

CODE FOR GOOD GOVERNANCE OF THE PATRONAGE AND DIRECTOR'S BOARD OF THE JUAN XXIII FOUNDATION, FOR INTELLECTUAL DISABILITIES

PREAMBLE

The present Code for Good Governance of the Juan XXIII Foundation, for Intellectual Disabilities constitutes a volunteer declaration concerning the standards that must guide the conduct of the members of the board and government toward the organization as in other relations established with different stakeholders who are related.

With the approval of the code, is intended to encourage the assumption of attitudes, compromises and responsibilities that, beyond what is foreseen in the rule of law, contribute to equip the organization with the maximum levels of efficacy and transparency in their mission, guaranteeing its future sustainability and contributing to strengthen the positioning, and to preserve the confidence that the society has given to the organization.

It is an essential duty of the boards of government and management to guarantee the respect towards the Founders' will and to promote those values and behavioral patterns according to the foundational mission and to the fulfillment of its social purposes and, for that, the present code establishes the patterns that should be observed on a possible conflict situation and the principles that should incorporate the maximum boards of management and government on their operation, assuming that, due to their organizational relevance, they must be the first ones to set an example with an ethically impeccable behavior.

Due to all this, the compromises and patterns of behavior that are incorporated to the present code do not represent an academic exercise of personal implication, as important as that result, but they should be formally assumed by apposing their signature, required for all the recipients of it.

PRELIMINARY TITTLE

CHAPTER 1: MISSION AND PURPOSES

Article 1. Mission

The Juan XXIII Foundation, for Intellectual Disabilities, is a non profit organization whose primary mission is the development of different initiatives and the launch of every type of activities and services related with the care, protection, education, and the inclusion in social and labor field of people with psychic disability, of any type and grade, and this without any prejudice of treating equally people with other type of disabilities or in risk of social exclusion.

Article 2. Purposes

For the fulfillment of its mission, the Foundation makes possible a series of occupational-based and formative activities, and the represent assistance benefit exempt of every profit means and which purpose is to obtain personal autonomy and total social integration of disabled people, giving them specialized services that are required in function of their concrete necessities and the characteristics of each case.

To fulfill these objectives, the Foundation actually has a Daily Center, an Occupational Center, a Training Center for Employment and a Special Center of Employment, being able to cover any other foreseen necessity in the fifth article of its statutes or related with the psychic disability prevention or with the care, development or integration of people affected by the disability.

TITLE I: STRUCTURE OF GOVERNMENT

CHAPTER I. GENERAL PRINCIPLES OF GOOD GOVERNANCE

Article 3. General Principles

For the fulfillment of its general interest purposes that constitutionally are obliged to accomplish and due to the condition of public funds receptor and their special social relevance, every foundation must have mechanism that enables their performances and that guarantee the efficient and responsible use of the resources according to the fulfillment of its purposes and inside the existing legal respect of the Founders' will.

In this sense, the Juan XXIII Foundation, for intellectual disabilities is conscious of the importance that adopting good corporative governance practices represent as a necessary element not only for the adequate development of its foundational purposes, but also for boosting their social function and guaranteeing the transparency of its management consolidating this way its social recognition and the trust of all of the partners and stakeholders with whom they are related.

For this reason, the Foundation, in order to fulfill its purposes and the social labor that is committed to perform has established, as their own, a series of principles that express their commitment with all of their partners (administration, workers, users, providers, clients and society in general), in terms of good governance.

The knowledge, diffusion and implementation of these principles must serve as a behavioral guide for the members of the Patronage and the Director's Board, and by extension, of all the professionals who collaborate with the Foundation at any moment.

The principles of good governance of the Foundation are the following:

a. **Principle of transparency and accountability:** addressed to facilitate accountability to society in general and to make accessible updated, accurate and complete information to all the stakeholders.

In compliance of this principle and based on what is established on the Law 19/2013 of December 9, about transparency, access to public information and good governance, the Foundation will apply the principle of "public activity", in relation to the institutional, organizational, economic and budgetary information making it available to the society in general without requiring a concrete complaint from the interested parties.

b. **Principle of independence and proper functioning of the government and administration board:** addressed to guarantee the independence of the government and administration board as well as the nonexistence of conflicts of interest.

