

# Corporación América Airports S.A. Corporate Governance Code

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## **1. Introduction**

The purpose of this Corporate Governance Code is to establish the relationships and interactions between the Shareholders, the Board of Directors (hereinafter "the Board", and such directors of the Board, "Directors") and the Senior Management of Corporación América Airports S.A. (hereinafter "the Company", or "the Corporation") so as to achieve an efficient, effective and transparent management that lays the foundation for a sustainable, profitable business.

Every reference herein to the Group shall include all subsidiaries and affiliates of the Company, in the different jurisdictions in which they operate.

This Code intends to clarify the roles, responsibilities and limitations of each of the management, administration and control bodies, as well as to set an organizational framework to facilitate decision-making on key issues.

Together with the Code of Conduct, this Code represents the agreement between the parties, as a way of achieving efficiency, efficacy and transparency objectives.

This Code shall be construed by the Board in accordance with legal and statutory requirements and the provisions of the Company's Bylaws (which shall prevail in case of conflict with the provisions set forth herein) and with good governance principles and recommendations, as applicable in each circumstance.

## **2. Board of Directors**

### **2.1. Administration and Supervision Powers**

Except for the matters to be resolved by the Shareholders' Meeting, the Board is the primary decision-making body of the Company.

Notwithstanding, it is the Board's policy to delegate the day-to-day management of the Company to the executive bodies, and direct its efforts in general management and supervision duties, by undertaking and exercising, directly and without delegation, the responsibilities inherent to such duties, as provided by law, the Bylaws, this Code, and, in particular, the following:

- (a) Approval of general policies and strategies of the Company and supervision of their implementation, including, without limitation:
  - i. Business or strategic plans, management goals and annual budgets.
  - ii. Financing and investment policy (its own and that of third parties), including treatment of assets, guarantees and strategies regarding financial instruments.
  - iii. Dividend policy.
  - iv. Risk management and control policy.
  - v. Corporate governance policy and internal governance of the Company and its Group.

- vi. Sustainability policy.
  - vii. Regulatory Compliance policy, including approval of the Code of Conduct and any changes thereto, as well as the adoption and execution of management and organization models containing surveillance and control actions suitable to prevent the commission of crimes or significantly reduce the risk of such commission.
  - viii. Directors' and Senior Management Nomination and Compensation policies.
  - ix. Policy on related-party relations.
- (b) Approval of policies on information and communication with the shareholders, the markets, the general public, and supervision of the process of disclosure of information and communications connected to the Company. The Board is responsible for ensuring the markets receive prompt, accurate and reliable information, especially in connection with shareholding structure, substantial changes to governance rules, and related operations of major importance.
  - (c) Approval of financial information that, due to its listing nature, the Company shall disclose to the public from time to time.
  - (d) Preparation of annual financial statements and its presentation at the Shareholders' Meeting.
  - (e) Supervision and maintenance of the integrity of the information and internal control systems, as well as of financial and accounting systems, including operational and financial control and compliance with the applicable laws.
  - (f) Drafting of any report required by law to be provided by the Board, provided that the duty to report such transaction referred to in the report may not be delegated.
  - (g) Call for shareholders' meeting, preparation of the agenda and proposal of resolutions.
  - (h) Definition of the structure of the Group of companies of which the Company is the controlling entity.
  - (i) Periodic surveillance, control and assessment of the efficacy of corporate and internal governance systems and regulatory compliance policies, and the adoption of adequate measures to solve deficiencies, if any.
  - (j) Approval of any investments, concessions or transactions that, due to their amount or special characteristics, are strategic in nature or imply a singular tax risk, unless they are to be approved by the shareholders' meeting.
  - (k) Submission for approval by the Shareholders' Meeting of remuneration to be paid to each Director, and approval of agreements governing the performance by the Directors of duties other than those relevant to their position as such, and their compensation for the performance of tasks other than supervision and decision-making as members of the Board provided that those functions are compatible with the position of Director.

- (l) Drafting and supervision of the selection policy and succession plans of Directors (Chairman and Chief Executive Officer included) and the remaining members of the Senior Management. To do so, the Board must seek independent advice to ensure transparency and independence in the process of selecting Directors, as well as compliance with all the requirements established in this Code for Directors selection, appointment, and, if appropriate, removal of the remaining members of the Senior Management of the Company, and its effective supervision through the control of management activity and evaluation.
- (m) Definition of the basic terms of Senior Management agreements, and approval of a compensation policy, as well as of the essential elements of the compensation of those other Directors or employees who do not belong to the Senior Management, but undertake risks and exercise control functions.
- (n) Authorization to create or acquire equity interests in special purpose entities or entities domiciled in countries or territories considered by the Organization for Economic Cooperation and Development (OECD) as tax heavens, and any other transaction or operation of similar nature that, given its complexity, could impair the transparency of the Company and its Group.
- (o) Determination of the Board's organizational structure and functioning, and particularly, approval and amendments to this Code.

## **2.2. Representation Powers**

The Board shall represent the Company, in court or out of court, acting as a body. Similarly, the Chairman of the Board shall represent the Company.

The Board may designate one or more persons, who may or may not be shareholders or members of the Board, who shall have broad powers to act on behalf of the Company in all matters related to daily management.

The representation of the Company may be delegated to the Executive Committee, with the joint signature of two of its members acting jointly or one of its members acting together with a member of the Board. The Board will be in charge of their supervision and control.

## **2.3. Qualitative composition of the Board**

The Board shall endeavor that independent, non-executive directors shall have broad participation in its composition.

The Board shall ensure that the selection process of its members guarantees collective and individual training and favors diversity, experiences and knowledge of its members and does not suffer from implicit biases that may imply any form of discrimination.

For the purposes of the Company Bylaws and this Code:

- (a) Executive Directors shall be those who perform management functions in the Company or the Group, regardless of their legal relationship with the Company. For the sake of clarification, this category will include the Chairman and the remaining

Directors who perform management or decision-making duties in relation with any part of the business of the Company or the Group, other than the duties of joint supervision and decision-making inherent to their capacity as Directors, whether by virtue of the delegation of powers, or contractual, employment or service relationship.

- (b) A Director performing management duties and acting simultaneously as the representative of an important shareholder, or who is represented in the Board, shall be considered an executive officer.
- (c) External or non-executive Directors who were appointed by virtue of their personal or professional experience, and who can perform their duties without being restricted by their relationships with the Company or the Group, its shareholders or executive officers, shall be considered independent directors.
- (d) Those who have been affiliated with the Company in any of the following roles shall in no case be considered independent:
  - i. Prior employees or executive directors of companies of the Group, unless 3 or 5 years have elapsed, respectively, since the termination of the said relationship.
  - ii. Recipients from the Company or other companies of the Group of any amount of money or benefit on any account other than the compensation as Director, provided that it is significant for the Director.

For the purposes of this section, dividends paid on shares acquired or received by Directors for previous employment or professional relationship shall not be taken into account, provided that they are of an unconditional nature, and, therefore, may not be suspended, modified or revoked by the paying company, in its absolute discretion, without contravening its obligations.

- iii. Partners, currently or were in the past 3 years partners, of the external auditor or in charge of the audit report, whether the audit was performed during such period in the Company or in any other company of the Group.
- iv. Executive Directors or members of the Senior Management of another company wherein any executive Director or member of the Senior Management of the Company is an external director.
- v. Significant business relationships, currently maintained or maintained during the last year, with the Company or any company belonging to the Group, whether in their own name or as a significant shareholder, director or member of the Senior Management of an entity who maintains or has maintained such relationship.
- vi. Business relationships of a supplier of goods and services, (financial services included), and those of an advisor or consultant.
- vii. Significant shareholders, executive directors or members of the Senior Management of an entity who receives, or has received in the past 3 years, donations from the Company or the Group. Those who are mere sponsors of a foundation receiving donations are not included in this paragraph.

- viii. Immediate family members of an executive Director or member of the upper management of the Company, in accordance with the definitions given by the Securities Exchange Commission in its regulations.
- ix. Individuals not nominated by the Audit Committee for office appointment or renewal.
- x. Directors for more than 12 years uninterruptedly.
- xi. Significant shareholders or a shareholder represented in the Board, involved in any of the offices indicated in paragraphs (i), (v), (vi) or (vii) of this section 2.3(d).
- xii. Directors holding an equity interest in the Company may be independent directors, provided that they shall always comply with all conditions set forth in this section 2.3 (d) and, in addition, their interest is not significant.

The Board shall specify the status of each Director prior to the shareholders' meeting where the appointments shall be made and, where applicable, the specific status of each Director ratified, and shall keep record of such appointment in the minutes of the relevant Board meeting as provided for by law. Likewise, the Board shall review the capacity of Directors annually and will keep record in its annual report.

## **2.4. Quantitative composition**

The Board shall be composed of such number of Directors as determined by the General Meeting within the limits set out in the Company Bylaws.

The Board shall propose to the General Meeting the number that will, according to the changing circumstances of the Company, best guarantee a due representation and efficient performance of the Board itself.

The Board will have a Chairman and a Vice Chairman. The Vice Chairman shall be empowered to perform the functions of Chairman in the event of any absence of the latter.

## **2.5 Structure of the Board**

### **2.5.1 The Chairman of the Board**

The Chairman of the Board shall be elected from among its members.

The Chairman shall be responsible for the management of the Board and the efficient performance of its duties.

The Chairman shall ensure that the Directors receive, in advance, sufficient information to discuss the items on the agenda, and shall direct the discussions that take place at the Meetings of the Board. Additionally, he/she shall prepare and submit to the Board a schedule of meeting dates and the corresponding agenda, promote a thorough discussion of strategic matters, and review the knowledge update programs for each Director, as appropriate.

