



GOOD GOVERNANCE CODE



GRUPO ARGOS

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Grupo Argos S.A. (hereinafter “Grupo”), incorporated under the laws of Colombia on February 27, 1934 and having its main place of business in Medellín is the parent company of the Grupo Empresarial Argos, made of various companies having their main place of business both in Colombia and abroad.

The permanent search for the creation of value for shareholders, together with the implementation of adequate social responsibility systems, the development of human talent and the respect for the environment are of the utmost importance for Grupo; consequently, its management includes the means required to convey such values to its related parties and ensure compliance therewith.

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GOOD GOVERNANCE CODE



This code is our best letter of presentation to the shareholders, the stock market and the society at large. It contains the business principles of Grupo, so that those interested in investing in securities issued by the Company know the Management's commitment to good corporate governance.

Consequently, this Good Governance Code aims at adopting measures with respect to the governance of the Company, the managing practices and the behavior of its employees, handling of its information, public knowledge of its management, ensuring respect for the rights of those who invest in Company shares or any other securities it issues.

CHAPTER I

RELATIONS WITH SHAREHOLDERS AND OTHER INVESTORS

Every shareholder has, among other, possibility of exercising his rights, making observations to the Management, and requesting modifications or making lawful proposals that are pertinent for the best performance of the Company.

For respect deserved by its shareholders and investors, Grupo:

- a. Recognizes and defends their rights.
- b. Provides them with relevant information for their decisions.
- c. Plans and holds assemblies in such a manner that all shareholders may attend.
- d. Gives a fair and equal treatment to all of them.

1. General rights for shareholders and investors

In addition to rights established in the legislation and the Company's bylaws, the shareholders and investors of Grupo are entitled to:

- a. Having access to public information of the Company in a comprehensive and timely manner, as well as receiving information that allows them making decisions on their investment in Grupo.
- b. Requesting to the Management of the Company authorization to commission specialized audits, at the expense and under the responsibility of the shareholder or investor, taking into account:
 - Specialized audits will be conducted during the elapsed period between the notice of meeting and the working day prior to the date on which the Ordinary General Assembly of Shareholders is to be held.
 - For no reason, under the pretext of the specialized audits, the rights of the Company, its information, contracts that provide

competitive advantages and in general, all documents that are considered privileged or reserved or property of third parties will be infringed.

- Pursuant to legal and statutory provisions, in no case the audits shall affect the autonomy of Management.
- The request to perform specialized audits shall be in writing, indicating in detail the grounds to carry out the audit, specific audit topics and duration. People hired must be qualified professionals meeting the same qualifications required to be Statutory Auditor of the Company.

Paragraph. Investors may request specialized audits according to the nature of their investments, bearing in mind the above rules and provided that at least, individually or jointly, they have 15% or more of the relevant issuance of securities.

2. Specific rights of the shareholders

- a. Transferring their shares pursuant to the provisions established by the law, the corporate bylaws and shareholder agreements, if any; being aware of the share registration methods and the identity of the major shareholders of the Company, pursuant to the law.
- b. In the case of shareholders with voting rights, participating and voting in the General Assemblies of Shareholders for the making of the relevant decisions, as well as for appointing the corporate bodies and individuals they must elect according to the law and the bylaws.
- c. Making recommendations on the good governance of the Company.
- d. Participate in the benefits of the Company, in proportion to their shares and under the conditions set forth in the rules for issuance and placement of shares, as appropriate.

- e. Should differences arise among shareholders, or between shareholders and the Management, the shareholders may refer the dispute to the Panel of Arbitrators foreseen in Grupo's bylaws.

3. Fair treatment to shareholders and investors

In order to assure a fair treatment to all shareholders and investors, Grupo will meet these rules:

- a. The Board of Directors will make sure that all shareholders and investors of the Company have a fair and equal treatment, regardless of the number of shares or securities they own, and consequently it will guarantee: that each of them obtains a timely and comprehensive response to concerns arising from issues which disclosure is mandatory, or not forbidden by confidentiality limitation pursuant to the law or under the contract; the issuance and cancellation of titles representing their shares of stock, if any; and the full and timely payment of Company dividends or yields, among other, pursuant to the guidelines of the relevant corporate body.
- b. The following are prohibitions set upon Grupo's officers and Directors in order to ensure that they give a fair and equal treatment to all shareholders. Consequently they shall be prevented from:
 - Encouraging, promoting or suggesting to the shareholders granting powers of attorney where the name of the proxy that will attend the Assembly of Shareholders is not clearly defined.
 - Receiving special powers of attorney from shareholders prior to the calling of general meetings.
 - Admitting as valid powers of attorney granted by the shareholders without meeting legal requirements; that is to say, the powers of attorney shall be in writing, stating the name of the proxy, the person who may stand in for him/her, if applicable, and the date or time of the meeting. Legal

entities granting powers of attorney shall provide a certificate of incumbency recently issued pursuant to the law.

- Suggesting or deciding on the names of those who will act as proxies during the general meetings of shareholders.
- Recommending the shareholders to vote for a given list to integrate the Board of Directors.
- Suggesting, coordinating or agreeing with any shareholder or with any of shareholders' representatives the presentation to the Assembly of Shareholders of proposals that are to be submitted to its consideration.
- Suggesting, coordinating or agreeing with any shareholder or with any of shareholders' representatives the voting in favor or against any proposal presented for consideration thereof.

The behaviors described above are also forbidden wherever they are carried out through a third party.

In accordance with the bylaws, the Management and employees of Grupo shall not act as proxies representing shares other than their own at the meetings of the General Assembly of Shareholders, or delegate the powers of attorney granted to them. Neither shall they vote, even with their own shares, the decisions aiming at approving the balance sheet and the accounts at the end of the period or those regarding liquidation of the Company.

In any event, the Management and employees of Grupo may exercise the political rights inherent to their own shares and those they represent in the capacity of Legal Representatives. The manager who at the same time is a shareholder of Grupo, who decides to represent his/her own shares in a meeting of the Assembly of Shareholders, or being represented at the same by granting a power of attorney to a third party, shall expressly inform his/her condition at the time of requesting his/her credential or shall mention it in the respective power of attorney, to the effect that his/her vote shall not be counted during the approval of financial statements.

