and the report of the amendment at the Company's registered address, and the right to request receipt of the corresponding documents.

Article 13.- Quorum.

The Ordinary or Extraordinary General Shareholders' Meeting shall be validly constituted upon first calling when the shareholders attending or represented hold, at least, 25% of the subscribed share capital with a right to vote. Upon second calling, the constitution of the Shareholders' Meeting shall be valid regardless of the amount of the represented share capital in attendance.

In spite of what is indicated in the previous paragraph, in order for the Ordinary or Extraordinary General Shareholders' Meeting to be able to, validly, approve the issuing of securities, the increase or reduction of capital, the transformation, merging, splitting, dissolution of the company for the reason indicated in heading 1 of article 260.1 of the rewritten text of the Law and, in general, any modification to the Company By-laws, it must be attended, upon first calling, by shareholders that are present or represented that possess, at least, 50% of the subscribed share capital with a right to vote. Upon second calling, the attendance of 25% of said share capital shall be sufficient.

Article 14.- Attendance at Shareholders' Meetings.

Every shareholder that has ownership of his/her shares entered in the corresponding Account Registry five days in advance, at least, of the date on which the Shareholders' Meeting is to be held, may personally attend the General Shareholders' Meetings or be represented by another person, even though said person may not be a shareholder. Fulfillment of this requirement shall be accredited by the opportune certificate issued by the entity responsible for the Account Registry. The representation must be conferred in writing and shall be of a special nature for each Shareholders' Meeting. This requirement shall not be applicable when the representation shall be the spouse, ascendant or descendent of the represented person, or in the cases of a general proxy conferred by notarized document with authorization to administer the entire estate the represented shareholder possesses in Spanish territory. The representation obtained by public request shall meet the requirements expressly demanded by article 107 of the rewritten text of the Law.

The Administrators must attend the General Shareholders' Meetings. The Directors, Managers, Proxy Holders, Technical Personnel and other persons the Chairman of the General Shareholders' Meeting deems fitting in the interests of corporate matters may also attend the meeting. The Chairman of the Shareholders' Meeting may authorize, in principle, the attendance of any other person he believes would be convenient. But the Shareholders' Meeting may revoke this authorization.

Article 15.- Constitution of the table. Deliberations. Adoption of Resolutions.

The Chairman of the Board or, in his/her absence, the Vice-chairman, or, in the absence of both, the person selected in each case by the majority of members in attendance, shall chair the General Shareholders' Meeting.

The Secretary to the Board shall act as Secretary to the General Shareholders' Meeting or, in his/her absence, the Vice-chairman, or, in the absence of both, the person selected in each case by the majority of the members attending shall act as such.

Prior to getting on with the Agenda, the list of those attending shall be drawn up in the manner and in accordance with the requirements established by Law.

The Chairman shall manage the deliberations awarding the turn to speak in rigorous order, to all the shareholders that have so requested in writing; thereafter to those that verbally request it.

Each one of the items on the Agenda shall be subjected to separate voting. The resolutions shall be adopted by majority of the shares present or represented at the Shareholders' Meeting, except in the cases of the issuing of securities, the increase or reduction of share capital, transformation, merging, splitting, dissolution of the company for the cause foreseen in section 1 of article 260.1 of Company Law, including the appointing and revocation of Liquidators, request for, or ratification of the suspension of payment request, approval of the annual accounts, decision on the application of the results and, in general, any modification to the Corporate By-laws, in which cases the vote in favor of the majority of the share capital with a right to vote shall be necessary.

Each share of the same face value shall carry the right to one vote, respecting, at all times, in the case of shares of a different face value, the principle of proportionality between the face value of the shares and the right to vote.

Article 16.- Minutes.

The deliberations and resolutions adopted by the General Shareholders' Meetings, ordinary as well as extraordinary, shall be entered in minutes drawn up and transcribed in a special Registry Book and shall be signed by the Titular Chairman and the Secretary or by those that acted as such at the meeting in question. The minutes may be approved by the Shareholders' Meeting itself immediately after it has been held or, if this were not the case, within fifteen days, by the Chairman and two controllers, with one being appointed by the majority and the other by the minority.

The Administrators, under their own initiative, should they so decide, and obligatorily whenever shareholders representing at least one per cent of the share capital legally request it, in writing five days prior to the date on which the Shareholders' Meeting is to be held upon first calling, shall request the presence of a Notary Public to notarize the Shareholders' Meeting. The company shall pay the fees of the selected Notary Public. The Notarized Document shall serve as the minutes of the General Shareholders' Meeting.