The Chairman shall, with the Chairman of the Audit Committee, organize and coordinate a periodic evaluation of the Board, save for his/her own evaluation, which shall be organized by the General Meeting.

In the event of the absence, illness or incapacity of the Chairman, he/she shall be replaced by the Vice Chairman of the Board, and in the absence, impossibility or indisposition of the Vice Chairman, by another Director elected by the Board.

If the position of Chairman becomes vacant permanently, the position shall be assumed by the Vice Chairman, or otherwise the provisions of Section 2.7.4 Succession Plan for Board Members and other relevant provisions shall apply.

### **2.5.2. Chief Executive Officer (CEO)**

The Board shall appoint a Chief Executive Officer (CEO) who shall be in charge of managing the regular business with broad executive duties.

Particularly, the Chief Executive Officer shall be responsible for:

- the performance and the management of the Group companies, on behalf of the shareholders;
- coordinating global strategies of the Group ;
- implementing the strategy and annual budgets of the Group companies in alignment with the strategies and budgets approved by the Board;
- approving investments and divestments in new businesses of the Group companies for up to a value equivalent to 5% of consolidated operating income in accordance with the most recent audited annual financial statements, in coordination with the actions of the Acquisitions and Business Development Committee, taking action, when necessary, in the external relationship with the Government, Regulators and the Media;
- ensuring adherence and buy-in of Group employees, including by leading by example of ethical values established in the Code of Conduct and reporting to the Board of such Group employee's company;
- assessing the performance and approving the compensation of the Directors of the subsidiaries of the Group, the Senior Management of the Group companies, and the CEOs of each subsidiary;
- authorizations, all in accordance with the powers conferred by the Authorizations Policy.

The Board shall delegate duties to the Chief Executive Officer except for those not permitted to be delegated by the laws, the Bylaws or this Code.

Appointment of a Chief Executive Officer shall require the favorable vote of a simple majority of the Board members.

### **2.5.3. Secretary of the Board**

The Board shall appoint a secretary who shall always maintain the position of secretary of the Company; however, it is not necessary to be a Director to hold the office of a secretary.

The Secretary shall assist the Chairman in his /her duties and ensure a proper functioning of the Board, and in addition, being responsible for other functions assigned by the laws, the Company Bylaws and this Code, including the following:



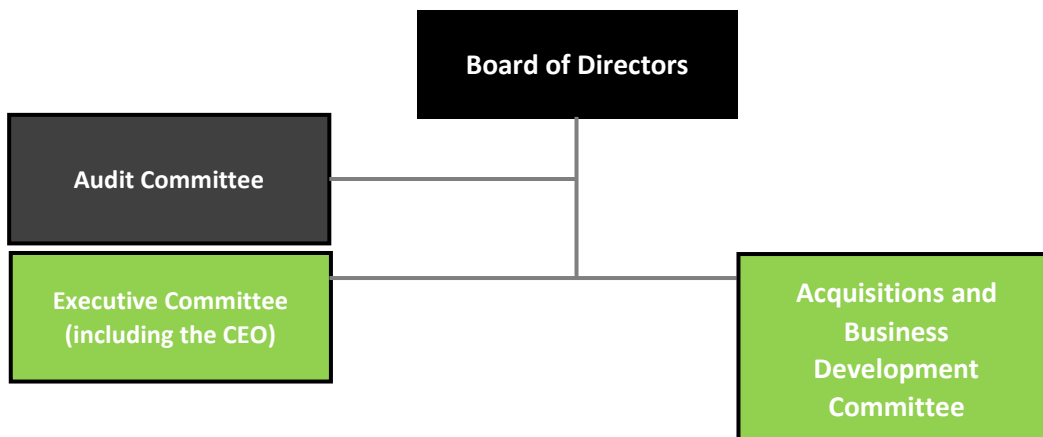
- (a) Keeping custody of the documentation of the Board, by recording in the books of minutes the proceedings of the meetings, certifying the content thereof and the resolutions passed.
- (b) Ensuring that Board actions are consistent with the applicable laws, the Company Bylaws and other internal regulations of the Company.
- (c) Collaborating with Chairman in providing the Directors, sufficiently in advance, and in the adequate format, with the information pertinent to the exercise of their duties.
- (d) Ensuring that the Board applies, in its proceedings and decisions, the good governance recommendations applicable to the Company.
- (e) Overseeing that governance procedures and regulations are observed and regularly reviewed.

The general secretary shall also be the secretary of all Committees of the Board and the Executive Committee

#### **2.5.4. Committees of the Board**

In addition to any powers that may be delegated to individuals from time to time, the Board shall constitute (i) an Audit Committee, (ii) an Executive Committee with general decision powers, and (iii) Acquisitions and Business Development Committee.

Accordingly, the following is the structure of the Committees of the Board:



#### **2.5.4.1. Audit Committee**

##### **2.5.4.1.1. Duties**

The purpose of the Audit Committee is to assist the Board of the Company in the fulfillment of its responsibilities to the Company and its shareholders regarding the accounting, financial information and audit procedures and the preparation and maintenance of the financial statements of the Company and its subsidiaries.

To this end, the Audit Committee will supervise the Company's procedures and activities related to:

- i. keeping the integrity and reliability of practices and accounting policies applied in the preparation, compilation and reporting of the Group's financial information and preparation of the financial statements;
- ii. supervising compliance with applicable laws and regulations and the requirements of any stock exchange where the Company or any of the Group subsidiaries may trade its securities;
- iii. verifying the qualifications and independence of the external auditor and its performance;
- iv. verifying the qualification and independence of the Group's internal audit function and its performance;
- v. supervising the internal control system of financial information and compliance with the Company's ethical standards; and
- vi. any other task that may be assigned to the Audit Committee by the Board from time to time, or as required by the rules and regulations of Luxembourg or of the United States Securities and Exchange Commission ("SEC") or by New York Stock Exchange ("NYSE"), as described in 2.5.4.1.3.

##### **2.5.4.1.2. Composition of the Audit Committee**

The Audit Committee shall consist of three Directors. Each Audit Committee member shall meet the requirements of independence, experience and financial experience set out under the regulations of the New York Stock Exchange, Rule 10A-3 of the United States Securities Exchange Act of 1934 ("Exchange Act"), including the rules and regulations passed thereunder, and all the other applicable legal and regulatory requirements, subject to the relevant transitional periods. The Board shall designate the members of the Audit Committee, based on their knowledge, capabilities and experience in accounting, audit or risk management matters, to ensure that, as a whole, they have the relevant technical knowledge in the Company's line of business.

At least one member of the Audit Committee shall be a "financial expert", as defined under Article 407(d)(5)(ii) of Regulation S-K.

No member of the Audit Committee may act simultaneously as members of an audit committee of more than three public companies, including the Company, unless the Board:

- i) determines that this simultaneous activity would not affect such member's ability to efficiently serve the Audit Committee; and
- ii) discloses such determination on the Company's web page or in the Annual Report of the Company under Form 20-F, submitted to the United States Securities and Exchange Commission.

Audit Committee members may remain in office for a period of three years, and may be reelected in successive periods. The positions will be renewed annually so that the majority of the Audit Committee is not replaced simultaneously, following for this the turn determined by the seniority of those members, according to the date and order of their respective appointment. The Chairman of the Audit Committee shall be replaced every three years, and may be reelected one year after his/her retirement from office. Audit Committee members may be removed, with or without cause, by the Board at any time. Any action duly taken by the Audit Committee shall be valid and effective even if it is later determined that an Audit Committee member has failed to comply with the requirements hereunder.

#### **2.5.4.1.3. Roles and Responsibilities of the Audit Committee**

The Audit Committee may form and delegate authority to sub-committees composed of one or more members, or delegate authority to one or more members, including the authority to grant approval to audit services and other permitted non-audit services, provided that any decision to grant pre-approvals under said delegated authority is submitted to the entire Audit Committee at the next scheduled meeting.

The Audit Committee shall, insofar as it deems it convenient or appropriate for the fulfillment of its roles and responsibilities, have the authority to hire legal or accounting advisers or other independent advisers, provided that it requests the estimated fees for such hiring in advance and provided that such fees are within market parameters. The Company shall provide the corresponding funds, as determined by the Audit Committee, to pay the fees of the Company's external auditor for it to draft or issue an audit report or related document, or provide other audit, revision or certification services that the Audit Committee deems to be essential for the performance of its work.

The Audit Committee shall submit regular reports to the Board. The Audit Committee will annually review and reevaluate the application of this section of the Code, and recommend any necessary changes to be approved by the Board.

The Audit Committee shall annually evaluate its functioning, the quality of its performance and the individual performance of its members, including its Chairman.

The Audit Committee shall have the following responsibilities, as well as any other responsibilities assigned to it by the applicable laws:

- a) With regards to the external auditor of the Company and the Group:
  - (i) In terms of its designation, it is the responsibility of the Audit Committee to:
    - (1) Submit to the Board the proposals for the selection, designation, reelection and replacement of the Company's external auditor and the Group's external auditor; undertake the selection process set out under the applicable laws, and contract its services and regularly receive from it the information about the audit plan and its implementation. The Audit Committee will endeavor that the Group's external auditor also undertakes the audits of the companies of the Group.
    - (2) Ensure that the Company publicly discloses as a significant event a change of the external auditor, and attaches to said communication a statement on the possible existence of disagreements with the retiring external auditor and, if any, the content

thereof; and in case of resignation of the external auditor, examine the relevant causes.