- c. Through its website, it will disclose the rights and obligations inherent to the capacity of shareholder or investor.
- d. Through its website, it will disclose the classes of shares and securities issued and under reserve.

CHAPTER II

OPERATION RULES OF THE GENERAL ASSEMBLY OF SHAREHOLDERS

The General Assembly of Shareholders is the highest corporate body made up by the shareholders of the Company. It shall hold an ordinary meeting once a year and as many extraordinary meetings as required to properly comply with the duties assigned thereto by Corporate Bylaws.

The provisions of the law, the corporate bylaws and this Code govern the operation and convening of the Assembly.

1. Information for the General Assembly of Shareholders

- a. The shareholders shall be provided with the required information to participate and make decisions at the General Assembly of Shareholders. Such information shall include, among other:
- b. Shareholders shall be informed about date, time and place where the meetings will be held, specifying in each case the agenda to be discussed.
- c. During the meeting notice period, documents relating to the meeting shall be made available to the shareholders for inspection at the website and at the Secretary General's Office of the Company, including the minutes of the previous meeting.

During the same period, at the express written request of any shareholder, copy of the documents specified in the request related to the meeting shall be made available at any place where the Company has administration offices.

- d. When election of members of the Board of Directors is expected during the meeting, the information at the disposal of the shareholders shall contain the names of the nominees to integrate such a Board. To that end, the shareholders shall submit their candidates for Board members at least 5 business days in advance to the date of the meeting.

Copy of the résumés shall be attached to the proposal of candidates for Board members, as well as the Statement of Independence signed by Independent Members.

- e. Financial information of subsidiaries shall be made available to

the shareholders during the meeting notice period.

- f. The Company shall have available for shareholders electronic means that allow disclosing the development of the meeting in real time, so that shareholders who cannot attend become aware of what happens in it.

2. Convening

Notice of ordinary meeting shall be given at least 20 working days in advance and at least 10 calendar days in advance for extraordinary meetings. Notice shall be given using the means of communication set forth in the bylaws as follows:

- a. Convening as well as the relevant information for making decisions that may be known by the public in general shall be disclosed on the website of the Company.
- b. Without affecting the right of shareholders to submit their proposals during the development of the meetings, different issues to be approached shall be disaggregated in such a way that they do not get confused with others, giving the agenda a logical sequence of topics, except those that must be jointly discussed for having connection between them, a fact that shall be made known.

In no event the notice of the meeting shall contain words such as “Various” or “Other Matters” or the like, that may prevent knowing exactly what subjects will be discussed at the meeting. The foregoing without prejudice that a point for shareholders to submit proposals they consider relevant is included.

- c. In the events where the Assembly is expected to address a substantial change of the corporate purpose, the waiver of preference rights to subscription ordinary shares, the change of the main place of business, the anticipated dissolution or the segregation from the Company, such issues shall expressly be indicated in the convening notice.

Additionally, in those cases the right to withdraw shall be recognized under the same terms and conditions as set forth in the law for events such as mergers and divestments.

3. Voting

As a general rule, decisions made by the Assembly shall be adopted by majority of votes corresponding to shares represented at the meeting, taking into account that each share shall be entitled to one vote, with the exceptions established by the law and the corporate bylaws.

4. Representation

The shareholders may be represented before the Company to deliberate and vote in the General Assembly of Shareholders, to collect dividends and for any other purpose, by means of power of attorney granted in writing, pursuant to the law and in compliance with the terms and conditions established by the corporate bylaws.

During the meeting notice period, the Company shall post the rules to grant powers of attorney on the website, detailing the conditions required for validity thereof.

¹ For the purposes of this Code, segregation shall mean the transaction by means of which one company, known as the "segregating company" devotes one or several portions of its assets to incorporate one or several companies or to increase the capital of existing companies known as "beneficiary companies". As consideration, the segregating company receives shares, quotas or parts of interest in the beneficiary company.

A contribution in kind shall only be deemed to be segregation if as a result thereof a business line or trade establishment is delivered or a significant change in the corporate purpose of the segregating company takes place.

A significant change in the corporate purpose of the segregating company is deemed to have taken place wherever the net value of the assets is equivalent to, or higher than, 25% of the equity of the relevant company, or wherever the assets contributed generate 30% or more of the operating revenues thereof, based on the financial statements of the immediately preceding period.

5. General Assembly rules

For purposes of the proper functioning of the meeting, the following rules must be adhered to:

- a. The meeting shall be conducted following the agenda provided in the notice. Upon exhaustion of the agenda, at the request of any shareholder, the inclusion of new issues may be proposed, which will be discussed only if approved by a majority of votes present.
- b. When there is a need to create committees for approval of minutes, verification of ballots or similar events, and such committees are not elected by unanimous vote, the electoral quotient system shall apply.
- c. Once all items of the agenda have been read and before they are put up for vote, the Chair will give shareholders the opportunity to ask questions and make comments as appropriate.
- d. In order to give all shareholders the opportunity to participate, questions and statements shall be limited to 10 minutes each.
- e. Shareholders may, when they deem it necessary, submit to the Investors Relations Office the questions and concerns that they wish to be discussed at the meeting.
- f. Shareholders who, for any reason, have a special interest or conflict with the Company on a specific subject, must state the fact at the time of registration to participate in the General Meeting and abstain from participating in the analysis and vote on that matter.

6. Relevant decisions

In addition to decisions which adoption is a duty of the Assembly of Shareholders pursuant to the corporate bylaws, the following issues shall be decided by it:

- a. Segregation, whether the Company acts as a segregating or a

- beneficiary.
- b. Relevant operations carried out with related parties, except if transacted within the normal course of business of the Company or carried out arms-length.

CHAPTER III

OPERATION RULES OF THE BOARD OF DIRECTORS

Activity of the Board of Directors of Grupo mainly aims at making decisions respect to corporate strategic goals and tracking those decisions made to achieve them, in the permanent search of the best interest for the Company and its shareholders.

The Board of Directors is responsible for guiding and supporting the Administration in the management of business and the risks faced by the Company. To achieve this, the Board may request the information that it deems necessary. The Board must ensure that the Management preemptively identifies the main risks to which the Company is exposed, identifying the probability of occurrence, the consolidated financial exposure as well as procedures and prevention and mitigation measures to be taken.