Without any prejudice of what is foreseen in the statutes, to make effective this principle, it will be required the composition of a Patronage, in every moment, by a number of members that guarantee an efficient functioning of it and at the same time enable the criteria independence from the patrons on the decision-making process.

In any case, the Foundation cannot grant loans or will act as a guarantor in favor of their Patrons or Directors.

c. **Principle of responsible fundraising and respect to the donors' will:** addressed to guarantee the adequate assignment of the fund received for foundational purposes and the respect to the will and rights of information of the donors.

In compliance of this principle, the Foundation will not accept economic contributions that compromise the accomplishment of its objectives, values, or principles that could jeopardize the fulfillment of its duties which its origin is illicit or not transparent.

d. **Principle of financial prudence, control and supervision:** addressed to facilitate further clarification and transparency of the economic/financial information, as well as guaranteeing the prudence on the investments and the optimization of the resources in order to safeguard future sustainability.

This principle must be compatible with the obligation of investing a percentage of its annual budget on the financing of programs and projects related to the foundational mission, assigning at least 70% of income from economic activity and any other income obtained by the fulfillment of the social purposes.

In this sense, the assignment decisions of the economic result to the budget increase or the reserves must be aimed to guarantee the future viability of the organization in reasonable terms and of economic prudence, not being able to exceed, in any case, the 30% limit mentioned in the article 27 of the Law 50/2002 of December 20 about Foundations.

e. **Principle of regulatory compliance:** according to which the Foundation will promote the fulfillment of its purposes under the respect of the rule of law.

f. **Principle of the respect of Founder's will:** concerning the selection of projects as well as the election of the recipients and partners guaranteeing equal opportunities and no discrimination to the services access.

CHAPTER II: GOVERNMENT AND BOARD OF DIRECTORS

Article 4. The Patronage: Composition and Competences

The Patronage as a government board and representation of the Foundation is regulated according to its composition, organization and the functioning regime disposed by the THIRD TITLE (articles 8 through 23) of the Foundational Statutes.

With the purpose of guaranteeing the maximum transparency and the necessary separation between the government functions are considered proper competences of the Patronage the following:

1. Ensure compliance of the Founder's will expressed in the foundational mission reviewing the foundational objectives when is necessary.

The Patronage should review the mission periodically; in a way it becomes able to maintain it valid and accurate. Each and every member of the Patronage should understand it and support it.

2. To choose and terminate the General Director

The election of the General Director must take place in a rigorous and objective way. It is the Patronage's duty to define the candidate profile as well as the criteria and selection methods according, in every case, with the organizational necessities and the principles of capacity and merits.

3. To support the General Director and define their functions and responsibilities

The Patronage, to the extent possible, will make sure to give the moral and professional support that the General Director may need in order to fulfill the organizational objectives.

It is also the Patronage's duty, through the specified procedure on each case, the periodic evaluation of their management and evaluation, in the specific case, of the associated objects to the bonus or the variable retribution that applies on each exercise.

4. To supervise the implementation of policies and strategies, encouraging the resources availability and ensuring an efficient assignment of them.

Only through the right assignment of the available resources the Founders' will can be ensured as well as the compliance of the general interest that any organization is obliged to fulfill.

To make effective this duty, the Patronage must supervise the fundraising policy, ensuring its correct application and encouraging those activities and strategies related with the foundational purposes.

On the decision-making process concerning the assignment of resources, the priority will be always and over any other consideration the interest of disabled people, and especially, the interest of those who have major insertion difficulties and who need more support.

5. To approve accountability and to establish financial control mechanisms.

It is the Patronage's duty the supervision of financial statements and, in this case, the approval of annual accounts. The Patronage will also be able to supervise the foundational assets management and to establish the financial control mechanisms that it considered necessary.

6. To determine and to monitor the programs and services the Foundation offer.

The Patronage, responding to General Director Proposal, should determine which programs are the most suitable to guarantee the compliance of the organizational mission and to approve and monitor to these in the terms that are considered necessary.