- (ii) In terms of the financial statements audit procedure, it is the task of the Audit Committee to:
- (1) Establish specific contacts with the external auditor to receive information on any matters that may threaten its independence and any matters related to the development of the financial audit procedure, as well as any other communications under the audit laws and regulations, and serve as a communication link between the Board and the external auditor, assessing audit findings and the management team's responses to its recommendations, and close any gaps in the case of discrepancies between one and the other in relation with the principles and criteria applicable in preparing the financial statements.
  - (2) Supervise compliance with the audit agreement, and ensure that opinions on the annual financial statements and any audit reports are clearly and accurately written.
  - (3) Ensure that the external auditor is invited to attend the Board meetings reviewing and approving annual financial statements and to any other meeting where its presence is deemed necessary, including where distribution of an interim dividend is considered.
  - (4) Ensure that the external auditor prepares a report on the financial information internal control system.
- (iii) In terms of the independence of the auditor and the rendering of services other than audit services, the Audit Committee shall ensure that the Company and the external auditor comply with the applicable regulations regarding the rendering of such services, the limits on business combination of the external auditor and, in general, the other regulations on the external auditor independence. In order to assure the independence of the external auditor, it shall pay attention to such circumstances or matters whereby it may be compromised, and any other circumstances related to the development of the financial audit procedure. Specifically, the Audit Committee shall ensure that the compensation that the external auditor receives does not compromise its quality or its independence, and shall verify the percentage of all the fees received thereby over the total income of the audit firm, as well as the seniority of the auditing team partner and auditing partner in charge of rendering the services to the Company. On this last issue, the Audit Committee shall ensure the rotation of the audit partner who leads the audit and the audit partner in charge of reviewing the audit, as required by law.

The Audit Committee shall also set out policies for hiring employees or former employees of the external auditor of the Company who were engaged in providing audit services to the Company.

Likewise, any decision to hire services other than audit services not prohibited by the applicable regulations shall be subject to the Audit Committee's approval, after having duly assessed the threats to the independence and the safeguards applied in compliance with said regulations.

In any case, the Audit Committee shall annually receive from the external auditor a written confirmation of its independence from the Company or entities directly or

indirectly connected therewith, as well as detailed and individualized information of any additional services rendered by said auditor, or by any person or entity connected therewith, and the fees collected from such entities according to the regulations governing the audit profession. Such information shall also describe the quality control performed under the internal procedures of the external auditor.

Lastly, the Audit Committee shall, before delivering the financial audit report, issue a report giving its opinion on whether the independence of the external auditor is compromised. This report shall, in any event, include a reasoned appraisal on the rendering of each and any of the abovementioned additional services, collectively and individually, other than the financial audit, and pursuant to the independence status or the regulations governing the financial audit activity.

- b) Supervise the internal audit function, and specifically:
- (i) Advise the Board on the designation and removal of the person in charge of the internal audit.
  - (ii) Approve the internal audit proposed guidelines and annual work plan, and verify that the internal audit activity is mainly focused on the significant risks of the Company and on reviewing the annual activity report;
  - (iii) Ensure the independence and efficiency of the internal audit function;
  - (iv) Propose the budget for this service, including the human and material resources to comply with such role;
  - (v) Receive regular information of its activities; and
  - (vi) Ensure that the Senior Management and the Board take into account the conclusions and recommendations of its reports.
- c) Supervise the financial information reporting process and the internal control systems of financial reporting. Particularly, the Audit Committee shall:
- (i) Review and discuss with the management and the external auditor of the Company the annual audited financial statements of the Company and the unaudited quarterly financial statements of the Company, including the disclosures made under the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and recommend to the Board whether the audited financial statements should in the form prepared by management and reviewed by the external auditor be included in Form 20-F.
  - (ii) Review and discuss with the Senior Management and the external auditor of the Company:
    - (1) any significant matters related to accounting policies and the keeping of accounts, including any significant change in the application of the Company's financial policies;
    - (2) the internal controls of the Company;
    - (3) any analysis prepared by the Company's management or the external auditor that set out significant matters related to the financial information and the application of

- professional judgment in preparing the financial statements, including an analysis of the potential effects arising from the application of alternatives to generally accepted accounting policies (GAAP); and
- (4) the effect of regulatory and accounting changes, as well as the off-balance sheet structures, on the Company's financial statements.
- (iii) Hold quarterly meetings to review and discuss the Company's external auditor quarterly reports on:
- (1) any critical accounting policies and practices to be used;
  - (2) all alternative treatments of financial information within the generally accepted accounting principles (GAAP) that have been discussed with the management, and the treatments preferred by the external auditor; and
  - (3) other written communications on significant matters between the external auditor and the management, including any unrecorded adjustment summary reports.
- (iv) Review and discuss with the management and the external auditor any press releases of the Company's earnings (with a special emphasis on the use of any "pro forma" or "adjusted" report and information that is not part of the financial statements) as well as the financial information submitted to analysts and rating agencies.
- (v) Discuss with the management the main financial risk exposures of the Company, and the measures adopted by the Management to monitor and control those risk exposures, including the Company's risk assessment and risk management policies or guidelines.
- (vi) Discuss with the external auditor any matters to be taken into account under the applicable audit standards related to the performance of the audit or any review service, including any difficulties encountered during the audit or review, of the activities or the access to the information requested, and any significant disagreement with the management.
- (vii) Review the disclosures to the Audit Committee by the Company's CEO and CFO during the procedures for certification for Form 20-F, in respect of any significant shortfall or material weaknesses in designing or operating internal controls, and any fraud that involves the management or other employees that play a significant role in the Company's internal controls.
- (viii) Review any report by the external auditor of the Company that is required by Section 10A of the United States Securities Exchange Act of 1934 ("Exchange Act"), and obtain from the external auditor any information related to illegal acts pursuant to Section 10A, that defines the term "illegal act" as an act or omission that violates any law, or any rule or regulation having the force of law.
- d) Review and discuss regularly with the legal manager any correspondence with the regulatory authorities or governmental agencies and any published report, or any legal matter that has been brought to the Audit Committee's attention, which may have a significant impact on the Company's financial statements.

- e) Receive information on the corporate and structural change in operations that the Company intends to implement, for prior review and report to the Board of its accounting impact and impact on the financial condition of the Company or the Group. The foregoing shall not be applicable to operations of low complexity and relevance for the Group's activities, including, where appropriate, inter-group reorganization operations.
- f) Establish procedures for the receipt, processing and handling of complaints received by the Company in the area of accounting, internal controls or audit affairs, and the confidential and anonymous submission by the Company's employees of concerns related to questionable audit or accounting matters.
- g) Take the actions necessary to enforce the Code of Conduct adopted by the Board, including the establishment of procedures to assess any actual or alleged breaches of the Code, and report and disclose the breaches or any waiver granted by the Board herein.
- h) Review, assess and approve such transactions between the Company and any related party as are subject to review under this Code.
- i) The Chairman of the Board shall have the authority to review, assess and approve any transactions between related parties in the name of the Audit Committee under this Code, between Audit Committee meetings, and upon request of the CEO and later ratification by the Board.
- j) The Audit Committee shall verify that the approvals of operations by the Board are within the authorities delegated to the said body.

#### **2.5.4.1.4. Operation of the Audit Committee**

The Audit Committee will approve an annual schedule for its meetings, which will include at least four meetings to be held at such times and places as are considered necessary for the performance of their duties. In any case, the Audit Committee shall meet whenever it is convened by the Board, its Chairman, and two members of the Audit Committee or the CEO of the Company.

Notice of the Audit Committee meeting will be considered duly delivered to a member if given orally (including in person or by telephone call) and confirmed in writing, or otherwise if communicated or sent to such member by mail, fax or e-mail (with the usual transmission confirmation requests) to the last known address of the member, or as otherwise instructed by the member to the Company for notification purposes. It is not necessary to use the same form of notification for all members of the Audit Committee.

The Audit Committee shall, by resolution, establish its own rules and regulations for all meetings, and, upon failure to do so, the provisions of the Company Bylaws applicable to the Board shall be applied.

The pertinent documentation for each meeting (draft agenda, presentations, reports, minutes of previous meetings and other backup documentation) will be submitted to the members of the Audit Committee, by using the mechanisms authorized for those purposes that guarantee confidentiality of information, three (3) days in advance of the date fixed for the meeting, unless reasons of urgency make it impossible to comply with such term, in which case the information will be submitted to the Directors as soon as possible.

Meetings shall be mandatorily attended by such members of the management team or the staff of the Company as are required to such effects, and they shall assist and facilitate access to the necessary information; they will attend under the terms instructed by the Audit Committee. Likewise, attendance of the external auditor may or must, as the case may be, also be required.

One of the meetings will be necessarily intended to prepare the information concerning the sphere of competence of the Audit Committee, which shall be approved by the Board and included in annual public documentation.

The Audit Committee shall be validly constituted with the attendance, in person or by proxy, of at least half of its members. Its resolutions will be adopted by the majority of the attending members, whether in person or by proxy, the Chairman having a casting vote. Participation of members by other media, such as video call or conference call, shall be accepted as valid. Audit Committee members may delegate representation to other members, but none of them may hold more than one representation, in addition to their own.

Decisions by the Audit Committee shall be recorded in a book of minutes, which shall be signed for each meeting by the Chairman and the Secretary.

The Audit Committee will, through its Chairman, inform the Board about its activities. This information procedure will take place in the meetings of the Board held for such purpose. However, if deemed proper by the Chairman of the Audit Committee due to the urgency and importance of the matters discussed, the information will be submitted to the Board in the first meeting held after the Audit Committee's meeting.

Likewise, all Audit Committee members will receive a copy of the minutes of the Audit Committee meetings.

Meetings of the Audit Committee may be held in several rooms simultaneously, provided however, that the interactivity and intercommunication be by audiovisual or telephone means in real time and, therefore, the unity of the meeting shall be preserved. In this case, the agreements will be considered adopted in the place where the majority of the Directors are located, and in the case of a tie, in the registered office.