Section Two
Board of Directors

Article 17.- Board of Directors.

The management, administration and representation of the company in court and out of it, and in all the activities included in the corporate object, is the responsibility of the Board of Directors, which shall act in jointly liable manner, without prejudice to the delegations and proxies it may confer. The office of Director is remunerable. The remuneration of the administrators shall consist of a set amount which shall be agreed by the Company's General Shareholders' Meeting, and of the other remunerations permitted by the Law in force, such as retributive systems through Company shares and/or rights thereon, which shall likewise be agreed by the Company's General Shareholders' Meeting, and in the terms permitted by Law. The remuneration does not have to be the same for all the administrators. Regardless of this remuneration, the traveling expenses arising as a consequence of activities entrusted by the Board shall be compensated.

Article 18.- Composition of the Board of Directors and appointment of Directors.

The Board of Directors shall be formed by a number of Directors which shall not be less than three (3), nor more than twelve (12).

The appointing and determining of the specific number of members of the Board of Directors is the competence of the General Shareholders' Meeting.

In order to be selected as a member of the Board of Directors one does not have to be a shareholder, except in the case of provisional appointment by cooptation performed by the Board itself, in accordance with what is foreseen in article 138 of the rewritten text of the Law.

Article 19.- Duration of the office of Director.

The directors shall be appointed for a four-year term.

Article 20.- Calling and quorum for Board meetings. Adoption of resolutions.

The Board shall meet when required for the interests of the Company and as necessary within the first three months of each year in order to approve the financial statements, the management report and the appropriation of earnings of the previous year, and whenever the General Shareholder's Meeting must be called.

The meeting of the Board shall be called at least ten days in advance by the Chairman or acting Chairman of his/her own accord and in the cases referred to in the above paragraph, or whenever at least one third of the active directors request it.

When the Chairman of the Board is also the Chief Executive of the Company, one of the independent directors shall be authorised to coordinate and represent the concerns of the external directors, in order to request the meeting of the Board or the inclusion of new points on the agenda and to be responsible for the process of evaluating the Chairman.

The Board shall be validly convened when half plus one of the members of the Board are present or represented at the meeting. Any director may expressly confer his/her representation in writing to another director for a specific meeting. Passing a resolution will require a vote in favour by the majority of the directors at the meeting, except in relation to a permanent delegation of specific powers of the Board of Directors to the Executive Committee or to the Chief Executive Officer and the appointment of the directors that may hold such positions, which will require a favourable vote by two thirds of the members of the Board.

Voting by writing and without a meeting will only be allowed when no director is opposed to this procedure.

The discussions and agreements of the Board will be recorded in a book of minutes and each set of minutes shall be signed by the Chairman and the Secretary or whoever may be substituting them in the meeting to which the minutes refer. In cases of voting by writing, without a meeting, the book of minutes will also record the resolutions adopted and the votes made in writing.

Article 21.- Powers of the Board of Directors.

The Board of Directors shall have the widest powers to administer, manage and represent the company in and out of court and in all the activities included in the corporate object defined in article 4 of these By-laws.

In any event, the powers legally corresponding to the General Shareholders' Meeting are not affected hereby.

Section Three **Board of Directors' Commissions and Committees**

Article 22.- General Provisions.

The Board of Directors may form, in the performance of the resolutions it adopts in this respect or as mandated by legal requirements, commissions or committees with delegated powers and appoint, from among its members, the persons to be members

thereof. To this end, it may draw up the internal rules and regulations governing the their functions, scope of application, composition, functioning, etc.

The Commissions shall be formed by a minimum of three members, with one of them taking on Chairmanship.

Article 23.- The Audit Committee

Pursuant to Law 44/2002 in relation to Financial System Reform Measures, the Board of Directors shall form and maintain an Audit and Control Commission or an Audit Committee, in compliance with Statutory requirements.

The Audit Committee shall be formed on a permanent basis by three directors appointed for a maximum term of four years. Two of them shall be non-executive directors, thus maintaining the majority of non-executive members as stipulated in the aforementioned Law.

The office of Chairman shall be occupied by one of the non-executive directors. It shall rotate annually among them and a minimum of one year must elapse between the re-election of the same director as Chairman.

The Secretary to the Board of Administration shall act as secretary to the Audit Committee.