7. To enhance the Foundation's public image and to participate in the relationship with the stakeholders

The Patronage constitutes a mean of communication for the Foundation with their recipients, the public and mass media. To guarantee its effectiveness, the Patronage, in answer to the General Director proposal, will approve, supervise and/or enhance a clear strategy of public relations that will have as principal elements the spreading and explanation of the Foundation mission and the achieved results, as well as the support of people, media and important or socially meaningful institutions.

8. To supervise the implementation of an adequate personnel policy.

The Foundation will have a clear and solid personnel policy, delegating on the General Director and those who are responsible for the institution the management, and the personnel recruitment and termination. The Patronage will approve or censor the decisions of the General Director on this matter supervising the established personnel policy.

To facilitate the conflict resolution on this matter, the General Director will be able to submit to the Patronage the existing doubts or conflicts concerning the personnel policy.

9. To evaluate its own performance.

The self evaluation of the Patronage has the objective of improve their performance in coherence with the Foundation's values and mission. In this sense, the self evaluation process helps to enhance the individual contribution of the patrons as well as the contribution of the government board as a whole and helps to enhance their efficiency identifying their weaknesses and opportunity areas.

At least once on each two years, the Patronage will evaluate their contribution to the Foundation, as a group and also as individuals, analyzing the level of compliance of their duties, identifying opportunity areas and proposing a strategy to follow and the steps to fulfill it.

10. To promote diversity among their members and to support the differences of talents and perspectives.

In the occasion of appointing new patrons or discharge the currents, fields, profiles and talents diversity will be considered to avoid the boards' endogamy.

Article 5. The President of the Patronage

The head of the Patronage is the President. The President's duty is to represent the Foundation before all type of people, authorities, and public and private entities. It is the one who is in charge of calling and chairs the Patronage's meetings and to frame the agenda and to conduct debates.

It is the president the one who has the responsibility of promoting the Patronage's good performance guaranteeing its collegiality and making sure that all the Patrons are present and participate on the meeting's decision-making process, ensuring that no one remains excluded.

Besides all the duties that correspond legally or statutory, the President should also ensure that the Patrons receive the necessary documentation and information with enough time to fulfill their obligations.

Article 6. The Secretary of the Patronage

The relation among the Patronage and Patrons to all that concerns the management of the board will be channeled through the Secretary according to the President instructions.

The secretary's duty is to facilitate the good development of the Patronage sessions. The secretary is in charge of keeping a record of the minutes, issue certifications that contains the resolutions adopted and to exercise any other duty that legally and statutory comes attributed.

On its condition of guarantor of the rule of law, the Secretary will provide the necessary advice for the correct performance of the assigned duties and will ensure the formal legality of the resolutions.

It is the Secretary duty to observe the transparency and accuracy of the information of good governance provided in the Foundation's website and in their social media accounts.

With the objective to guarantee its independence and the right exercise of its duties, the appointing and termination of the Secretary charge must be approved by the Patronage and it should rest, as long as its possible, on a person with enough legal knowledge to fulfill their duties correctly.

The Secretary can be part or not of the Patronage. Nevertheless, to guarantee a total independence to the extent possible, it will be opted for someone unrelated to it.

Article 7. The General Direction of the Foundation

The General Director of the Foundation will be named by the Patronage on the foreseen terms of the second point in the last article.

Under the Patronage supervision, the General Director will be responsible of the executive direction duties, the operative management and the center administration.

Can attend the Patronage's meeting every time its is required to do so and when its considered necessary in concept of proposal's formalization, being the responsible for presenting the Patronage all the necessary operative information and documentation for the correct exercise of their duties and responsibilities.

It is their duty to chair the Board of Director, being the ordinary channel of proposal transmission of the directions body to the governance body (Patronage)

The General Director will abstain from attending and intervening in those deliberations of the Patronage on which may have a particular interest, with the only exception being those related to the exercise of the duties that has assigned, always giving priority to the foundational interests over any other issue and avoiding any type of situation that may arise a conflict of interest.