The legal provisions, the corporate bylaws and this Code govern the organization, functions, meetings periodicity and convening manner of the Board.

1. Principles of action of the Directors

In performing their duties, and to keep the greatest objectivity, independence and awareness in the making of decisions, Directors, individually and as a corporate body, shall:

- a. Act in good faith, with due diligence and care, always making sure that decisions are in the best interests of the Company and its shareholders.
- b. Give an equal and fair treatment to the different groups of shareholders and investors in their decisions.
- c. Promote, as to their functions, compliance with applicable laws, corporate bylaws, the Good Governance Code and other rules accepted by the Company.
- d. Exercise their criteria in an objective and independent manner.

² For the purpose of this Code "Relevant Transaction" will be understood to mean carrying out transactions, which, in accordance with applicable regulations, lead to Grupo being required to report relevant information to the stock market.

- e. Gain awareness of plans, strategies and goals of the Company, its financial and operative condition, the key segments of the business and the risks associated thereto.
- f. Actively participate in meetings of the Board and committees to which they are members and review in advance the materials and analyses for which purpose Management shall provide such in an appropriate and timely manner.
- g. Properly reveal conflicts of interest with the Company. Be vigilant and careful in handling any of these events, describing the situation in formal session of the Board of Directors, documenting the conflict and preventing himself/herself from voting on said issue. For said purpose, the Directors shall inform to the Board the relationships, whether direct or indirect, they maintain between them, with the Company, with suppliers, with clients or with any other group of interest that might give rise to conflicts of interest or affect their opinions or votes.

2. Main responsibilities of the Board of Directors

Additionally to the duties assigned in the corporate bylaws, the main responsibilities of the Board of Directors are:

- a. Ensure its own performance for which it shall closely monitor adherence to the Good Governance Code and shall oversee the communications made and the transparency of its management.
- b. As to Presidency and Vice Presidencies of the Company, the Board is responsible for selecting the individuals who will occupy such offices, their assessment and allocation of compensation and substitution thereof, assigning their main responsibilities and overseeing the succession plan.
- c. As to business operation, it is responsible for guiding and reviewing the long-term strategy, main projects, risk policy, budgets and the business plans.
- d. Must encourage integrity of accounting systems as well as that of the managing, financial and audit information, and ensuring the

- proper operation of the monitoring systems as well of those of risk tracking and legal compliance.
- e. Identify and handle conflicts of interest of the Management and the Directors.
 - f. Authorize the transactions with related parties, when applicable.
 - g. Encourage strict compliance with the Code of Business Conduct.

3. Criteria for selection of the Directors

Below are the basic principles, the general and specific competencies and limitations of the candidates for Directors. For the election of members of the Board of Directors, the General Assembly of Shareholders must take into account, among others, the following criteria:

- a. The Directors shall not be over 72, must have experience in participating in Boards of Directors and specific professional experience relevant to the activities of the Company. The Board should be composed of Independent Directors with experience in corporate finance and/or in internal control, who should be appointed to the Audit Committee.
- b. All Directors shall have basic skills allowing them exercising the proper performance of their functions. Within these there are: analytical and managerial skills, strategic view of the business, objectivity and capacity to present his/her views and skill to assess top managerial frames. In addition, they shall have capacity to understand and challenge financial information and business proposals and working in a global surrounding.
- c. In addition to basic skills, each member of the Board shall have other specific skills that allow him/her contributing in one or more dimensions, for his/her special knowledge of the industry, financial and risk aspects, political issues, trading issues and crisis management.

- d. Directors shall refrain from participating or being represented by third parties in activities involving competition for the Company or in events respect to which there is conflict of interest, except express authorization of the Board of Directors or the Assembly of Shareholders, as appropriate.
- e. At least 50% of Directors elected for a given period must comply with the requirements to be considered independent members. A member is considered to be independent when:
- Neither he or she, nor any of his/her Related Personal is an employee or Director of the Company, its parent company or subordinates, and had not been so during the preceding year, except when reelecting an independent individual.
 - Neither he or she, nor any of his/her Related Personal nor a company in which he or she has controlling interest holds more than 10% of the outstanding shares or are shareholders that directly or under an agreement manage, guide or control most of voting rights of the company its parent company or subsidiaries or that determine the majority composition of the management, direction or controlling areas of the company its parent company or subsidiaries.
 - Neither he or she, nor any of his/her Related Personal nor a corporation in which he or she is a majority shareholder, is partner or employee of associations or corporations that provide counsel services to the Company, its parent company or its subsidiaries, when the revenues from that service represent 20% or more of their operating revenues for the previous fiscal year.
 - Neither he or she, nor any of his/her Related Personal is an employee or director of a foundation, association or company receiving significant donations from the Company.
 - Neither he or she, nor any of his/her Related Personal is a manager of an entity where a Legal Representative of the Company participates in its board of directors.

- Neither he or she, nor any of his/her Related Personal receives from the issuer any compensation other than fees as a member of the Board of Directors, of the Audit Committee or any other Committee established by the Board of Directors.
- Neither he or she, nor any of his/her Related Personal nor a corporation in which he or she holds a majority interest is partner or employee of a firm that is or has been at any time within the past three years the Internal Auditor or Statutory Auditor of the Company or its parent company or its subsidiaries.
- Neither he or she, nor any of his/her Related Personal is an employee of a company in which any of the Managers of the Company is or has been within the past 3 years a member of the Appointments and Compensation Committee of the Company in which the Director or any of his or her Related Personal is an employee.

Paragraph: Independent members will not be regarded as independent after serving three consecutive terms.

4. Election and conformation of the Board of Directors

The General Assembly of Shareholders elects the Board of Directors of Grupo; it shall always be made up by an odd number of members enough for the proper performance of its functions and it shall have no alternate members.

The Board of Directors shall have no decision-making majorities made up by a number of individuals working for the Company. When a list allowing conformation of said majorities is presented for election of members of the Board, the Management shall warn the General Assembly of Shareholders about said circumstance.

³For the purposes of this document, Related Personal means the spouse, relatives to the third degree of consanguinity, second degree of affinity or unique degree of civil relationship.