#### **2.5.4.1.5. Self-assessment by the Audit Committee**

The Audit Committee will assess its performance annually, including compliance with the provisions included in this section of the Code, and will present to the Board any recommendation for changes in the procedures or policies that govern the Audit Committee. The Audit Committee shall perform said assessment and review in the way it may consider appropriate.

The following factors regarding the efficiency of the Audit Committee performance should be included as part of the assessment process:

- i) Independence of the members of the Audit Committee with respect to the Company.
- ii) Clarity of description of the Audit Committee's duties, and to what extent these duties are taken in by the Board and the Audit Committee.
- iii) Interaction of Audit Committee with the external auditor, internal auditors and senior executives of the financial area.

With regards to the assessment format, and in the case of self-assessment, the members of the



Audit Committee may fill in a questionnaire as the Audit Committee or individually. If the assessment is conducted by the internal auditor, the Board or a third party, the format may consist of assessment forms, interviews or both. The team in charge of the assessment may request feedback from persons who interact significantly with the Audit Committee.

#### **2.5.4.2. Executive Committee**

The Executive Committee shall consist of a minimum of four members, including the Chief Executive Officer, the Chief Financial Officer, the Accounting, Internal Controls, Compliance & Tax Manager and the Legal Manager as permanent members. The CEO shall be the President of the Executive Committee.

Permanent delegation of powers to the Committee and the appointment agreements of its members shall require the favorable vote of at least a simple majority of the Board members. Its members will be appointed for a maximum period of six years, and may be reappointed.

The Board shall delegate to the Committee all powers related to the daily and operations management of the Company, except for those that cannot be delegated according to the law, the Company Bylaws and this Code. In particular, the executive committee shall be responsible for the following:

- a) Implementing strategies and policies approved by the Board;
- b) Assessing and proposing business strategies to be implemented in the Company and the Group;
- c) Developing processes for the identification, evaluation, monitoring and mitigation of the risks incurred by the Company;
- d) Implementing appropriate internal control systems and follow-up of its effectiveness, by reporting to the Board, from time to time, the compliance with the goals.
- e) Analyzing and proposing the full year budget, following-up its evolution and determining which corrective actions to take to mitigate internal and market variables.
- f) Identifying and implementing business synergies among Group companies.
- g) Proposing the delegation of powers to officers, and supervising managers of different areas consistent with the policies and procedures set forth by the Board.

The Executive Committee shall meet upon the request of the CEO. In general, the Committee shall meet monthly, according to the monthly schedule of meetings determined by the Committee prior to the commencement of each month. The corresponding documentation for each meeting (draft agenda, presentations, reports, minutes of prior meetings and other backup documentation) will be delivered to the members of the Committee through mechanisms approved to those effects, that assure information confidentiality.

The Executive Committee shall be considered as validly constituted with the attendance of more than a half of its members, and shall adopt its resolutions by the majority of members present, the CEO having the casting vote.

The resolutions of the Executive Committee shall be kept in a book of minutes, each signed by its chairman and the Secretary.

The Executive Committee shall, through its CEO, inform the Board about the matters discussed and decisions adopted at its meetings, and shall submit a copy of the minutes of such meetings to the Board members.

The Executive Committee meetings may be held in several rooms simultaneously, provided however, that the interactivity and intercommunication between them in real time and that, therefore, the unit of act is ensured by audiovisual or telephone means in real time and, therefore, the unity of the meeting shall be preserved.

#### **2.5.4.3. Acquisitions and Business Development Committee**

The Acquisitions and Business Development Committee will be composed of five members minimum, the Chief Executive Officer (CEO), the Accounting, Internal Controls, Compliance & Tax Manager, the Business Development Manager, the European Business Development Manager and the Financial & M&A Manager, being the regular members.

The CEO shall chair such committee.

The Board shall ensure that the size and qualitative composition of the Acquisitions and Business Development Committee meet the efficiency criteria and reflect the composition guidelines set out by the Board

The Committee members shall be appointed by the Board based on the knowledge, skills and experience thereof in the relevant matters.

The object of the Acquisitions and Business Development Committee is to assist the Board in assessing and approving the extension of the Group's business, both in new activities within the existing structure of companies and in the acquisition of other companies and/or businesses, with the legal assistance of a person designated by the Legal Manager for all matters that concern the study of documentation and specifications.

In exercising its mandate, the Acquisitions and Business Development Committee shall have the following duties:

1. To study and report the acquisition and business development plans, collaborating with the Board who shall approve of the plan;
2. To assist the Board with recommendations on the acquisition and business development agenda of the Group;
3. To study and report, based on an informed opinion, recommendations to the Board about specific acquisitions and/or business opportunities;
4. To execute new acquisitions and/or development opportunities within the approval and powers delegated to it by the Board.

The Acquisitions and Business Development Committee shall approve an annual schedule of its meetings, where at least four meetings shall be fixed. In any case, the Acquisitions and Business Development Committee shall meet whenever it is called by the committee itself or by the CEO; any person related or not to the Company may attend the meetings, upon invitation from the CEO. Documentation corresponding to each meeting (draft agenda, presentations, reports, minutes of previous meetings and other backup documentations) shall be submitted to the Committee members through mechanisms approved to such effects that guarantee the confidentiality of

information.

The Acquisitions and Business Development Committee shall, through its Chairman, report on its activity and work to the Board. Similarly, each Director shall receive a copy of the minutes of the committee meetings.

The Acquisitions and Business Development Committee shall be considered as validly constituted with the attendance of more than a half of its members, and shall adopt its resolutions by the majority of members present, the Chairman of the Committee having a casting vote.

The Committee meetings may be held in several rooms simultaneously, provided however, that the interactivity and intercommunication be by audiovisual or telephone means in real time and, therefore, the unity of the meeting shall be preserved.

Resolutions of the Acquisitions and Business Development Committee shall be kept in a book of minutes, each signed by the Chairman and the Secretary.

## **2.6. Operation of the Board**

### **2.6.1. Board Meetings**

The Board shall meet as often as necessary to properly perform its duties, by prior request of the Chairman.

The Board shall approve an annual Schedule of its meetings, which shall be held as often as necessary to appropriately perform its duties, at least quarterly with a minimum of four meetings per year. The Schedule shall contain a temporary proposal of the agenda of those meetings, subject to changes to be approved by the Directors. The Board shall meet whenever the Chairman deems it appropriate, on its own initiative or at the request of at least two Directors.

Meetings shall be called by the Secretary as directed by the Chairman.

Documentation corresponding to each meeting (draft agenda, presentations, reports, minutes of previous meetings and other backup documentations) shall be submitted to the Directors 72 hours in advance of the Board meeting, unless, due to pressing reasons, it is not possible to comply with such term, in which case the information shall be delivered to the Directors as soon as possible.

A meeting not included in the annual schedule shall be called as far in advance as possible and, due to urgency and confidentiality reasons, it may be called by telephone call, and the terms and formalities set out in the preceding paragraphs for meetings included in the annual schedule shall not be applicable, provided that the provisions of the Company Bylaws are complied with in this respect.

The Board shall approve the agenda at the meeting. All Board members may propose the consideration of any item not included in the draft agenda proposed by the Chairman to the Board.

During the meeting and/or after it, Directors shall be provided with all such information or clarifications as they deem convenient in connection with the items included on the agenda. Moreover, any Director shall be entitled to gather or obtain the information or advice necessary for the performance of their duties; the exercise of this right will be channeled through the Secretary of the Board.

Any person invited by the Chairman may attend the Board Meetings.

The Board shall keep a formal book of minutes containing the matters reserved for its consideration and recording all formal resolutions taken and action plan (including time lines and responsibility allocation) for implementing same, as well as a status report-which shall be kept current-of all action items. The Secretary of the Board shall be responsible for the safe keeping of the book of minutes and distributing same to the Directors.

Operation of the Board and its committees, the quality of its performance and the individual performance of its members, including the Chairman and the Chief Executive Officer, shall be subject to annual assessment.

Based on the outcomes of such assessment, the Board shall, if appropriate, prepare an action plan to correct any deficiencies detected. The outcome of the assessment shall be written down in the minutes of the meeting or shall be attached thereto.

#### **2.6.2. Meetings' Development**

The Board shall be validly constituted with the attendance of more than half of its members present in person or by proxy. Directors shall try to reduce absences to exigent circumstances.

If Directors cannot be present in person, they may, for each meeting, delegate their representation in writing to other Directors to act on their behalf to all effects. The same Director may not represent more than one Director. Attendance of at least two Directors shall be required at the meeting. Non-executive Directors may only delegate their vote to other non-executive Directors. Representation shall be granted with the corresponding instructions.

Meetings of the Board may be held simultaneously in several locations, provided, however, that interaction and intercommunication among them shall be by audiovisual or telephone media in real time and, therefore, the unity of the meeting shall be preserved. In this case, resolutions shall be deemed adopted in the place where the majority of Directors is present and, in case of tie, in the registered domicile.

Consistent with applicable law and the Company Bylaws, resolutions can be validly taken in writing without a meeting, provided that all Directors sign-by appropriate means- the related circular resolutions. The Chairman shall conduct the discussions and promote the participation of all Directors at the meetings and deliberations of the Board, safeguarding their freedom of speech and decision-making.

Except where a qualified majority is specifically required by the laws, the Bylaws or this Code, resolutions shall be adopted by the absolute majority of Directors present in person or by proxy. The Chairman shall have a casting vote in case of a tie.

Provisions included in the sections above shall also be applicable to the meetings of Board Committees.

Resolutions adopted by the Board shall be recorded in the minutes, approved by the board and signed by the Chairman and the Secretary.

