

# AUDIT AND RISK MANAGEMENT COMMITTEE REGULATIONS

Approval: Board of Directors No. 193  
From June 24<sup>th</sup>, 2011

Latest Update: 22/02/2021



Construcciones  
**EL CONDOR S.A.**  
Ingeniería de Infraestructura e Inversiones

## **FIRST CHAPTER** **GENERAL PROVISIONS**

**ARTICLE 1. PURPOSE AND SCOPE.** These Regulations are intended to determine the purpose and nature of this Committee, its structure, scope, and responsibilities, and the ground rules of its Organization.

**ARTICLE 2. COMMITTEE PURPOSE AND NATURE.** The Audit and Risk Management Committee is a body that backs the Board of Directors, created to give leverage in terms of the Company's internal control and risk management model, while giving follow-up to its very performance for decision-making processes and its improvement.

The Committee establishes and validates that Internal Control and Risk Management procedures meet the needs, objectives, goals and, strategies defined by the Company, and for said procedures to adjust within the Internal Control and Risk Management model objectives, such as: Operations efficiency and effectiveness, Sufficiency and reliability of financial information, and the Safeguarding of the Company's stakes and equity.

Another purpose of the Audit and Risk Management Committee is to ensure compliance with laws and regulations that govern the Company, and to oversee all affairs develop properly, while keeping effective controls against conflicts of interest and situations of fraud or losses.

**PARAGRAPH ONE:** The Committee does not substitute the Board's functions, nor that of Management, regarding supervision and implementation of the Company's Internal Control System.

**PARAGRAPH TWO:** The Committee members, in their capacity of the Company's Board members, are subject to provisions stated in the Board of Directors Internal Regulations.

## **SECOND CHAPTER**

### **INTERNAL STRUCTURE AND RESPONSIBILITIES**

**ARTICLE 3. STRUCTURE.** The Audit and Risk Management Committee will be comprised of all the Independent Members from the Board of Directors, as established in the Board's Performance Regulations. The following may attend Committee sessions with voice but no vote: Chairman, Financial Manager, and the Executive in charge of the Company's Internal Audit and Risk Management. The Committee members will be elected for two-year periods.

As guests to the Committee sessions, the Company's employees may attend, as well as other external consultants to whom the Committee had assigned specific tasks, have the knowledge or responsibilities on particular dealt with issues or, when their attendance may be regarded as needed for the meeting's proper development, and also the Statutory Auditor.

The members of the Audit and Risk Management Committee must have knowledge in accounting and financial topics, as well as other relevant subjects, with the purpose to make firm statements at a sufficient level to comprehend scope and complexity on issues of the Committee competence.

**ARTICLE 4. COMMITTEE CHAIRMAN.** The Committee members will elect their own Chairman who will be responsible to preside the Committee's ordinary and special sessions. It is the Chairman's responsibility to represent the Committee before the Board of Directors, and report to it regarding recommendations and decisions adopted within the Committee. The Chairman must attend all General Assembly of Shareholders, in order to clear all the shareholder's concerns.

**ARTICLE 5. SECRETARY.** The Legal Managing Director or whomever performs in such competence will be the Audit and Risk Management Committee Secretary, carrying out the necessary logistics for Committee scheduling, appointments check

and update, and issuing of the sessions minutes that contain discussed and decided upon issues.

**ARTICLE 6. RESPONSIBILITIES:** The following are main responsibilities carried out by the Audit and Risk Management Committee:

1. To give leverage to the Board of Directors on decision making regarding the Internal Control and Risk Management Model.
2. The regular assessment of established procedures to determine the adequacy of Internal Control and Risk Management.
3. The Financial Statements review of intermediate and end of fiscal year periods, prior submitting them to consideration of the Board of Directors and the top social body, the issuing of a statement regarding contents of possible caveats or unfavorable opinions, which will be submitted to shareholders and public stock market through the issuer's corporate website, as well as validating that the High Management considers Statutory Auditor's recommendations, and leading the response process to observations given to its briefing, as the case may be.
4. To ensure a current accounting criteria is suitably applied at all times in the issuing of financial statement the Board submits to the General Meeting of Shareholders, and the compilation of reliable internal information for decision making.
5. To oversee the efficiency of regulatory compliance and ML/TF functions.
6. To watch over the transparency of financial information compiled by the entity and its suitable disclosure. For that purpose, it must ensure the needed controls and proper instruments exist to ascertain that financial statements reflect the Company situation and assets value.
7. To establish the standards, criteria, and practices the Company will use in the construction, disclosure, and release of its financial information.
8. To oversee and evaluate the Company's Internal Control and Risk Management structure, in such manner it may be established whether designed procedures reasonably protect the Company's assets, and if there are controls in place to guarantee the operations are being properly authorized and recorded.
9. To formulate improvement initiatives regarding infrastructure and Internal Control and Risk Management systems as regarded necessary.
10. To present the Company's Risk Policy to the Board of Directors, to then monitor and submit a regular briefing to the Board, regarding its effective

implementation, so that main financial and non-financial, balanced, and off-balance risks are identified, addressed and suitably released.