The relations between the General Direct, the Board of Directors and the Patronage, will be chaired by the principles of transparency and mutual collaboration, without being able in any case to neither alter or hide relevant information nor delay its transmission to the competent bodies.

Article 8. The Board of Directors

The Board of Directors is a consultative body that supports the General Direction.

It is composed by the General Director, who chairs it, and the directors who take part of the organizational structure of the Foundation.

The Council of Direction will meet on ordinary character two times a month and on extraordinary character every time the General Director considers it necessary.

A record of the minutes from the Board's meetings will be kept and will include the issues discussed, the resolutions approved, and in its case, any particular manifestation that results relevant.

The relation between the General Director and the members of the Board will be chaired by the transparency principle.

The Board of Directors should actively enhance the Foundation policies reflecting, at least once a year and if is possible in a monographic session, about its own performance and proposing the necessary operations to guarantee its efficacy in order to the adequate compliance of its purposes.

TITLE III. RIGHTS, RESPONSIBILITIES AND OBLIGATIONS FRAMEWORK

Article 9. Patrons' Obligations and Responsibilities

The Patrons must act every time with the due diligence and responsibility in the fulfillment of their duties such as the loyalty of the Founder's will and defending the foundational interests.

In this sense and in compliance of the duties concerning this position, the patrons must rule their performances by the following principles:

- a. **Principle of Integrity:** it supposes the honorable, loyal, objective and in consonance, at every moment, with the Foundational purposes and with the Founder's will. In consequence, the individual interests will never rule over the foundational
- b. **Principle of Prudence:** it consists on the obligation of avoiding any decision, investment or performance that could imply risking the foundational assets and the compliance of its mission. The Prudence principle ensures that the financial resources are used appropriately in order to fulfill the foundational purposes and to maintain a balanced economic situation.
- c. **Principle of No Discrimination:** the Patrons must respect and guarantee, under any situation, the no discrimination and equality principle no matter the circumstances. Without limiting the foregoing, the decisions that could represent a positive discrimination towards less favored group should be objectively reasoned and justified and will only be kept while the cause that motivates it last.
- d. **Principle of Transparency:** it guarantees the existence of relevant, clear, accurate and complete information concerning the organization's performance and the sources and implementation of its resources. It requires avoiding, when it is not possible to communicate the Patron immediately, any possible conflict of interest among the Patron or people or entities related to them or the Foundation.
- e. **Principle of Diligent and responsible compliance of their duties:** It consists on:

- The obligation of spending the required amount of time and effort to regularly monitor issues related to the Foundation preparing the concerning matters to the agenda and assisting on a regular basis to the Patronage meetings.
- The obligation of knowing and assuming all the foundational principles, values and objectives, being committed on their fulfillment.
- The obligation of assuming the performance compromises and duties assigned by the Patronage, contributing with their knowledge and experience.
- The obligation of taking care of the Foundation's public image and spread its work.
- The obligation of following the existent policies on transparency and conflict of interest matters avoiding, at every moment, putting in risk the Foundation's reputation.
- The obligation of maintaining confidentiality on the information and documentation known as consequence of the position's duties and also concerning the Patronage resolutions. This obligation will last even after the discharge as a Patron until the moment the information or documentation becomes of public knowledge.
- The obligation of protecting and conserving adequately the foundational assets and not to use it for individual benefit or purposes unrelated to the Foundation.

The Patrons must resign voluntarily from their position when they are not able to fulfill the aforementioned duties.

- f. **The Principle of Law:** It requires the strict compliance of the legal and statutory normative. In compliance of this principle, the Patrons must be opposed to any treaty that they should consider against the Law or the Statutes.
- g. **Principle of Independence:** it requires the Patrons to proceed in any moment using their freedom of judgment in accordance to their loyalty with the Foundation and with independence of any other interest.

The Patrons must avoid any conflict situation, directly or indirectly, that may arise with the Foundation's interests and communicate in written form, to the President or the

Secretary of the Patronage immediately, any conflict of interest situation on which they could be affected.