## **2.7. Appointment, Reelection, Ratification and Termination of Directors**

### **2.7.1. Appointment, Reelection and Ratification of Directors. Appointment of members of the Committees of the Board. Designation of offices in the Board and Committees.**

Directors shall be appointed, reelected or ratified by the Shareholders' Meeting, pursuant to the provisions of the law, Company Bylaws, the Directors' selection policy and the succession plan approved by the Board.

The Board shall be in charge of providing a reasoned report and proposal of such appointments, reelections or ratifications of Directors. In the event of reelection or ratification, said proposal shall contain an evaluation of the work and effective dedication to the office during the last tenure period of the proposed Director. Furthermore, these proposals shall, in all cases, be accompanied by a justified report of the Board including the evaluation of the capacity, expertise, and merits of the proposed candidate, which report shall be attached to the minutes of the shareholders' meeting or of the Board, as the case may be.

In selecting a Director, it shall be considered whether the proposed Director has renowned reliability, business and professional integrity, knowledge, experience and readiness for the exercise of good governance of the Company, as well as his/her professional contribution to the Board as a whole and to its needs; special emphasis shall also be placed on the significance of any ownership of shares of the Company by the candidate and on the representation objectives of the underrepresented gender.

Persons appointed as Directors shall meet the conditions required by the law and the Bylaws, and shall, upon taking on the office, formally bind themselves to comply with the obligations and duties provided for thereunder and under this Code.

There is no age limit for the appointment of a Director, or for the exercise of this office.

The CEO shall, where appropriate, submit a prior proposal for the designation of the members to be included in each of the committees of the Board, and for the appointment for the offices in the Board and committees.

The Board shall set out an induction program for the new Directors so as to provide them with quick and sufficient knowledge of the Company and the Group, including its governance rules. The Board shall also initiate a continuous learning and training program addressed at the Directors.

### **2.7.2. Tenure**

Directors shall hold office for a maximum of 6 years, being able to be reelected in successive periods. The positions will be renewed by halves so that the majority of the Board is not replaced at the same time. Renewals are determined by the seniority of those members, according to the date and order of their respective appointment. The dismissed Directors may be re-elected.

Any Directors appointed by co-option must be ratified in their office at the first General Meeting held after their appointment, in which case the office of such Director shall terminate on the date on which its predecessor's tenure would have been terminated. The candidate appointed by the Board need not necessarily be a shareholder of the Company. Should the co-opted vacancy appear after the shareholders' meeting was called but not yet held, the Board may, before or after such meeting, appoint a Director who may, in turn, hold office until the following meeting is held (i.e.,

the meeting following the one already called at the time of the vacancy).

A Director whose tenure terminates or who, for any other reason, leaves the office may not render services to a competitor entity for a two year term.

The Board may, if it deems appropriate, release the retiring Director from this obligation or make his non-compete obligation shorter.

### **2.7.3. Termination of Directors' Appointment**

Directors shall leave office upon expiration of the term for which they were appointed, or earlier as decided by the shareholders' meeting as per the powers conferred thereon. In the first case, termination shall be effective on the date when the first shareholders' meeting is held following the expiration of his/her appointment period, or when the legal term to call the Meeting for the approval of the accounts of the previous year has elapsed.

Directors shall offer their resignation to the Board and officially resign if the Board, upon a report of the Audit Committee, considers it convenient in cases where it may adversely affect the performance of the Board or the credit and reputation of the Company and, in particular, upon the occurrence of an incompatibility including a conflict of interest or prohibition event provided by law.

When a Director leaves office, by resignation or otherwise, before the expiration of its tenure, the Director shall explain the reasons in a letter sent to the other members of the Board, unless it informs such reasons at a meeting of the Board and the corresponding record of them is written down in the minutes. The same shall also be recorded in the corporate governance annual report.

### **2.7.4. Succession Plan of Board Members and Other Pertinent Offices**

The Board shall approve and update from time to time a succession plan of the Board members and, particularly, the Chairman, Vice Chairman and the Chief Executive Officer, as well as the Senior Management of the Company, with an aim at internally identifying potential candidates for such posts and offering adequate training plans therefor, all without prejudice to the power of the Board to identify and hire candidates from outside the Group.

The succession plan shall include an identification of the key offices to be covered for succession as well as a description of the criteria to be satisfied by the candidates for each post, taking into account the long-term strategy of the Company and the Group.

Application and supervision of the succession plan of Directors, including the Chairman, Vice Chairman and the Chief Executive Officer, shall be entrusted to the Chairman of the Board. The Board must seek advice from independent firms, both for preparing the succession plan and identifying any potential candidates.

Upon termination, announcement of resignation or dismissal, incapacity or death of a Board member, and, especially, of the Chairman, Vice Chairman or the Chief Executive Officer, or at the request of the Chairman of the Board, the Board shall be called to examine and organize the succession or substitution plan in a planned manner, and present the corresponding proposal, taking into account any identified candidates to that date, in compliance with the succession plan and the remaining provisions thereof. This proposal shall be submitted to the next Board meeting indicated in the annual schedule or at other extraordinary meeting that may be called, if deemed

necessary. If the finally adopted substitution agreement is not provided for in the succession plan, the relevant decision shall duly state the reasons therefor. When the resignation, announcement of resignation, incapacity or death of the Chairman of the Board occurs, the Vice Chairman shall be entitled to perform the functions of Chairman until the next Board meeting in which the succession plan is submitted for consideration.

The Board shall also supervise the application of the senior management succession plan and shall inform any appointment proposals made according to such plan.

The Board shall review the succession plan on an annual basis and approve amendments or update of such succession plan.

#### **2.7.5. Regime of Agreements Related to Directors**

Directors affected by appointment, reelection or removal proposals shall refrain from participating in discussions and voting of the Board or committees meetings that are related to such matters.

### **2.8. Directors' Information**

#### **2.8.1. Information and inspection powers**

Directors are vested with the broadest powers to obtain information on any matters of the Company, to examine books, records, documents and other background information of the corporate transactions, and to inspect all of its premises and facilities. The right to information also applies to the Company's affiliates, whether national or foreign.

In order not to disrupt the regular management of the Company, the exercise of the powers of providing information shall be channeled via the Secretary of the Board, who shall address the requests of Directors by directly facilitating the provision of the information, providing the appropriate contact person within the relevant structure of the organization, or establishing any measures available so that the Director may carry out the intended examination and inspection procedures on or off site.

Any Director may, with the right to speak but not to vote, attend the meetings of the committees of the Board of which it is not a member, when invited by the Chairman of the Board and of the relevant committee, upon prior request to the Chairman of the Board.

#### **2.8.2. Assistance of experts**

In order to receive assistance in the exercise of their duties, the Directors and the Audit, Executive and Acquisitions and Business Development Committee may, through the Secretary, request the contracting of legal, accounting and technological advisers, recruitment specialists and other experts at the Company's expense.

The assignment shall necessarily be connected to specific problems of certain significance or complexity related to the matters on the Board or committee agenda.

The decision to hire experts or advisors belongs to the Board, who may deny such request if it considers that:

- a. It is not necessary for the due performance of the duties entrusted to the Directors or the committee;
- b. The cost is not reasonable in view of the importance of the issue; or
- c. The technical assistance received may be adequately provided by the Company's technical experts.

The Board or the committees requiring external assistance, shall ensure that no potential conflict of interest interferes with the independence of the advice.

## **2.9. Directors' Compensation**

### **2.9.1. Directors' Compensation**

Directors shall be entitled to receive compensation for the exercise of the duties to be performed as such, i.e., by reason of their appointment as mere members of the Board, to be fixed within the framework approved by the shareholders.

Specific determination of the amount payable to each Director, and the method of payment, shall be proposed by the Board. In this regard, the Board shall take into account each Director's duties and responsibilities, the positions held within the said body, his / her membership and participation in the different committees and other objective circumstances it may deem proper.

Aside from the compensation system set out under the above paragraphs, Directors shall have the right to be compensated with shares, or share options, or through compensation indexed to the value of the shares, provided that the compensation system has been previously agreed by the Shareholders' Meeting. This agreement shall, where appropriate, determine the maximum number of shares that the Board may assign, the strike price or the system to calculate the strike price of any share options, the value of the shares that, as applicable, will be taken as reference and the term of duration of the said plan.

Regardless of the foregoing provisions, executive Directors shall be entitled to receive the corresponding compensation for the performance of executive duties.

In this regard, whenever a member of the Board is vested with executive duties for any reason, an agreement between this Director and the Company shall be concluded, with prior approval by the Board with the favorable vote of the majority of its members. The Director involved shall refrain from participating in such discussion and from voting. The approved agreement shall be attached to the minutes of the meeting.

The said agreement shall describe all the items whereby the Director may receive compensation for the performance of executive duties (including, where appropriate, salaries, incentives, bonuses, potential compensation for early termination of such duties, amounts to be paid by the Company as insurance premiums or contributions to pension schemes, or any other applicable items). The Director shall receive no compensation whatsoever for the performance of executive duties if the relevant amount or item is not set out in the agreement.

The compensation under the said agreement shall comply with the Directors' compensation policy.



Likewise, Directors may receive the corresponding compensation for any services rendered to the Company other than those of a Director or an executive Director, provided that the hiring of the services is made in accordance with the rules on related-party transactions hereunder.

The Company shall obtain civil liability insurance for its Directors having customary terms and conditions and for such amounts as are commensurate with the risk profile of the Company.

The Board shall ensure that the executive Director's compensation meets the criteria of moderation and alignment with the income, culture and risk appetite of the Company, and that no incentives are offered for undertaking any risks that exceed the tolerance level of the Company, so that it promotes and is compatible with a sound and efficient risk management. The Board shall also ensure that the compensation of external Directors is sufficient to compensate them for the dedication, qualification and liabilities required for the performance of their duties.