The minimum specific duties assigned to the Audit Committee by the Board of Directors are:

- (i) To inform the General Shareholders' Meeting on questions raised by the shareholders at the same on matters of its competence.
- (ii) To propose the appointment of external Accounts Auditors to the Board of Directors for approval by the General Shareholders' Meeting.
- (iii) To supervise the internal audit services.
- (iv) To have full knowledge of the Company's financial information system and its internal control systems.
- (v) To relate with the external auditors to receive information on matters that might put the independence of the latter at risk and any other matters related to the development of the Accounts Auditing process, as well as any other communications foreseen in the Accounts Auditing legislation and in the technical auditing standards.

Article 24.- The Appointments and Remuneration Committee.

The Board of Directors may set up an Appointments and Remuneration Committee of a facultative nature.

The Appointments and Remuneration Committee shall be formed on a permanent basis by three directors appointed for a maximum term of four years. Two of them shall be non-executive directors, thus maintaining the majority of non-executive members as stipulated in the aforementioned Law.

The office of Chairman shall be occupied by one of the non-executive directors. It shall rotate annually among them and a minimum of one year must elapse between the re-election of the same director as Chairman.

The Person Responsible for Remuneration within the Company shall act as secretary to the Appointments and Remuneration Committee.

The minimum specific duties assigned to the Appointments and Remuneration Committee by the Board of Directors are:

- (i) To propose the appointment, re-election or dismissal of the members of the Board of Directors, in accordance with the legal and statutory provisions.
- (ii) To approve the Company's senior management remuneration policy and that for the members of the Board of Directors.

Heading IV **Financial Year, Accounting Documents,** **and Distribution of Profits.**

Article 25.- Financial Year.

The financial year shall coincide with the calendar year.

Article 26.- Accounting Documents.

Within a maximum of three (3) months, as of from the close of each financial year, the Board of Directors shall formulate the annual accounts, which include the balance sheet, the profit and loss account and the annual report, the proposal for the application of the results and, if it were the case, the consolidated accounts and management report, in accordance with the evaluation criteria and structure established by Law.

These documents, which must be signed by all the Directors, indicating expressly, if it were the case, the reason justifying the omission of any of their signatures, shall be, if it were the case, subjected to revision by an auditor or auditors appointed in the manner, for the periods and with the functions established by Law, for the verification of the annual accounts. The General Shareholders' Meeting shall appoint the person or persons that must make the audit, shall determine their number and the time

period over which they shall perform their functions, which may not be for less than three years, nor greater than nine, as of from the date of commencement of the first financial year to be audited.

Article 27.- Deposit and publication of the annual accounts.

Once approved, if it were the case, by the General Shareholders' Meeting, the annual accounts shall be presented for deposit with the certification of the resolutions passed by the general Shareholders' Meeting in the Mercantile Registry corresponding to the company's registered offices, in the form, within the time period and in accordance with the Legal provisions and Mercantile Registry Regulations.

Article 28.- Distribution of the Profits.

The company's net profit shall be distributed, in accordance at all times with the approved balance sheet, in the following manner:

- a) The amount required to cover requirements established by Law or the By-laws and, among the same, the payment of taxes, allocation to legal reserves and, if it were the case, to the statutory reserves, amortization, if it were the case, of the company's setting up costs, research and development, etc.
- b) The remaining amount shall be at the free disposal of the General Shareholder's Meeting which shall approve the use it is to be put to. The resolution on the distribution of dividends shall at all times comply with the requirements established by Law and these By-laws, and shall determine the time and method of payment.

Heading V
Dissolution and Liquidation of the Company

Article 29.- Dissolution.

The company shall be dissolved on the grounds established by Law.

Article 30.- Liquidation Method.

The General Shareholders' Meeting shall, on passing a resolution to dissolve the company, also proceed to appoint the Liquidators. The members of the Board of Directors may be appointed as liquidators.

The number of Liquidators shall at all times be an uneven number. In the cases where the General Shareholders' Meeting decides to appoint the previous Administrators as Liquidators and the number of Directors were an even number, the General Shareholders' Meeting shall also decide on the member of the Board of Directors who shall not be appointed as a Liquidator.

Without prejudice to what is indicated in the previous paragraph, the shareholders representing, at least, one twentieth of the share capital and, if it were the case, the securities' syndicate or syndicates may request the First Instance Judge corresponding to the company's registered offices to appoint an auditor with the requirements and powers established by Law.

Article 31.- Liquidation Regulations.

During the course of the liquidation of the company the regulations established by Law shall be observed, as shall those complementing the same, without contradicting them, and which have been approved, if it were the case, by the General Shareholders' Meeting that passed the resolution to dissolve the company.

(Version 17 april 2008).

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