The loyalty duty that relies on the Patrons will make them relinquish their seat to the Patronage and make official, if its considered convenient, the corresponding resignation, in all those situations on which their continuity on the body could risk the Foundation's interest.

- h. **Principle of Abstention:** the Patrons must abstain on any deliberation and voting process of those issues that could represent a conflict of interest among the Patron or people or entities related to them or the Foundation.

This Abstention Principle includes also the obligation of the Patron to abstain from participating on the elaboration of documents or information that may affect any study on the issue and from influencing, directly or indirectly, other Patron's decision.

Article 10. The Patrons' Rights

1. For the fulfillment of their duties the Patrons will be able to gather, with the broadest faculties, the information or documentation needed on any moment.

The exercise of this right will be channeled through the President or the Secretary of the Patronage, who will meet the request, giving them the access to the information, offering the proper contacts or arbitrating the measures needed in any case.

2. The Patrons will exercise their duties without any economic compensation, without any harm to the right of refunding any justified expense that their duty may require, always observing the austerity, efficacy and transparency.

The Patronage may authorize some of its members to provide their salaried services to the Foundation or any related entity, as long as it entails duties unrelated to the position held by the Patron. These temporary self contracts cannot exceed, in any case, more than 40% of the members of the Patronage and its effectiveness will be conditioned to the Protectorate's authorization.

The paid services provision to the Foundation or entities directly linked controlled by it by a physic or juridic person related to any Patron will be submitted to the same authorization conditions.

According to these effects it will be considered linked:

- a. Any physic person related to the Patron by affinity, familiarity or blood relation up to the fourth degree.
- b. The juridic persons to whom the Patron has any ruling or socially relevant capacity, understanding that these are produced when the Patron holds a directing position on them or when their capital participation is equal or more than 25%.

Article 11. Obligations and Responsibilities of the Board of Directors

The Board of Directors of the Foundation as the body in charge of the executive direction, the operative management, and the center administration, must proceed at every moment following these statements:

1. On the decision-making process:

- a. They will proceed with the necessary diligence in order to fulfill the assigned duties and will assume the responsibility on their own decisions and procedures as well as of those who they direct.
- b. The interest of the Foundation will be always the priority above any personal interest and they will never use confidential information for their own benefit.
- c. They will proceed always with transparency and considering the impact that their decisions may arise on their workers and users, seeking alternatives that allows the compatibility on the work efficiency with the solidarity towards the collective of disabled people that makes part of the team.
- d. They will act at every moment with sensibility and empathy towards the most vulnerable groups and, especially, towards disabled people and will not consent any disrespect or pejorative comment towards other organization members.
- e. Whenever is possible, they will promote and mediate the necessary channels in order to ensure the workers participation on any decision-making process that may affect them.
- f. They will proceed always with neutrality, equity, and justice and will not incur on arbitrariness or discriminatory behaviors towards the personnel on their charge.

- g. They will encourage equal opportunity employment according to the capability and personal situations of the workers on the work responsibility field.
- h. They will work to reach the highest standards on professionalism with a respectful and human treatment.
- i. They will make a neutral assessment of the work of their partners abstaining of considering other non professional related issues (friendship, sympathy, hostility, etc)

2. In communication with their partners:

- a. They will use an accurate speech, not sexist and precise. The tone and the way of talking to others must be always educated and respectful.
- b. Communicate to their partners all those organizational decisions that may affect directly or indirectly in a clear, diligent, and objective way, explaining the reasons for such decisions and making them part of them anytime is possible.
- c. They will transfer a fair and accurate presentation of the Foundation situation.
- d. They will not impose in an authoritarian nor arrogant manner their opinion, criteria or decisions. They will receive any critic that their partners can make with constructive and enhancement criteria and will be accessible for the partners and subordinates.
- e. They will provide their team members with a clear framework and will promote participation and teamwork in order to maximize individual capabilities and talents.

3. In their compromise with the organization:

- a. All the performances will be based on respect to the Founder's will and all the rules and decisions that become adopted will be implemented and interpreted according to the foundational purposes.
- b. It will not be imposed to others nor allowed that anyone make decisions against the Law or Statues that could damage the Foundation social prestige.