### **2.9.2 Approval of Directors' compensation policy**

The Directors' compensation policy shall be approved by the Shareholders' Meeting every three years at the latest, as a separate item of the agenda.

The Directors' compensation policy shall, where appropriate, follow the compensation system set out under the Bylaws and this Code, and shall necessarily include:

- (i) in relation to the compensation of Directors as such, the maximum amount of the annual compensation to be paid to the Directors as a group;
- (ii) with regards to the compensation of Directors for the performance of executive duties, the amount of annual fixed compensation and its variation in the relevant period, the different parameters to fix the variables and the main terms and conditions of their agreements including, in particular, its term, other fixed compensation components, compensations for early termination or termination of the contractual relationship and exclusivity agreements, and non-competition clauses.

The Board's compensation policy proposal shall be reasoned and accompanied by a specific report received from independent firms. Both documents shall be made available to the shareholders on the Company's web page as from the notice to the meeting of shareholders, who may also request to have it mailed to them free of charge. This right will be mentioned in the convening notice of the shareholders' meeting.

The approved Directors' compensation policy shall remain valid for three years after the year it was approved by the General Meeting, unless a shorter term is prescribed in the policy itself or in the approval by the Meeting. Any amendment or substitution thereto during the said term shall be previously approved by the General Shareholders' Meeting, according to the procedure established for its approval.

Any compensation received by Directors for the performance or termination of their position and for complying with their executive duties shall be consistent with the Directors' compensation policy then in force, unless the shareholders have in a valid resolution deviated therefrom.

### **2.9.3. Information on Directors' compensation**

### **2.9.3.1. Annual report on Directors' compensation**

1. The Board shall annually approve and publish the annual report on Directors' compensation, which shall include complete, clear and understandable information on the Directors' compensation policy applicable during the ongoing year. It shall also contain a comprehensive summary on the application of the compensation policy during the last financial year, as well as the details of the individual compensation earned by each of the Directors during the said year, all with the contents and scope established by the applicable regulations. Particularly, the report shall contain a breakdown of the compensations paid or to be paid to the Directors as such, as well as those corresponding to the performance of executive duties, where appropriate.
  - (a) Each year this annual report on Directors' compensation shall be put to vote at the shareholders' meeting, for consultative purposes, and as a separate item of the agenda. Likewise, it shall be made available to the shareholders upon request at the relevant Meeting, and shall be published on the Company's web page on no later than such date.
  - (b) Should the Directors' compensation report be rejected in the consultative vote of any General Meeting, the compensation policy applicable to the financial year following the year in which the relevant meeting was held shall be submitted for approval to the General Meeting before its application, even if the maximum term of duration of such policy has not elapsed. The said policy need not be approved again if it has been adopted at the same General Meeting where the compensation annual report was consultatively rejected.
  - (c) The report shall also, as prescribed by law, report on the preparatory works and the decision-making procedures followed to establish the Directors' compensation policy, including the powers, integration of the Compensation Committee recommendations and, where appropriate, the identity of the external advisers whose services were retained to define the compensation policy.
2. Annual Report

The annual report shall individualize the compensation received by each Director as such, disclosing the relevant amount corresponding to each compensation item. The report shall also describe, individually and for each one of the items, the compensation corresponding to the executive duties entrusted to the executive Directors of the Company.

Similarly, the annual report shall, through a relevant chart or table, show a comparison of the evolution of the aggregate compensation of all executive Directors in the last financial year, differentiating the amounts received by them for performing duties of joint supervision and decision as members of the Board from those duties that differ from those of a member of the Board, the evolution of the Group's consolidated income statement, and the quoted price of the Company shares during the said period.

## 2.10. Duties of the Director

### 2.10.1 Directors' Obligations

A Director shall comply with the duties and obligations attached to his/her office as provided by the law, the Bylaws and this Code, including:

- i) Duty of care. Directors shall exercise their functions with the diligence of a good business person ("*en bon père de famille*"). Each Director shall be diligently informed about the business of the Company, dedicate to his/her position the time and effort required to carry it out efficiently; and shall adopt the accurate measures for the good management and control of the Company.

Directors shall inform the Board of their other professional obligations.

In the sphere of strategic and business decisions, subject to corporate discretion, the standard of diligence of a good business person shall be considered satisfied when the manager has acted in good faith, without personal interest in the matter under review, with sufficient information and in accordance with an adequate decision-making procedure.

Any decisions having a personal impact on other Directors and related persons shall not be considered included within the sphere of corporate discretion and, particularly, those that aim at authorizing transactions otherwise prohibited by the duty of loyalty mentioned under paragraph (ii) below.

- ii) Duty of loyalty. Directors shall exercise their functions with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company. In particular, they:
  - a) May not exercise their powers for purposes other than those for which they have been granted.
  - b) Shall keep confidential any information, data, reports or antecedents that have come to their knowledge in the exercise of their duties, even after having left office, except where required or permitted by law.
  - c) Shall refrain from participating in deliberations and voting of agreements or decisions where they or a related party has a conflict of interest, whether direct or indirect.
  - d) Shall conduct their duties under the principle of personal liability, with freedom of judgment or judgment and independence in respect of his/her instructions and relations with third parties.
  - e) Shall adopt the measures required in order not to incur in situations in which their interest, on their own behalf or on behalf of a third party, may conflict with the corporate interest and with their duties to the Company.

The duty to avoid situations of conflict of interest binds the Directors to refrain from:

- a) Engaging in transactions with the Company, except in the cases provided hereunder.

- b) Using the name of the Company or invoke their position as Director to unduly influence the performance of private transactions.
- c) Making use of the corporate assets, including the Company's confidential information, for private purposes.
- d) Taking advantage of the business opportunities of the Company.
- e) Gaining advantages or compensation from a third party other than the Company or its Group in connection with the performance of its office, except for gifts of mere courtesy.
- f) Carrying out activities on their own account or on account of a third party that represent a genuine competition, whether actual or potential, with the Company or would otherwise place them in a permanent conflict with the interests of the Company.

The foregoing provisions shall also apply in the case where the beneficiary of any prohibited acts or activities is a related party of a Director.

Exceptions are made for the cases authorized by the Company under the Law, the Bylaws and this Code. The said authorization shall be mandatorily agreed by the General Meeting when the purpose of the exception is to obtain an advantage or compensation from a third party, affect a transaction for an amount exceeding ten per cent of the corporate assets, or refers to the obligation not to compete with the Company. In the remaining cases, the authorization may be granted by the Board.

- f) Directors shall notify the Board of any situation of conflict, whether direct or indirect, that they or their related parties may have with the Company's interest. In any case, the situations of conflict involving the managers of the Company shall be reported in the annual report and the annual report on corporate governance.

The above shall not apply to such related-party transactions as, in accordance with this Code, require no prior authorization.

- g) Directors shall forthwith notify the Board of any circumstances related to them that may damage the credit or reputation of the Company and, particularly, the criminal cases in which they appear as defendants.
- h) Directors shall disclose any direct or indirect interest which they or their related parties may hold in the capital of a company that is an actual competitor.
- iii) Duty of passivity. Directors shall refrain from performing or suggesting to any person trading in securities of the Company or of its affiliates, associated or related companies of which they, by reason of their office, hold privileged or confidential information, so long as the information is not made public.

Finally, the Directors shall be subject to the provisions applicable to them under the Group's Code of Conduct.

The foregoing duties of loyalty and passivity shall also be applicable to the Secretary.

## **2.11 Relations of the Board**

### **2.11.1. Relations with the shareholders**

The Board shall define and promote a policy of communication of the Company with its shareholders, institutional investors and voting advisors. The Company shall publish this policy on its web page.

In no case shall these meetings with shareholders entail the provision of information that may give them a privilege or advantage in respect of the remaining shareholders.

All public requests of delegation of voting power by the Board or any of its members shall expressly indicate the direction in which the representative will vote in case the shareholder fails to give accurate instructions, all as prescribed by the Law.

The Board shall seek the informed participation of shareholders in the General Meetings, and shall adopt such measures as are deemed convenient so that the General Meeting may effectively exercise the powers conferred on them by the Law and the Company Bylaws.

Particularly, the Board shall make available to the shareholders, prior to the General Meeting, any information required by law. The Board, acting through the Secretary, shall answer in writing all written requests which, in the exercise of the right to information set out under the law, are submitted to the General Meeting by the shareholders sufficiently in advance.

Additionally, the Chairman of the Board shall inform the Ordinary General Meeting on the most significant matters of the Company's corporate governance for the fiscal year annual accounts which are put to vote by the Meeting.

Likewise, as established in the Code of the General Meeting, and through the Chairman or, where appropriate, as instructed by him, by the Chairman of the Audit Committee, any Director, the Secretary or, if deemed convenient, any employee or an expert in the matter, the Board shall, where appropriate according to the Law or the Bylaws, answer such relevant questions as are, in relation with the items of the agenda, made orally by the shareholders at the General Meeting. When the right of the shareholders may not be satisfied during the Meeting and, in any case, in relation with the requests put forward by remote attendees to the Meeting, the said information shall be delivered in writing within seven days from the adjournment of the Meeting.

Finally, the Board shall keep at the disposal of the shareholders an updated web page of the Company, in line with the regulations in force, where all information required by the law, the Bylaws or other regulations is available.

### **2.11.2. Relations with institutional investors**

Within the abovementioned policy, the Board shall also establish the appropriate mechanisms for regular exchange of information with institutional investors (that integrate the group of shareholders of the Company, and with voting advisors.)

In the frame of this policy, the Chairman shall be in charge of maintaining contacts with investors and shareholders to be informed of their points of view and form an opinion on their concerns,

particularly those related to the Company's corporate governance.

