



Rules of Procedure for the Board of Directors

Chapter 2.2.1 of the [Corporate Governance Code](#)

2.2.1. Rules of Procedure for the Board of Directors¹

Article 1-. Composition of the Board of Directors

The Board of Directors is the Company's highest management body. It is comprised of nine (9) members elected by the General Meeting of Shareholders, of which, at least three (3) must be independent members, as established in Law 964/2005 and in any regulations adding to or amending said law, and pursuant to this Code.

The Company CEO is not a Board Member, but must attend all Board meetings, having a voice but no vote, and shall not receive any special remuneration for attending said meetings. In any case, the Board of Directors may validly meet, deliberate and decide without the presence of the CEO. Nevertheless, said person may be a Board Member if elected by the General Meeting of Shareholders, and when elected, he/she will have the same rights and privileges as the other Board Members.

Article 2-. Election of the Board of Directors

At the meeting held on February 10, 2015, the Board of Directors approved the Board of Directors Election and Succession Policy, which was issued upon the adoption of the measures introduced in the Best Corporate Practices Code (*Código País*), and was submitted for consideration at the Company's Ordinary General Meeting on March 17, 2015. The policy can be consulted in Section 2.2.2 of this code.

Article 3-. Term of Board Members

The appointment of Board Members shall be for periods of two (2) years, but they may be reelected indefinitely and dismissed freely by the General Meeting of Shareholders at any time.

Article 4-. Functions

The Board of Directors must ensure that its activities are carried out harmoniously with the Stakeholders and seeking the balance of economic, environmental and social aspects. Specifically, it shall have the functions established in Article 34 of the [Company Bylaws](#) regarding:

- a) Company strategy
- b) Corporate governance

¹ Approved by the Board of Directors at its meeting on October 30, 2007, as stated in minute No. 779 of the same date.

- c) Risk management and control
- d) Conflicts of interest and transactions between related parties
- e) Financial and investment management
- f) Operation of the Board
- g) Company administration
- h) Company financial and non-financial information
- i) Company shares

Notwithstanding the autonomy of the subsidiaries' governing bodies, every time that the Company acts as the Parent Company of a Corporate Group, these functions of the Board of Directors have a group approach and are executed through general policies, guidelines or requests for information that respect the balance between the Parent Company's interests and the interests of the subordinates.

Article 5-. Chairman of the Board

For the term of the period for which it has been elected, the Board of Directors shall appoint a Chairman from its members, who shall lead the meetings and direct the deliberations and work of the Company. In absence of the Chairman, the meetings shall be led by one of the members attending the meeting, appointed *ad hoc*. Any person who is the Registered Agent of the Company may not perform the role of Chairman of the Board. The Chairman of the Board of Directors shall have the functions set forth in Article 31 of the [Company Bylaws](#).

Article 6-. Board of Directors Secretary

The Company shall have a General Counsel, who can be freely appointed and dismissed by the Board of Directors, and who shall also act as the Secretary of the General Meeting of Shareholders and of the Board of Directors. The General Counsel is responsible for supporting the proper running of the Board of Directors meetings and for ensuring compliance with its corporate governance rules and procedures.

As well as the special functions assigned to the General Counsel by the Board of Directors or the CEO, the General Counsel shall have the functions and responsibilities set forth in Article 43 of the [Company Bylaws](#).

Article 7-. Announcement

With the General Counsel and the Company CEO, the Chairman of the Board shall prepare a work plan for the Board of Directors and its Board Committees for each period, which shall be submitted for the consideration of the Board.

Once the work plan is defined, through the General Counsel, the Chairman of the Board of Directors shall announce a meeting for the Board Members by any written means, as follows:

Ordinary meeting:

The announcement shall be made at least five (5) calendar days in advance, accompanied by the documents or information related to each point on the meeting agenda, so that the members can actively participate and make reasonable decisions. With the support of the Secretary of the Board, the Chairman of the Board shall assume the ultimate responsibility of ensuring that the members receive the information sufficiently in advance and that the information is useful. For that reason, quality must prevail over quantity in the set of documents to be submitted.

Extraordinary meeting:

The announcement of extraordinary meetings shall be made at least one (1) day in advance. However, with the attendance of all the current members, the meetings may validly deliberate in any place and adopt decisions without the need for a prior announcement. Similarly, the announcement of extraordinary meetings may be made by the same Board by two of its members, the Company CEO or by the Statutory Auditor.

Article 8-. Meetings

Meetings shall be held at the administrative offices of the main Company's headquarters or in the place agreed by the Board of Directors.

The Board of Directors shall have ordinary meetings at least eight (8) times a year, but it may also hold extraordinary meetings.

In the cases and with the requirements established by law, the deliberations and decisions of the Board of Directors may be executed through simultaneous or successive communication between its members, for example, by telephone, fax, radio or any adequate form of sending and receiving audible messages or visible images.

Additionally, decisions may be adopted by absentee ballot in writing issued by its members in the same document or in separate documents, which clearly record the direction of the vote issued by each member, provided that the document or documents are received by the

Chairman of the Board or by the Registered Agent within a maximum term of one (1) month counted from the date of the first communication received.

The Board of Directors must focus at least one of its meetings on the definition and monitoring of the Company's strategy.

Article 9-. Agenda

The agenda shall be established clearly and precisely for each meeting and shall be accompanied by the necessary information or documents so that members can actively participate and make reasonable decisions.