⁴A significant donation is that representing 20% or more of total grants received by the relevant entity in a given fiscal year.

For election of members of the Board of Directors or any corporate body, the electoral quotient system and other provisions as set forth in the law and in the bylaws shall apply.

In order to ensure that the profile of the Directors nominated by the shareholders meet the criteria set forth in this Code and that those presented as Independent Member certainly meet the independence criteria also set forth in this Code, the Sustainability and Corporate Governance Committee will evaluate and assess each of the proposals and will issue an opinion which will be read at the meeting of the General Assembly of Shareholders where the election will take place.

5. Duties of the Board of Directors

The powers of the Board of Directors are enough to have acts or contracts performed or executed if comprised within the corporate purpose, and to adopt the resolutions necessary for the Company to achieve its goals, pursuant to the law and corporate bylaws.

6. Incompatibilities of the Directors

The Board of Directors shall not have any majority formed by individuals who are married among themselves or that have kinship within the third degree of consanguinity or second degree of affinity or first degree of civil relationship; if the Board is elected contrary to this provision, it cannot act, and the former Board will continue exercising its functions, and it will promptly convene the Assembly for a new election.

7. Periods of the Directors

Elected Directors shall have 3 year terms and they may be indefinitely reelected. Directors may be freely reelected and removed by the General Assembly even before expiration of their commission.

8. Attendance of the officers of the Company

The President, the Vice-President of Corporate Finance and the Secretary General of Grupo shall attend the meetings of the Board of Directors. Additionally, other officers of the Company may attend, if so requested by the Board, but none of these shall earn special compensation for their attendance.

9. Operation rules of the Board of Directors

9.1. Duties of the Chairman

Only an Independent Member may be elected and perform as the Chairman of the Board.

The Chairman of the Board of Directors shall have the following duties:

- a. Convene the Board when he or she deems it necessary.
- b. Chair the meetings of the Board of Directors.
- c. Draw up, in cooperation with the president of the Company, the agenda to be discussed at Board meetings.
- d. Prepare the budget allocated to the Board of Directors.
- e. Attend Board Support Committees when he or she deems it appropriate.
- f. Sign internal communications from the Board of Directors.
- g. Advise the President of the Company when he so requires.

9.2. Duties of the Company's CEO

In addition to the duties set forth in the law, the corporate bylaws and other internal rules or codes, the following are the duties of the CEO of the Company respect to the Board, which

he/she shall exercise directly or through his/her delegates:

- a. Enforce decisions of the Board of Directors.
- b. Adopt decisions related to the Company's financial statements, pursuant to the law, to implemented accounting standards and to the resolutions of the Board of Directors.
- c. Convening the Board of Directors to extraordinary meetings.
- d. Present, along with the Board of Directors, at the regular meeting of the General Assembly, a written report on how he/she has carried out his/her management including actions recommended to the Assembly for adoption and submit to it the balance sheet, the detailed statement of income and other annexes and documents required by law.

The financial statement shall be certified pursuant to the law. Such report shall contain, among other, a description of the risks inherent to Company activities and other material issues, according to regulations in force.

- e. Provide information to the Board of Directors in a clear, accurate and timely manner.
- f. Disclosing to the Board of Directors, in a detailed and prompt manner, any potential conflicts of interest he/she may have.
- g. Submit to the Board of Directors information related to the performance of the Company, particularly as regards corporate strategies and the risks associated to the business, as well as financial and management reports.
- h. Comply with the duties delegated by the Board of Directors

9.3. Duties of the Secretary General

In addition to the duties set forth by the law, the corporate bylaws, the Board of Directors and other Company regulations or codes, the following are duties of the Secretary General, which he/she shall exercise directly or through his/her delegates:

- a. Coordinating the organization of the Board of Directors, communicating invitations to its meetings and attending them.
- b. Coordinating, along with the Company's CEO, the gathering and forwarding of the information that will be analyzed by the Board of Directors.
- c. Keeping the files and the books of minutes of the Board of Directors according to the law, and authorize with his/her signature the copies of these documents.
- d. Handling the conflicts of interest arising in the Company that must be known by the Board of Directors.
- e. Reporting to the Board of Directors on the share registry system and control situations in the Company.
- f. Give legal advice to the Board of Directors and report on legal matters that are significant to Company activity and management performance.
- g. Inform the various areas and Company officers about the resolutions of the Board of Directors.
- h. Perform other duties as assigned by the Board of Directors.

9.4. Meetings of the Board of Directors

According to the corporate bylaws, the Board of Directors will meet at least once every month. However, when special circumstances so require, extraordinary meetings may be held

if convened in accordance with the corporate bylaws.

The Board of Directors shall meet at least once a year, in a special meeting broadly prepared, to analyze, evaluate and decide on the planning and strategies of the Company.

The Action Plan for each year shall be defined during the first meeting following the ordinary meeting of the General Assembly of Shareholders; at such meeting also the dates of the meetings to be held during the year and the topics of discussion in each of them shall be defined.

The Directors by means of communication to the Chairman of the Board may request inclusion of additional topics in the agenda at least 3 business days in advance of the date of the relevant meeting.

9.5. Forwarding and Quality of Information

In order to achieve a better performance of the members of the Board of Directors, efforts shall be made so information provided to its members is: relevant, concise and complete, well organized and shall be designed in such a manner that Directors are informed of the material issues related to corporate matters.

The information required for the decision-making process in each meeting shall be made available to the Directors by an electronic media specially designed for this purpose, and at least 2 days in advance of the date of the meeting.

9.6. Meetings without attendance of the Management

The Board of Directors, as corporate body, may hold meetings as required without attendance of management officers. They will be held when so determined by the Board of Directors itself, and its decisions shall be valid provided they meet the requirements set forth in the law and the corporate bylaws.

9.7. Minutes

Minutes of the meetings of the Board of Directors shall record the research, fundamentals and other sources of information that served as grounds for the decisions, as well as the reasons for and against that were taken into account.

9.8. External communications

The only person authorized to inform through the media the decisions of the Board or any other information that should be made available to the general public is the Company's CEO or his/her designee.

The Directors shall refrain from providing company-related information to any media organization, except with the prior authorization of the Board of Directors adopted by majority.