Accordingly, the Company shall, with the attendance of the CFO and the Investor Relationship Manager, and such other Directors and/or members of the Senior Management as are deemed proper, promote the holding of meetings to inform on the progress of the Company and its Group with shareholders residing in the most significant places.

The relations between the Board and the said groups may under no circumstances entail the provision to them of any information that might place them in privileged or advantaged position in respect of the remaining shareholders.

### **2.11.3. Relations with supervisors**

The Board will promote fluid relations with the relevant supervisory authorities, so that the Board, each of the Board members individually, the members of the Senior Management and the heads of the compliance and internal audit areas, among others, keep a cooperative attitude and are at the disposal of the said authorities to keep day-to-day communications, whether planned or spontaneous, and through any means of communication, including meetings in person, on various issues in connection with the Company.

### **2.11.4. Related-party transactions**

The Board shall be considered to have knowledge of any transactions entered into by the Company or companies of its Group with Directors (under the terms provided in the law and in article 30 of this Code), with significant shareholders, whether individually or in conjunction with others, of a qualifying holding, including shareholders represented in the Board of the Company or of other companies of the Group, or with persons related thereto. The performance of such transactions shall be authorized by the Board, upon a prior favorable report of the Audit Committee, except for the cases where the law establishes that such approval is to be given by the General Meeting. Such transactions shall be evaluated from the perspective of equality of treatment and market conditions, and shall be included in the regular public information, under the terms set out by the regulations in force.

The abovementioned authorization shall, however, not be required when it is related to transactions that comply with the three following conditions simultaneously:

- a. That they are related to agreements with basically standardized conditions, and are regularly applied to customers contracting for the relevant type of product or service;
- b. That they are made at prices and rates generally established by the supplier of the relevant product or service, or when such transactions are related to products or services for which no rates have been established, under customary market conditions similar to those applied in business relationships with customers of similar characteristics; and
- c. That the amount involved does not exceed 1% of the Company's annual income.

If all of the above conditions are met, the Directors involved shall not be bound to report the said transactions, or to obtain the prior authorization of the Board.

Exceptionally, for reasons of urgency, related-party transactions may be authorized by the Chairman by suggestion of the CEO, and later ratified by the Board.

### **2.11.5. Relations with the markets**

The Board shall immediately inform the public about:

- a. Any relevant facts that may have a material impact on the price formation of the price of the shares of the Company.
- b. Any changes that may significantly affect the structure of the Company's shareholding.
- c. Any material changes to the Company's governance rules.
- d. Any related-party transactions of special relevance with the members of Board of Directors.

The Board shall adopt any measures required to ensure that the quarterly, half-yearly and any other financial information made available to the markets is prepared in accordance with the same professional practices, principles and criteria used to prepare the annual accounts and have the same degree of reliability. In this regard, the said information shall be reviewed by the Audit Committee before disclosure.

The Board shall annually prepare and make public a corporate governance report, as prescribed by the Law.

The following information on the Directors shall be published and kept updated in web page of the Company:

- (a) Personal and professional profile.
- (b) Other Management Boards, of listed companies or otherwise of which such Directors are members, as well as any other compensated activities in which they participate, of whatever nature.
- (c) Their category of Director, stating, in the case of executive Directors, the shareholder they represent or with whom they are related.
- (d) Dates of their first and subsequent designations as Directors.
- (e) Shares of the Company and share options held by Directors..

The monitoring of the content to be published on the website will be the responsibility of the legal department of the Company.

#### **2.11.6. Relations with the external auditor**

Relations of the Board with the external auditor of the Company shall be conducted through the Audit Committee.

Notwithstanding the above, the external auditor shall attend the meetings of the Board at least once a year to submit the relevant report, so that all Directors are fully informed on the content and conclusions of the audit reports related to the Company and the Group. In this regard, one of such meetings shall serve for the external auditor to report on the work performed and on the progress of the financial situation and risks of the Company.

The Board shall not hire any audit firms where the fees that the Company expects to pay them

for all services exceed the limits legally established at any time.

No services, other than auditing, shall be contracted with the external audit firm insofar as they may compromise its independence.

The Board shall make public the overall fees paid by the Company to the external audit firm for services other than audit services.

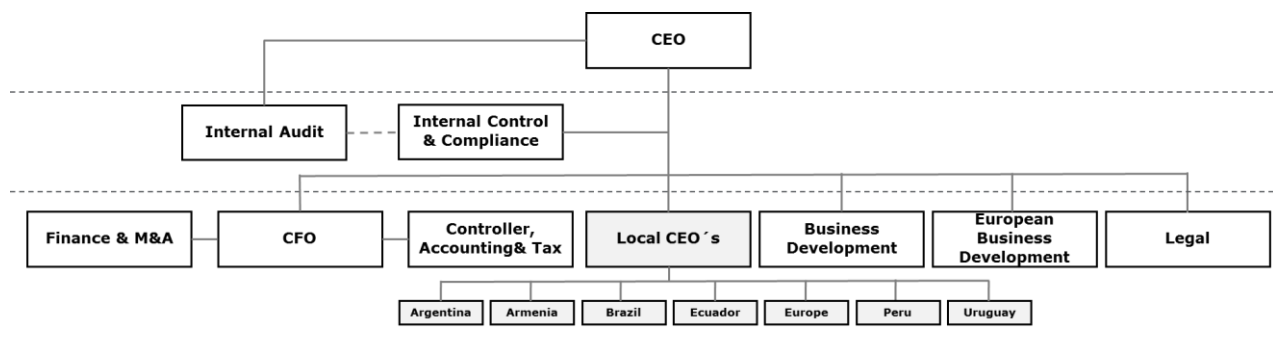
The Board shall endeavor to approve the accounts so that no qualifications are made by the external auditor. However, should the Board consider that it must uphold its position, it shall publicly explain, through the Chairman of the Audit Committee, the scope and content of the discrepancy and shall also seek to ensure that the external auditor also communicates its considerations on the matter.

### 3. Senior Management

The Senior Management responsibilities are focused on the implementation of policies, procedures, processes and controls required to manage the transactions and risks in a sensible manner, in order to comply with the strategic objectives and risk appetite set out by the Board, and on ensuring that the Board receives relevant, full and timely information to assess the management and analyze whether the responsibilities entrusted to the Senior Management are being efficiently complied with.

In general, the Senior Management shall be considered the team made up of the member of the Board and/or the Executive Committee, including the Chief Executive Officer (CEO) and the relevant reporting lines, who are jointly responsible for executing the Company's strategy.

In this regard, the Senior Management consists of: the member of the Committees of the Board as well as the local CEOs of the Group companies.



#### 3.1. Local CEOs

The local CEOs shall be appointed by the Chief Executive Officer (CEO), seeking to ensure that their skills and abilities meet the criteria required to perform their duties effectively and efficiently.

The local CEO's main duty shall be to ensure the effective and efficient implementation of the



strategy of the Group in the subsidiary for which his / she is responsible, guaranteeing the due compliance with all the liabilities of the Group in relation with the specific license or business for which it was created.

To fulfill its mandate, the local CEO shall have the following duties:

- Assess and submit for the approval of the Chief Executive Officer the strategy of the managed company;
- Prepare the annual budget and submit it for the approval to the Chief Executive Officer;
- Implement the strategy of the relevant company in accordance with the policies approved;
- Coordinate with the Chief Executive Officer the policies in common with other companies of the Group;
- Participate in the Group’s decision tree according to the authorizations Policy;
- Follow-up and monitor the results of the relevant company and report to the Chief Executive Officer;
- Conduct the relationship with the local regulator and supervisor whether of the license in issue or other aspects of the business; and
- Appoint the management and support structure required to efficiently perform the above duties, particularly those necessary to meet the local regulation requirements;
- Manage the subsidiary with autonomy, within the duties conferred on it.

It will report directly to the Chief Executive Officer (CEO) and shall jointly determine the efficient means of communication between them.

### **3.2. Business development and European Business development**

The Business Development Manager and the European Business Manager shall be appointed by the Executive Committee (on recommendation of the Chief Executive Officer (CEO)) seeking to ensure that their skills and abilities meet the criteria required to perform their duties effectively and efficiently.

The main duty of business developers is to directly assist and participate in identifying, assessing and obtaining investment or divestiture prospects of the Group internationally. In particular, the European Business Manager shall have under its aegis the development of the Group within the boundaries of Europe, and the Business Development Manager in the rest of the jurisdictions where the Group intends to operate.

To fulfill their mandate, Development Managers shall have the following duties:

- Be in charge of the proactive analysis of the Group’s investment or divestment prospects in the different territories, in accordance with the investment or divestment policy established by the Board;
- Formulate investment / divestment strategies, with an analysis of business opportunities and risks;
- Submit for approval by the Acquisitions and Business Development Committee the investment / divestment strategies;

- Assess financing structures in line the business and/or acquisition prospects proposed (specifically coordinating the said activities with) to the Finance & M&A Manager;
- Participate in the investment / divestment process in order to ensure compliance with the policies approved by the Acquisitions and Business Development Committee; and
- Suggest to the Acquisitions and Business Development Committee the way to manage the new investments, for which they may ask / contract the assistance they may deem appropriate.

### **3.3 Chief Financial Officer (CFO)**

CFO shall be proposed by the Chief Executive Officer (CEO) and be designated by the Board with a view to ensuring that his/her skills and abilities meet the criteria required to perform his/her duties effectively and efficiently.

CFO is the executive responsible for providing the necessary information required by the markets, regulators and supervisors of the Group, as well as for evaluating and certifying the internal control model.

Based on the foregoing, the CFO shall be the executive in charge of preparing, signing and filing in a timely manner all certifications required to provide public information on the Company and its internal control system.