- c. Gifts that surpass the general uses, social, courtesy nor any favor or service in any favoring condition that could rule the development of the Board performance will not be accepted.
- d. They will not participate on any situation, activity or interest that results incompatible with their duties and will abstain to intervene on issues on which they can concur but affect their objectivity.
- e. They will inform the General Director about any disrespect towards the Code of good governance that they come to acknowledge.
- f. They will assume the legitimate agreed decisions and will remain loyal towards the Foundation.
- g. They will respect the protocols and will keep a good presentation and personal care that dignifies the organization on the daily work field as well as in the internal or external activities they take part of.
- h. They will not accept responsibilities or duties that they considered they are not prepared to fulfill.
- i. They will set an example on the confidential or personal information treatment to which they have access due to their position and will enhance that behavior among their partners and subordinates.
- j. They will act accordingly to environmental, social and economic responsibility observing specially the respect for the Human Rights in all the responsibility fields of management.

TITLE IV. DONORS, VOLUNTEERS, STAKEHOLDERS AND SOCIETY IN GENERAL

Article 12. Relations with the Donors

The Foundation will base its relations with the donors on the transparency and respect principle towards their will.

To guarantee the efficacy of these principles, the Foundation:

1. Will provide the donors the accurate and precise information regarding the destination of the received funds, distinguishing the quantities implemented to the programs financing or concrete projects focused on organization general purposes or to any other type of management or administrative expenses.
2. Will respect, in every case, the donors' will without modifying their contribution to a different destination than the one manifested by them, unless there is a expressed authorization. On this sense, the foundation is committed on give an answer, within 15 days, to any information request submitted by lenders or donors. The Patronage must know any claim or complaint that in this sense the donors or lenders could make.
3. Will respect the confidentiality right of their donors by not revealing any information of them, unless there was an express authorization and all of this without causing any harm to the fulfillment of their legal duties, especially those related to prevention and capital cleansing, or any other illegal activity.
4. Will not accept any donation that condition it fulfillment of its purposes, values or principle that could risk the organizational reputation or that chase any interest that clash with the ones foreseen by the founder.

Article 13. Relations with other institutions and organizations

The trade or cooperation relations that could be established between the Foundation and other entities or institutions will be ruled by the following principles:

1. All the partners' institutions should know and respect the Foundational principles and values and their rules, national and international, in matters of Human Rights, work and environment.
2. It will be positively value those institutions that stand out due to their policies and respect and dignity performances and the rights of disable people and those who enhance, in any of their performances, the social-occupational integration of disabled people and any group in risk of social exclusion.

3. Any collaborations with institutions that promote social exclusion, do not follow the laws in matter of disability and social integration or that are under judiciary procedures for social charges against security on the work field or workers rights, will not be made official.

Article 14. Relations with the Volunteers

The incorporation of volunteers and their relation with the Foundation will be made in every moment according to the rule of law and following these principles:

1. The fulfillment of duties by the volunteers will have an altruist purpose and cannot be salaried.
2. The duties that the volunteers will take art of will be enlisted in a volunteer contract that will be signed, in every case, previous to exercise their duties.
3. The duties that the volunteers will take part of will be to professionally support the center and, in any case, they can substitute the staff or exercise duties assigned to other positions that, conventionally legal, should be fulfilled by the Foundation's personnel.
4. The Foundation will provide to their volunteers all the required training, information and documentation for fulfilling their duties, and if it was the case, with the necessary equipment for individual protection on the performance of their duties.
5. The Foundation will include their volunteers in an adequate insurance policy to the characteristics and circumstances of their duties and that covers any risk of an accident as well as the civil responsibility for any damage that the volunteer could make to a third-party as a consequence of the performance of their duties.
6. The volunteers must fulfill the acquired compromises with the Foundation always maintaining confidentiality about the information or documentation known on the performance of their duties.
7. The volunteers have the right of being refunded for any expense they may incur performing an assigned duty, always observing the austerity and justification principles.