10. Budget

Yearly, the Chairman of the Board shall prepare the Budget of the expenses to be incurred by the Board to in order to perform. This budget will take into account specially aspects related to the fees of experts other than those retained by Management, if appropriate, domestic and international travelling, entertainment expenses, attendance to seminars and events and other expenses required to ensure a proper operation.

11. External advisers

The Board of Directors, as a corporate body, may retain external advisers, other than those retained by the Management, when it deems necessary to better perform.

12. Intranet or any other information or communication means for analysis, discussions and use of documents

The Management of the Company shall implement and maintain an electronic information and communication system that will allow making information available to Directors, conducting discussions and analysis between the Management and members of Board of Directors and among the Board members.

The Management of the Company shall assure the security, reliability and confidentiality of issues approached therein.

13. Filling vacancies

When a position of Director is definitively vacant, the Board may convene the General Assembly to fill the vacancy, either through partial election or by means of new election of all Directors, by the system of electoral quotient as established in the corporate bylaws.

14. Criteria to define compensation of the Board of Directors

The Assembly of Shareholders shall take into consideration the structure, duties and responsibilities of the Board of Directors, as well as their personal and professional qualities, the time they should devote to their activities and their experience in order to set the compensation of its members.

The Appointments and Compensation Committee may submit for consideration of the General Assembly of Shareholders a shareholders' compensation scheme whereby Directors receive shares of the Company or its subsidiaries as part of the compensation for their services. In no event this compensation may result in one Director holding more than 1% of total outstanding shares of the Company or its subsidiaries.

In the event that such compensation scheme for Directors is adopted,

the applicable methodology for its determination must be objectively measurable and, therefore, subject to auditing and disclosure on the website of the Company.

15. Availability

Each member of the Board of Directors is expected to dedicate time and attention to his/her responsibilities, attend, prepare and actively participate in the meetings of the Board of Directors and in committees to which he/she is assigned.

16. Assessment of the performance of the Board of Directors and the Directors

The Board as a whole and each individual Director will be evaluated on a regular basis. This can be done in the middle or at the end of the period for which they were elected. The evaluation will be conducted by an independent firm and a summary of the conclusions of this evaluation will be submitted to the General Assembly of Shareholders at the ordinary meeting of the year immediately following its completion and published on the website of the Company.

Additionally, between the external evaluations, the Directors will conduct a self-assessment of their own performance.

Management will inform the Ordinary General Assembly of Shareholders on the operation and the main activities carried out by the Board, the Board Committees and the CEO of the Company in the previous period.

17. Training, coaching, and induction of the Directors

The new Directors must be provided with an induction program, which shall include at least the following topics:

- Organizational chart of the Company and functions of each area
- Bylaws
- Good Governance Code, with emphasis on their duties and responsibilities as Directors
- Composition and operation of the Board Support Committees
- Action plan of the Board of Directors
- Corporate strategy
- Specific characteristics of the sectors in which the Company and its subsidiaries conduct their business
- Risks associated to the activities undertaken by the Company and its subsidiaries.

The Management of the Company will design and implement a training plan for Directors to keep them up-to-date regarding the Company and its subsidiaries, their businesses and the risks associated with such businesses.

18. Access to officers and premises of the Company

The Board of Directors and each of its members shall have direct access to senior officers and other employees, as they deem necessary to carry out their tasks.

Likewise, Directors may access any of the Company premises, in the country or abroad, in order to get acquainted with the activity of the Company, its operation, staff allocated to different areas and, in general to gain close and direct awareness of its operation.

19. Board of Directors' Support Committees

The following Board Support Committees, appointed by the Board itself, shall be made of Company officers and members of the Board.

19.1. Audit and Finance Committee

There will be an Audit and Finance Committee that will provide support to the Board of Directors. 3 members of the Board of Directors who meet the requirements to be considered Independent Directors shall make up this committee. At least one of the members of the Committee must have experience in corporate finance and/or the design and implementation of internal control systems. The Committee itself among its members will appoint the Chair of this Committee. The secretary to this committee will be the Secretary General Secretary of the Company or the individual he/she indicates. Likewise, the Company's CEO, the Finance Vice President and the Internal Auditor shall be made part of the Committee.

The Statutory Auditor of the Company shall attend the meetings of the Committee, and shall be entitled to speak but not to vote.

The Committee is created in order to support the Board of Directors overseeing the effectiveness of the internal control system, for decision making related to the control and improvement of the activity of the Company, its Managers and Directors.

The Committee provides guidance and makes sure that internal control procedures meet the requirements, objectives, goals, and strategies set by Grupo, and that said procedures are framed within internal control objectives such as: efficiency and effectiveness of the operations, and sufficiency and reliability of the financial information.

The Committee does not take over the duties of the Board of Directors or the Management as regards supervision and implementation of the internal control system.

Any officer of the Company may be requested to attend meetings of the Committee.

The following are the main duties of the Audit and Finance Committee:

- a. Support the Board of Directors in making decisions concerning controls and improvement thereof.
- b. Select the firm that will perform the internal audit functions and set its fees.
- c. Oversee the functions and activities of the Internal Auditor, in order to prove his/her Independence as regards the audited activities and make sure that the scope of his/her tasks meets the requirements of the Company.
- d. Monitor the internal control structure of the Company, so as to establish whether the designed procedures reasonably protect the assets of the Company and whether there are controls to verify that transactions are being properly authorized and recorded.
- e. Assess the internal control reports submitted by the Internal Auditor and the Statutory Auditor, making sure that Management has implemented their suggestions and recommendations.
- f. Issue requests for proposals to various internationally renowned companies to act as Statutory Auditors of the Company, analyze those proposals and make recommendations to the General Assembly of Shareholders.
- g. Ensure the transparency of the financial information prepared by the entity and the proper disclosure of information. To this end, it must ensure that the necessary controls and adequate tools are in place to verify that the financial statements disclose the position of the Company and the value of its assets.
- h. Request the reports it may deem convenient for the proper development of its functions.
- i. Constantly assess the procedures established to determine the internal control sufficiency.