His/her duties are supported by the Internal & Control Compliance Officer (who reports to the CEO) and the Accounting, Internal Controls, Compliance and Tax Manager and the Finance & M&A Manager, who report to the CFO.

#### **3.3.1. Internal control & compliance**

The main responsibility of the Internal Control & Compliance Officer is to ensure to the CEO and CFO an effective and efficient operation of the internal control, so that they may perform the certifications set out under the existing regulations in a reasonably secure environment.

The Executive Committee (on recommendation of the Chief Executive Officer (CEO)) shall designate the Internal Control & Compliance Officer, seeking to ensure that his / her skills and abilities meet the criteria required to perform his/her duties effectively and efficiently. For an effective coordination of the control activities and risk management of the Company and its subsidiaries, he/she shall coordinate his activities with the Chief Executive of the Internal Audit (CAE).

In this regard, he / she shall have the following duties:

- Conduct the evaluation and certification process of the internal control model according to the provisions of Sections 302 and 404 of the Sarbanes Oxley Act, including:
  - ensure that the internal control model complies with the regulatory requirements set out by the Securities Exchange Commission and the PCAOB;
  - support the elaboration of the risk map of the Company and its subsidiaries
  - establish a documentation and certification methodology;
  - Lead the testing required to comply with Section 404; and
- Oversight over the segregation of duties of key processes.

- Carry out actions for the formation and dissemination of internal control & Ethics matters;
- Establish the necessary relations with External and internal Auditors and Supervisors on matters within his purview;
- Supervise the internal control systems / applications;
- Generate a scorecard of control with an assessment of the efficiency of the control environment and its progress;
- Proactively identify any significant control weaknesses, as well as the definition and monitoring of action plans (including the weaknesses in the internal audit report);
- Analyze the most relevant recommendations of auditors and supervisors, incorporating the conclusions to the internal control model and, therefore, to the internal control scorecard;
- Present to the Audit Committee, when required and in coordination with the CAE, any significant internal control weaknesses, defined action plans and the degree of progress of implementation thereof;
- Collect the periodic reports from the Internal Control officers in the Group's subsidiaries; in this regard, the said officers shall directly report to the CEO to ensure the performance of their duties in accordance with the needs of the structure.
- Manage the compliance with the Ethics Program; and
- Build with the Chief Audit Executive (CAE) the claims and complaints systems about possible violations of the Code of Conduct.

The Internal control & Compliance Officer will report to the CEO.

### **3.3.2. Accounting, Planning & Tax**

The Accounting, Internal Controls, Compliance & Tax Manager shall be designated by the Executive Committee (on recommendation of the Chief Executive Officer (CEO)), with a view to ensuring that his/her skills and abilities meet the criteria required to perform his/her duties effectively and efficiently.

His/Her main duty shall be to lead the ordinary financing and investment management of the Group, prepare and submit the information required to any third party and assess the progress of the Group's businesses, as well as to control the management of the business and the status of the budget.

To fulfill its mandate, it shall have the following duties:

- Financial Accounting
- Analytical Accounting
- Budget Preparation & Follow up
- Prepare the financial statements of the Company and of the Group in accordance with the accounting principles adopted by the Company and the Group.
- Management of the Group's ordinary financing and investment
  - Examine and suggest policies and restrictions on the Group's financing and investment;
  - Submit to the approval of the Executive Committee the abovementioned policies;
  - Implement, together with the managements of each of the Group's companies, the abovementioned policies, which entails:
    1. Negotiating with stakeholders any financing / investment alternatives.
    2. Submitting to the Management any financing / investment alternatives obtained in previous negotiations.

3. Approving financing /investment alternatives according to the Authorizations Policy.
- Information on management / to third parties
    - In charge of preparing and submitting information on management and to third parties.
    - In charge of discussing and analyzing reports from related external parties: external auditor, credit rating agencies, investors and shareholders.
    - In charge of analyzing accounting practices and policies, and coordinate their implementation.
  - Budget and management control
    - In charge of controlling the management of the Group, analyzing the management information and ask the relevant clarifications to the General Managements of the Group's companies.
    - Management of fiscal policy.
    - Responsible for preparing the Company's tax returns and filing same within the statutory deadlines.
    - Responsible for making fiscal policy proposals to the Executive Committee for its approval.
    - Responsible for ensuring the interests of the group strictly respecting the tax regulatory requirements of the group and each subsidiary that it part of it.
    - Responsible for analyzing and proposing viable alternatives in the matter in new investments / divestments to the Acquisitions and Business Development Committee.
  - Management of the relations with investors
    - In charge of the information submitted to investors and to disclose such information through the relevant media.
    - Attention to investment inquiries.
  - Take part in the Group's decision tree according to the Authorizations Policy

### **3.3.3. Finance & M&A Manager**

The Finance & M&A Manager shall be designated by the Executive Committee (on recommendation of the Chief Executive Officer (CEO)), with a view to ensuring that his/her skills and abilities meet the criteria required to perform her / his duties effectively and efficiently.

It shall be in charge of providing analysis and proposals to the Acquisitions and Business Development Committee on the appropriate financing structures to handle the risks involved in new investments / divestitures of the Group. It will also be in charge of everything related to the restructuring of large business debts.

### **3.4. Legal**

The Legal Manager shall be designated by the Executive Committee (on recommendation of the Chief Executive Officer (CEO)), with a view to ensuring that his / her skills and abilities meet the criteria required to perform his/her duties effectively and efficiently.

The Legal Manager shall have the duty to handle any legal affairs arising from the Company's activities, in accordance with its internal regulations, and the relations with the stakeholders.

Likewise, he / she shall cooperate in obtaining the said objectives by providing legal counsel, representation in litigation proceedings and in negotiations, and in preparing legal documents for the Board and other bodies within the Company, where appropriate.

To fulfill its mandate, he/she shall have the following duties:

- Provide legal advice and counsel (through oral or written opinions) to the Company's bodies (more frequently, although not exclusively, to the Meeting of Shareholders, the Board, the Executive Committee (including the CEO) and the Acquisitions and Business Development Committee, in relation with corporate internal regulations, administrative law, labor law, contract law, aspects of public and private international law, legislation, rules, practices and procedures of other international organizations, insolvency laws, labor compensation, personal injuries, constitutional law, data protection laws and other domains of the law, upon request.
- Provide legal counsel to the Company and its advisors in the drafting of the Company's legal documents, including the writing of codes, executive orders, instructions and other administrative provisions.
- Represent and defend the Board and other corporate bodies in case of litigation.
- Supervise and advise the local Legal Managers.
- Execute special projects for the Board, upon request.
- Monitor the content to be published on the website to ensure legal compliance.
- Ensure compliance with the stock exchange regulations and reporting requirements of exchanges on which the Company's shares are listed.

#### **4. Internal Audit**

The Company adopts the definition given by the Institute of Internal Auditors, which defines Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Company is committed to keeping high internal control standards both in the Company itself and in its subsidiaries.

In this regard, the Internal Audit has been designed to carry out ongoing assessments, being a policy of the organization to establish and support the Internal Audit activity.

The Internal Audit shall have the structure required, both at Group level and in the relevant subsidiaries that permit the performance of its duties. In this context, the mission of the Internal Audit is to evaluate if the risk management process, control and governance, designed and applied by the organization, are adequate and work in a way that guarantee that:

The risks are identified and administrated correctly, including those that impact the organization's reputation.

The interaction between the diverse government groups functions properly.

The integrity program is implemented.

The financial, management and operational information is accurate, reliable and timely.

Employee actions comply with applicable policies, rules, procedures, laws and regulations.

Resources are acquired economically, used efficiently and are adequately protected.

Relevant legislative or regulatory issues affecting the organization are recognized and addressed appropriately.

Likewise, it is a consultation source, as far as it does not commit its independence.

In order to comply with its tasks, the Chief Executive of the Internal Audit (CAE) will have:

- Independence: To ensure its independence and the independence of its staff, its staff will report to the CAE. The CAE reports administratively to the CEO and functionally to the Audit Committee with regard to audits of the control system on financial statements. In addition, the CAE will not be able to carry out operational activities, take operational decisions or authorize transactions other than those of its area.
- Total, free and unrestricted access to all the activities of the organization, reports, records, properties and employees.
- Full and direct access to the Audit Committee and External Auditors.
- Ability to allocate resources, establish frequencies, select auditable objects and units and apply the required techniques to achieve the audit objectives.
- Obtain the required assistance from the Audit Committee, the Executive Committee (including the CEO), and employees of the Company and its subsidiaries which are members of the Senior Management as described in section 3 hereof, as well as internal and external specialized advice.
- Implement procedures to delegate the previous authorities to the Internal Audit staff, to guarantee the performance of the responsibilities of the Department.
- Attend the meetings of the steering Committees that he/she deems necessary.

To fulfill its functions, the CAE must:

- Develop a flexible annual audit plan using an appropriate methodology based on risk.
- Implement the annual audit plan, which includes, as appropriate, the tasks or special projects requested by the management and the Audit Committee.
- Adapt his team to the required professionalism, experience and probity.
- Issue periodic reports to the members of Senior Management as described in section 3 hereof and to the Audit Committee regarding reports that have or may have an impact on the financial statements.
- Assist in the investigation and analysis of relevant suspicious fraudulent activities and report the results to the CEO, and in relation to accounting matters or matters related to the internal audit on financial reports or the internal control systems on financial reports, to the Audit Committee.

- Advise management on internal control issues, especially critical risks, critical system changes, structure and critical reporting observations.
- Implement internal procedures that regulate their actions.
- Periodically review the Corporate Governance Code that regulates its activity, submitting the considered adjustments to the CEO and the Audit Committee for review and approval.
- Control the proper implementation of the Company's Anti-Bribery and Corruption policy.