Article 15. Relations with the Administration and other Stakeholders

The relations between the Foundation with the Administration and other third social sector entities or stakeholders regarding the representation, defense and protection of intellectual disability will be observed under the transparency and mutual collaboration principles.

On what concerns to these relations the main objective of the Foundation will be defending the interests of disabled people as well as of those less favored or on risk of social exclusion. To do so it will be necessary to maintain a fluid interaction and constant with the authorities, associations and federations linked with disabilities, troubleshooting their problems or doubts and enhancing the information exchange and actively participating in the elaboration of proposals or ruling procedures when requested.

Article 16. Presents or gifts

Neither the Patrons nor any member of the direction team can make or accept, to any or from any person to whom the Title is referred to, relevant gifts or presents the must be susceptible of constituting a conflict of interest affecting the freedom and independence that the position requires to be exercised.

This prohibition does not apply to those situations on which gifts or presents are of low economic value and that represent a courtesy or normal practice among similar nature institutions.

TITLE V. SELF CONTRACT AND CONFLICTS OF INTEREST

Article 17. Sphere of application

It is considered the existence of a conflict of interest in all those situations on which can clash, directly or indirectly, with the Foundations interest and the personal interests of any member of the Patronage or the General Direction.

It is understood that personal interest exists when the discussed issue affects directly the person subordinate to the conflict of interest rules or any physical or juridical person linked or dependent of them.

In this sense, the rules on the present Title will affect the contractually relations that the Foundation can establish with:

- a. Patrons and their family by blood ties or affinity up to the fourth degree.

- b. The General Director and their family by blood ties or affinity up to the second degree.
- c. The juridical persons to whom the Patron, the General Director, or any person related to them has any ruling or socially relevant capacity, understanding that these are produced when the Patron holds a directing position on them or when their capital participation is equal or more than 25%

It is understood by self contracting the establishing of any type of work, civil, business or commercial relations between the Patrons or their family by blood ties or affinity up to the fourth degree, and the Foundation or those societies controlled mainly by the Foundation.

Without any prejudice to the authorizations or communications legally held with the Protectorate, the self contracts will be under the foreseen rules by the present Title.

Article 18. Principles of Conduct

In conflicts of interest matters and the self contract process it will be observed the following Principles of Conduct:

1. **Independence:** implies the obligation of the patrons and from the General Direct of acting with professionalism at every moment, and being to the Foundation and foundational purposes with total independence of its own or third-party interests.
2. **Abstention:** implies the duty of refrain or abstain of intervening or influence, directly or indirectly, on those decisions that could imply a conflict of interest between the Foundation and the Patron or the General Director that could motivate a self contracting the previously discussed terms on the rule of law and present Code.
3. **Communication with the Patronage:** through their President or Secretary, on any situation concerning a conflict of interest or self contract on which the patrons or the General Director are incurred. This communication must take place prior to its fulfillment and, if is not possible, as soon as the acknowledge it.
4. **Transparency:** through the register of all the self contract procedures and conflicts of interests existing in the Foundation.

Article 19. Obligations related to the conflicts of interest

1. Whoever knows about any situation that may represent a conflict of interest among the Foundation, any of their Patrons or the General Director, should notify it immediately to the Patronage through its President or Secretary.
2. The Patrons must communicate the Patronage about their participation, even when is an unsalaried position, on other organizations that have similar purposes from those of the Foundation or in any other institution on which the Foundation maintains commercial, business or cooperation relations.
3. Without any prejudice of the authorization or communication procedure that legally may proceed, the Patronage must know and approve any type of commercial, business, work or cooperation relation of the General Director, their direct family or the institutions that may be represent with the Foundation.
4. In the case of any doubt concerning the possibility of being in a conflict of interest situation, the affected person should submit their pertinent consult to the Patronage through its President or Secretary.

Article 20. Determine the situations that may lead to conflicts of interest.

It is the Patronage of the Foundation responsibility to evaluate and identify the existence of a possible conflict of interest.