- j. The Committee's reports and remarks that are recorded in the minutes shall be submitted to the Board of Directors at least twice a year, or more frequently if required by the Board.
- k. Wherever situations having significant importance are detected, the Committee shall forward a special report to the Company's CEO.
- l. In order to perform properly, the Audit Committee must be aware of and/or assess at least the following documents:
 - The draft financial statements of the Company.
 - Financial Statement reports with the opinion of the Statutory Auditor.
 - Internal control reports issued by the Internal Auditor or by the Statutory Auditor and/or their letters of recommendations or observations.
 - The annual plan of the Internal Auditor and the Statutory Auditor.
 - The official communications received from the relevant authorities as a result of deficiencies identified.
- m. Issue a written report on the potential relevant operations that are expected to be carried out with related parties, other than those in the ordinary course of business or that might be carried out in conditions other than arms-length or that they may alter equality of treatment among shareholders.
- n. Establish policies, criteria and practices to be applied by the Company in the construction, disclosure and release of financial information. In furtherance of this duty, the Committee may issue instructions as regards accounting policies and the timing of presentation of the information to be requested from subsidiary companies.

- o. Define the mechanisms to consolidate the information of the Company's control bodies in order to present the information to the Board of Directors.

19.2. Appointments and Compensation Committee

The Appointments and Compensation Committee will be composed of 3 members of the Board, of whom at least one should prove his/her qualification as an Independent Member. The Administrative Vice-President shall act as secretary of this committee.

This committee will be responsible for determining the policies and standards for hiring, compensation and the development of the management staff of the Company. It will continuously monitor the goals of the various programs of compensation against the officers' performance.

Also, it will define and recommend the adoption of different compensation programs for relevant personnel, as well as the evaluation of the effectiveness of these programs.

The Committee will have, among others, the following functions:

- a. Design the succession plan for the Senior Management of the Company.
- b. Design and implement a scheme to attract and retain human talent that is applicable to the Company and its subsidiaries, so that the human talent can be shared or transferred between the various companies that make up the Corporate Group.
- c. Define the policies of human resource management, establishing processes for selection, evaluation, compensation and development, including Senior Management.
- d. Evaluate the performance of Senior Management, as it deems appropriate.
- e. Make recommendations on compensation, which must be approved by the Board and will be strictly related with

individual performance and the performance of the Company.

- f. Propose the appointment and removal of the Company CEO as well as his or her compensation.

19.3. Sustainability and Corporate Governance Committee

The Sustainability and Corporate Governance Committee will be composed of the Chairman of the Board, 2 members of the Board, one of whom should meet the criteria to be considered an Independent Member, and the Company's CEO. The Secretary General of the Company or designee will act as Secretary to this committee.

The committee has, among others, the following functions:

- a. Analyze proposals for the composition of the Board to ensure that the requirements set out in this Code are complied with, and issue an opinion addressed to the General Assembly of Shareholders.
- b. Select the firm that will perform the external evaluation of the Board and the Directors, and coordinate with it the preparation of the report to be submitted to the General Assembly of Shareholders.
- c. Search for Directors and select candidates to be nominated. Build skills and define Board members rotation policies.
- d. Promote the ongoing training and updating of the Directors on academic and business issues, and encourage their attendance at seminars and events to stay in touch with organizations, institutions and national and international companies.
- e. Prepare the Action Plan proposed by the Board for each calendar year.

- f. Analyze and monitor the annual program of social responsibility.
- g. Promote training of Directors and Administrators on Corporate Sustainability issues.
- h. Support the Administration on the attention of the Dow Jones Sustainability Index questionnaire.
- i. Monitor Board processes, including determining the schedule of meetings and agendas, and the flow of information to the Directors.
- j. Make suggestions to improve the Board's performance, using the resources and technology available.
- k. Recommend a system for communications with shareholders, stakeholders and the market in general.
- l. Ensure compliance with the Code of Good Governance, with the support of the Internal Audit.
- m. Monitor Directors' dealings in shares, issued by the Company or by its subsidiaries.

CHAPTER IV

**TRANSPARENCY,
FLUIDITY AND INTEGRITY
OF INFORMATION**

The Good Governance Code ensures presentation of information, in an accurate and regular manner, about all material issues regarding the Company, including results, financial situation, internal control, stock composition and corporate governance.

Additional to those established by law, the Company shall make available to shareholders, investors and stakeholders channels for dissemination of information.

1. Information on the performance of the Company

Information on performance of the Company is prepared and presented pursuant to legal provisions and accounting standards.

Without affecting compliance with rules as to relevant Information, among other matters, Grupo will report to its shareholders and to the market in general on:

- a. Business objectives that the Management has set for the period.
- b. Foreseeable material risks and measures to confront them.
- c. Financial statements along with reports of the end of the year, which will be audited by the Statutory Auditor who shall be an independent renowned individual.
- d. The Company's general policy on payment of dividends.
- e. Relevant Internal Audit reports and the findings of the Statutory Auditor.
- f. Opportunities and issues arising from the evolution of the Company's activity, including information related to the Company and its development, the competition surrounding, business projects or those arising from its own nature.
- g. General policies applicable to compensation and any other economic benefit granted to the members of the Board, the Legal Representatives, the Statutory Auditor, External Advisers and specialized auditors.

- h. Relevant agreements between its Directors, Managers, senior officers, Legal Representatives, including their relatives, partners and other related parties.
- i. In-house mechanisms and procedures to settle conflicts.
- j. Criteria applicable to negotiations carried out by Directors, Managers and Senior Officers with shares and other securities issued by the Company.
- k. The résumés of the Board members and the members of internal control bodies, as well as those of the Legal Representatives.

2. Internal control structure

Grupo shall encourage existence of the following internal control structure:

2.1. Audit and Finance Committee

The Audit and Finance Committee was created to support the Board of Directors in the supervision of the effectiveness of the internal control system, the sufficiency and reliability of the financial information for decision-making on the control and improvement of the activities of the Company, its Managers and Directors.

2.2. Department in charge of Internal Audit

Grupo has a department responsible for Internal Audit; it develops an independent activity that assesses the quality and effectiveness of the control system in an objective manner and provides consulting and advising in order to add value in the implementation of the operations of the Company. Additionally, it helps to meet its goals with a systematic and disciplined approach in order to assess and improve the efficiency of the risk and control management and the governance process.