The agenda may be amended with two (2) calendar days' notice of the date of the meeting, even after the announcement is made, if in the opinion of the Chairman and Secretary of the Board, the importance of the matters to consider requires this. Additionally, the agenda may be amended during the meeting, eliminating or adding topics upon the request of any of the other Board Members to the Chairman, who shall submit this for the consideration of the Board of Directors. In all cases, the new topic to address must not be one that requires meticulous and in-depth study by the members, unless that for reasons of urgency it must be addressed without delay.

Article 10-. Quorum and Majorities

The Board of Directors may validly deliberate with the presence of five (5) of its members, and this same majority of votes shall be necessary to approve the decisions, except in cases in which the Company Bylaws or legal provisions require a special majority.

If there is a potential Conflict of Interest (understood as the definition provided in Article 23 of Law 222/1995, as well as any other regulation that adds to, amends or replaces it in the future) arises, as a result of which one or several of the Board Members must abstain from participating in the deliberation and voting, the quorum shall be comprised of the Board Members who were not implicated in the potential Conflict of Interest, and the decisions shall be adopted with the simple majority of them, provided that the quorum for decision-making required by law is met. Failing this, the decision that generates the possible Conflict of Interest must be submitted for the consideration of the General Meeting of Shareholders.

The cases of Conflicts of Interest of Board Members must be processed pursuant to the Conflicts of Interest Policy contained in the [Code of Ethics and Behaviour](#), as well as in the Company Bylaws.

Article 11-. Minutes

Minutes shall be taken for all the meetings and decisions adopted by the Board of Directors, which shall be recorded in the book of minutes registered in the Chamber of Commerce of the Company Headquarters, pursuant to the Code of Commerce.

The minutes shall be signed by the Chairman of the respective meeting and by the General Counsel, or by the acting secretary of the meeting, or, if it is a non-face-to-face meeting, by the Legal Representative and General Counsel of the Company, or, in the absence of the latter, by any of the Directors. In all cases, the minutes shall be subject to approval at the next Board meeting, except when the same Board establishes their approval in the same meeting or through a commission that it expressly appoints for said purpose.

The studies, arguments and other sources of information that decisions were based on, as well as all the reasons for and against that were taken into account to make the decisions must be recorded in the minutes of the Board meetings.

Article 12-. Rights of Board Members

Without prejudice to the rights that by virtue of the applicable law correspond to the social administrators, the members of the Board of Directors have the rights that are outlined below:

- **Right of information:** Members have the right to receive complete and timely information for adequate fulfillment of their functions. The foregoing under the understanding that the information must be provided to the Board of Directors as a collegiate body and not to its members individually considered.
- **Right to induction and ongoing training:** Upon being appointed to the Board of Directors for the first time, the Company shall provide the members with an induction in order to give them exhaustive knowledge of the Corporate Group and its businesses and of the functions that they will perform in exercise of their position. Additionally, when the Company deems it appropriate, it shall provide the training required to carry out their work.

- **Right of remuneration:** Board Members shall have the right to receive the remuneration established by the General Meeting of Shareholders, as well as compensation for the in-person or distance meetings they attend.

Article 13-. Duties of the Board Members

Without prejudice to the duties of conduct that social administrators must observe by virtue of the applicable law, the members of the Board of Directors must observe the following duties:

- **Duty of diligence or care:** without prejudice to the broad business discretion they have for the exercise of their functions, the members of the Board of Directors must:
 - Fulfill the functions of their position established by law, in the Company, in the Corporate Governance Code, in the Rules of Procedure for the Board of Directors and in other applicable rules.
 - Fully respect the Company's corporate governance regulations and encourage the adoption, development and strengthening of best corporate practices.
 - Attend the meetings of the Board of Directors and the Board Committees they belong to.
 - Be sufficiently informed to make the decisions that are within their competence.
- **Duty of confidentiality and secrecy:** Maintain confidentiality of information and documentation to which they have access in exercise of their position, as well as abstaining from using it for their own benefit or that of a third party, under all the parameters that the law and this code establish for said issues.
- **Duty of loyalty:** Board Members must give priority to the best interests of the Company and its Shareholders over their own interests or those of third parties.
- **Duty of non-competition:** Board Members must not directly or indirectly participate in activities that compete with the Company, nor take

advantage of the Company's business opportunities that they learn through their position.

- **Duty to not use the Company's assets:** Board Members may only use the Company's resources for the development of its corporate purpose and to meet its interests.

Article 14-. Board of Directors Performance Assessment Mechanism

The Board of Directors, as well as each one of its Committees, shall annually carry out an assessment process to assess:

1. The qualities of the members of the Board of Directors and its Committees
2. The individual performance of each member
3. The overall performance of the respective governing body

It shall also alternate between internal assessments and external assessments by independent consultants.

Article 15-. External Consultants

The Board of Directors may hire an independent external consultant to help with necessary opinions for the adoption of specific decisions, which due to their nature warrant this, and under the following conditions:

- They must be special topics that are not within the Board Members' scope or knowledge.
- The consultant must have the experience and professional standing required for said purpose.
- The consultant must assume the commitment to maintain confidentiality of the topics consulted and the information provided for development of the contract.

The Company may allocate a budget entry for the purposes of the aforementioned.