The decision will be adopted my the majority of the patrons who assist to the meeting without allowing, nor in the voting process or the issue discussion, to the Patron or Patrons affected directly by the conflict or those who had any family ties with them, on the terms foreseen on the article 16.

For the decision-making process on this subject, the number of Patrons presents with the voting right cannot be less than three (3).

A register of the conflicts of interest of the people subordinated to the rules in the present title will be elaborate from the Patronage secretary with detailed information on each of the authorized situations.

Article 21. Procedure to follow on the conflict of interest situations

1. The person that concurs on the conflict of interest situation will expose it to the Patronage making special emphasis on the performance that should be done and the possible conflict that may arise against the Foundation interest.

In this sense, the person affected by the conflict of interest situation must indicate:

- a. If the conflict affects them personally or if it does affect a physical or juridical person linked to them, and in this case is their duty identify this person.
 - b. The object, the conditions and, in its case, the transactions held and the performances that are pretended to be done.
 - c. The precautions that are pretended to avoid the conflict to affect negatively the Foundation.
 - d. The reasons why, in their opinion, the Patronage should proceed to their authorization.
2. After exposing the situation, the affected Patron and his relatives in the foreseen terms on the letters a and b of the article 16, should abandon the meeting and the members of the remaining Patrons will analyze the discussed situation and the different alternatives to it adopting the decision that they consider is the most convenient for the Foundation's interests, by majority of votes.
3. The Patronage will opt always for the most beneficial alternative for the Foundation for solving the conflict of interest and the self contract.
4. The determination of an existing conflict of interest situation by the Patronage between the General Director and the Foundation will imply the impossibility to perform or, in its case, the immediate termination of the situation leading to the conflict. If this does not happen, it will be understood that the Patron and the General Director had abandoned their adequate aptness to exercise their positions and should adopt the necessary measures to proceed on their substitution.

Even so, the Patronage may authorize the exercise of the conflictive activities under determined conditions as long as they are adopted with the necessary precautions and guaranteed that, in every case, the Foundation interest will be a priority over any other interest or consideration.

Article 22. Criteria for the projects selection

The Foundation is committed to assign to the fulfillment of projects related with the Foundational purposes at least 70% of income from economic activity and the income obtained from any other concept, deducing the necessary expenses for their acquisition.

In this sense and unless the Foundation viability or subsistence may result jeopardized, the execution of projects for the fulfillment of Foundational purpose will be prioritized over any over any other expense or economic reserve.

The decisions related to the selection of projects and their fulfillment will be ruled by the following principles:

1. **Coherence with the mission:** the chosen projects must be compatible with the foundational mission and the and the Founder's expressed wishes on the Statutes, and in that sense, the priority will be given to those projects which their fundamental objective is the socio-occupational integration of the disabled people and people with intellectual disabilities, enhancing their quality of life and their independence and self determination on conditions of rights equality and opportunities as others.

In order of the existent necessities of the society in general and in the group of people with intellectual disabilities specially, the projects concerning the Day Center, the Occupational Center, the Employment Special Center and the Training Center will be prioritized.

2. **Impact:** the chosen projects must enhance measurable positive effects on the formative, social, and occupational development of the People with Intellectual Disabilities. They must show there is an added value to the people to whom the project is addressed and in this sense, special attention will be given to those projects addressed to enhance the quality of life of the people with intellectual disabilities, as well as to their occupational insertion on the ordinary institutions as well as in those protected.

3. **Innovation:** Those projects that, in consonance with the foundational mission present the most innovative aspects or that pursue the research and development of new techniques, tools or inclusion models for social and occupational integration for people with intellectual disabilities will be prioritized.

4. **Answer to concrete necessities:** Priority will be given over the general character projects those addressed to fulfill a demand or concrete situation of the necessities of people with intellectual disability.

5. **Sustainability:** the projects should give priority to the research of results of the structural type, this meaning, of sustainable effects in the time, beyond the period on which they are executed.

6. **Institutional and organizational capacity:** priority will be given to those projects that, due to its experience and economic, organizational and concerning to Foundation management capacity, their viability and the correct implementation of its results could be guaranteed.