Likewise, it contributes in the prevention of risks and identifies and permanently communicates improvement opportunities, using knowledge, information and technologies available. Internal Audit will assess compliance with the Good Governance Code and it will report its outcomes to the Sustainability and Corporate Governance Committee.

The Internal Audit Department will report directly to the Audit Committee and will have the support of an internationally renowned firm, which will be selected by the Audit Committee.

2.3. Risks Map

Grupo shall have a risks map, based on the business cycle, which consists of a view of the different systems like a whole, made up by the interaction of groups and processes of the different activities it performs.

2.4. Statutory Audit

Grupo has a Statutory Auditor who performs the duties set forth in the Code of Commerce, and is subject to the provisions thereof, without affecting that set forth in other regulations and the decisions of the General Assembly of Shareholders, provided they are compatible with his/her legal duties.

The General Assembly of Shareholders, at the meeting in which the Statutory Auditor is appointed, will include the information concerning the appropriations provided for the supply of human and technical resources devoted to the performance of their functions.

The Statutory Audit of the Company will be entrusted to an internationally recognized firm, which will be appointed by the General Assembly of Shareholders for periods of 3 years, and taking into consideration the recommendations made by the Audit Committee.

During the meeting notice period, and until the fifth business day prior to the date of the Ordinary Assembly of Shareholders in which the Statutory Auditor is to be appointed, any shareholder

may request that the Assembly consider the proposal to appoint certain internationally recognized firm as Statutory Auditor of the Company. To this end, the letter of presentation of this Firm must be attached to the proposal, including certificates of experience and fees to be paid to the proposed statutory auditing firm.

In his/her report to the Assembly of Shareholders, the Statutory Auditor shall include, in addition to legal requirements, the relevant findings, so shareholders and other investors may have at hand the information necessary to make decisions on the relevant securities.

The Statutory Auditor is prevented from providing services other than those related to his/her position for Grupo or for any of its subsidiaries.

The agreement to be entered into between the Company and the Statutory Auditor shall provide that in the event of successive reelections, the individuals appointed to serve as the principal and alternate Statutory Auditors shall be replaced at least every 5 years and that said individuals can only serve again as Grupo's Statutory Auditors after 2 years at least after their retirement from office.

3. Information for shareholders, investors and the market in general

Grupo shall encourage the creation of different information channels to broadcast its activity among its shareholders, investors and general market.

3.1. Investors Relations Office

The Investors Relations Office aims at generating a preference for investing in Grupo through the knowledge of the Company, the quality of its information, the proper disclosure of its activities and a permanent contact with shareholders, investors and domestic and international analysts. In addition, the function and process of investor service shall be the link between shareholders

and investors, on the one hand, and the Company's government bodies, on the other hand. And, in general, it shall also focus on gaining awareness of their needs, requirements and suggestions.

Shareholders and investors may present request or claims to the Company when they consider that the provisions established in this Good Governance Code have been infringed; in these cases, the Management of the Company – through its Investors Relations Office – will give a clear and sufficient response to the requesting party with the greatest diligence and opportunity.

3.2. Relevant Information. Internal disclosure procedure

Relevant Information is the one that a prudent and diligent expert would take into account when purchasing, selling or keeping securities, as well as that a shareholder would take into consideration when exercising his/her political rights at the respective Assembly of Shareholders or before the relevant body.

Grupo will define procedures, responsible individuals, terms and, in general, the structure necessary to disclose relevant information that may be interesting for the market.

Grupo will strictly comply with the regulations of the Public Securities Market by forwarding to the market the information required pursuant to said regulations.

3.3. Identification of the beneficial owners of the shares of the Company

The identification of the beneficial owners of the shares of Grupo will be carried out pursuant to disclosure policies established by law and, specifically, in accordance with the requirements of the Financial Superintendence, taking into account the nature of Stock Corporation of the Company, and the respect to the privacy of all investors, whether they are majority or minority.

CHAPTER V

**CORPORATE SOCIAL
RESPONSIBILITY
- STAKEHOLDERS -**

Grupo's success depends upon the proper handling of its relations among shareholders, and between the shareholders and the Board, the CEO's office and other officers, as well as between the Company and its employees, suppliers, customers, authorities, among others.

At Grupo, each relationship with the above-mentioned stakeholders has its own philosophy and some general handling and coordination guidelines, in order to grant them full guarantees and proper protection of their rights.

The purposes of the relationship with each group of stakeholders are:

- To recognize and protect their rights.
- To encourage an active participation and cooperation for value creation.
- To develop mechanisms to improve performance in which they participate.
- To share relevant information on the topics of their interest, pursuant to regulations and laws in force.
- To seek mutual benefit between the parties and make sure that the relationships are framed in the transparency and formality deserved.

1. General principles that should govern the actions of officers and Directors in the relation with stakeholders

In all their actions, Grupo's officers and Directors will take into account the following principles as regards to the Company's stakeholders:

1.1. Customer Relations

Commitment to customer satisfaction should be reflected in the respect of their rights and the search for solutions meant to meet their interests. Officers will clearly express the conditions

of operations, in such a manner that customers become fully acquainted with the products and services and with the reciprocal obligations arising from any commercial activity.

Each aspect of the customer relation is strictly confidential. Any disclosure of information shall be in line with the best interests of the customer and the Company. Conversation or information about businesses shall be expressed in clear and specific terms that minimize the possibility of misunderstandings. Company or customer issues should never be talked in public.

Requests, claims and requirements must be taken care in a timely and precise manner, according to the law and the relevant agreements.

1.2. Authority Relations

Company relations with Government and with Government bodies and other public authorities shall always be handled within the legal framework and under strict ethical rules, following the principles established in the Code of Conduct.

Direct or indirect participation in unlawful relations with public institutions or agencies, with other companies or between particular individuals will be avoided.

1.3. Employment Relations

Relations in the work environment must be framed by politeness and respect. Officers will seek prevalence of the spirit of collaboration, teamwork and loyalty, as well as each of the corporate values, in strict compliance with the rules set forth in the Internal Labor Regulations. No discrimination shall be allowed, for reasons of financial position, gender, national origin, color of skin, sexual preferences, religion, beliefs or political affiliation.

Likewise, they undertake to respect their coworkers as well as their families and to not promoting religious groups or political participation within the Company.

1.4. Supplier Relations

Election and contracting of suppliers shall always be based on technical, professional and ethical criteria, and on the needs of the Company, and shall be conducted by means of previously defined processes, such as knowledge and assessment of the supplier and price quotation, among other, that ensure the best cost/benefit relationship.

Relations of mutual benefit will be sought with suppliers, based on quality, efficiency, respect, ongoing pursuit of common good and the best conditions for the parties.

1.5. Community Relations

Grupo makes a contribution to the community in general, reflected in business performance with ethical principles and strict compliance with legal standards.

As a part of this philosophy, the Company has among its objectives to contribute to the economic, social and cultural progress of the country. In this sense, year after year the Company supports wide-coverage civic campaigns that promote a better quality of life among the community and which results reflect its institutional commitment.

Likewise, the Company undertakes to participate in trade, sectorial and regional affairs, to ensure the improvement of the quality of life of the communities where it develops its activities, to protect the environment and to participate in works and activities of common benefit.

2. Environmental policy. Statement of principles

The foundation of Grupo's mission is to work in harmony with the environment and the community. Being aware of this principle and the global challenge to protect our habitat under conditions of rational exploitation of the resources, Grupo shall take into consideration the following environmental commitments as part of its management

standards:

- a. Be responsible to the environment with a clean and efficient production.
- b. Prevent and mitigate adverse environmental impacts arising from the extraction, manufacturing, trading and distributions processes, bearing in mind:
 - Control of gas and particulate matter emissions.
 - Rationalization of water consumption, proper liquid effluent management and a tendency to eliminate discharges of wastewater.
 - Optimization of the use of electric and thermal power.
 - Proper recollection, classification, temporary storage, use and disposition of solid waste.
 - Readjustment of the areas affected by mining activities.
 - Operation of extraction and manufacturing processes under safe conditions.
 - Reforestation program management.
- c. Comply with the principles and requirements set forth in environmental regulations, under international standards.
- d. Permanently improve the performance, efficacy and efficiency of the environmental management system and consequently the eco-efficiency of processes.
- e. Promote the awareness of employees and their families, contractors and communities in the areas of influence, from:
 - The promotion of creative talent in identifying and presenting improvement options.
 - The consolidation of community relations with development of the social components of environmental management.

- The development of communication and training strategies that encourage the respect for and protection of the environment.
- The development of trade relations with suppliers of goods and services, supported on the compliance with environmental requirements as set forth in the contracts.

CHAPTER VI

GENERAL PROVISIONS

1. Code of Conduct

The Company shall have a Code of Conduct approved by the Board. This Code shall set out the conduct that is expected of the Company, its Directors, Managers and employees both in relation to the Company and the stakeholders.

2. Dealings in Securities by Directors and Managers

2.1. Directors

Pursuant to the Law, the Board of Directors shall approve all transactions carried out by the Directors as regards shares and securities issued by companies of the Grupo Empresarial Argos, provided their purpose is other than speculation.

Approval shall be given prior to the date of the transaction and requires the vote for or two-thirds of Board Members, excluding the vote of the requesting party. All requests for approval shall be submitted through the Secretary General who shall keep record of all transactions conducted by Directors and shall inform the Board's Sustainability and Corporate Governance Committee accordingly.

Such approval is deemed to be Relevant Information that must be made available to the Stock Market by the Company's Compliance Officer.

The Directors are not allowed to carry out transactions as regards shares and securities issued by companies of the Grupo Empresarial Argos:

- a. From the time they obtain awareness of the consolidated and individual quarterly results, until the date when such results are disclosed by the Company. The Secretary General shall quarterly inform the Directors on the restriction dates to buy or sell securities; and

- b. In the event of mergers, acquisitions, reorganizations or significant business carried out by companies of the Grupo Empresarial Argos, from the time when the subject is first submitted to the Board of Directors until the date when information on the transaction is made available to the general public. The Secretary General shall inform Directors on the restriction dates to purchase or sell securities.

No authorization from the Board shall be required in the events of purchase upon primary issuance or sale under Public Acquisition Offers (OPA's by their Spanish acronym) made in respect to securities issued by companies of the Grupo Empresarial Argos.

2.2. Managers

Legal Representatives and Managers, including the CEO, the Vice-Presidents, the CEO Assistant, Managers and employees who under particular projects have access to inside information may transact shares and securities issued by companies of the Grupo Empresarial Argos provided they have obtained prior approval from the Board and the purpose of the transaction is other than speculation. The Secretary General shall keep record of the offices that have access to inside information.

The Company's Compliance Officer shall inform the Securities Market on the related authorization in the form of Relevant Information.

Requests for authorization shall be submitted through the Secretary General's office, where record of the transactions carried out by Legal Representatives and Managers, including the CEO, the Vice-Presidents, the CEO's Assistant, Managers and employees under particular projects having access to inside information shall be kept. The Secretary General's office shall consequently inform the Board's Sustainability and Corporate Governance Committee from time to time.

The Secretary General shall inform Legal Representatives and Managers, including the CEO, the Vice-Presidents, the CEO's Assistant and those Managers having access to inside information on the restriction periods to transact securities issued by companies of the Grupo Empresarial Argos, which shall be the

same as restriction periods for Directors.

No authorization from the Board shall be required in the events of purchase upon primary issuance or sale under Public Acquisition Offers (OPA's by their Spanish acronym) made in respect to securities issued by companies of the Grupo Empresarial Argos.

3. Age of Retirement for the Company's Directors and CEO

Directors shall leave the office upon reaching the age of 72, and the CEO at 65.

To this effect, the Directors shall submit their resignation at the ordinary Assembly of Shareholders following the date on which they reach 72. The Company CEO shall submit his/her resignation at the meeting of the Board following the date on which he/she reaches 65.

4. Subsidiary relations

The Company shall adopt, and periodically review, protocols regarding the management of relations and handling of information of subsidiary companies listed on the Stock Exchange, that ensure a transparent and proper management and ensure that it does not abuse of its condition as the controlling partner.



GRUPO ARGOS