11. To systematically evaluate the Company's strategy and general risk policies, translated into the establishing of limits by risk and business type, with the disaggregation level established by business unit, corporate or economic group, clients, and areas of activity.
12. To analyze and assess the Company's regular risk management, in terms of restrictions, risk profile (expected loss), profitability and, equity mapping (risk capital).
13. To oversee Internal Audit functions and activities, with the purpose to determine its autonomy from audit activities, and to make sure the scope of its performance meets the Company's needs.
14. To suggest the Board of Directors the selection, appointing, compensation, re-election, and dismissal of the person responsible for internal audit.
15. To evaluate and approve the internal audit Annual Work Plan and Annual Activity Briefing.
16. To look after the autonomy and efficacy of internal audit's performance, and receive regular information about its activities, validating that the High Management regards its reports conclusions and recommendations.
17. To evaluate internal control briefs issued by Internal and Statutory Audits, making sure the management has considered their suggestions and recommendations.
18. To ensure that the Company's Internal Audit has enough training and resources to perform its tasks.
19. To evaluate compliance with actions and measures resulting from reports or inspection activities from monitoring and control authorities.
20. To request all briefings necessary for the proper development of its responsibilities.
21. To issue a written brief statement regarding potential operations planned with economic subjects, making sure such activities are carried out according to market conditions, which do not endanger equal treatment conditions among shareholders.
22. To define procedures for information consolidation from issuing control bodies, which is to be submitted to the Board of Directors.
23. To suggest the list of Statutory Auditor nominees, with the appointing conditions, or if so, its dismissal or not renewal the Board, for its further

submission to General Meeting of Shareholders, using the assessment referred to on the following numeral for such purpose.

- 24.**To monitor Statutory Auditor services, which includes quality and effectiveness assessment.
- 25.**To engage and pursue a regular interaction with the Statutory Auditor, and to particularly evaluate, and report the Board about all such situations that may restrict its access to information or risk its autonomy, and any other relevant to the Audit Plan, and the development of financial audit, as well as other notifications considered in financial audit legislation, and the technical audit standards.
- 26.**To assess and report the Board of Directors about temporary or permanent conflict of interest situations, that may affect it directly or indirectly, or through a party involved, a Significant Shareholder, members of the Board, and the High Management, bringing about the needed suggestions to approach the situation.
- 27.**To assess and report the Board of Directors, prior to its authorization, about the Company's direct or indirect operations with members of the Board, Controlling and Significant Shareholders, members of the High Management, operations between conglomerate companies, or persons linked to them, which given the amount, nature, or conditions, may pose a risk for the Company or Conglomerate.
- 28.**Regular follow-up to Ethics Code level of compliance, and efficacy of anonymous reports or "whistleblowers" system, evaluating anti-ethical conducts occurred, and the contents of reports submitted, giving relevant recommendations to the Board.
- 29.**To advise the General Meeting of Shareholders on subjects brought about by shareholders during the meeting, on issues of its competence.
- 30.**To assess and brief the Company's Board of Directors, as head office, regarding possible conflicts of interest that may rise with its subordinated companies or among them, or even with its Managers and associates, making the necessary suggestions to handle the situation.
- 31.**To check risk limits and reports, making the relevant recommendations to the Board and/or the Audit Committee.
- 32.**All others defined by the Board or Directors.

**ARTICLE 7. SESSIONS.** The Committee's ordinary meeting will be held once (1) every quarter (3 months); special meetings will be held when the Company demands them, or when deficiencies are found in the internal control system that require urgent corrections. In the event of a special session, the Committee may be called by the Board of Directors, the Chairman or any of the Committee members. Ordinary sessions shall be called by the Chairman.

Sessions may be held at the Company's address, at any location so appointed by the Committee, or on-line, through systems that enable members' attendance check. Meeting place, date, and time must be included in the summon call. The Committee may hold its sessions at any time and place without the need of previous call, if all members are present and approve of it.

To this end, it is the Committee members' obligation to implement the needed measures to preserve the reserve and confidential nature of information disclosed during such meetings.

**ARTICLE 8. DELIBERATING AND DECISION MAKING QUORUM.** The Committee may deliberate as long as most of its members attend the session. Decisions will be made by consensus.

**ARTICLE 9. BRIEFINGS TO BE SUBMITTED TO THE BOARD OF DIRECTORS.** For the good performance of its task, the Audit and Risk Management Committee will submit the Board with briefs related to appointed responsibilities.

Upon situations of relevant importance, the Committee must submit a special brief to the Board. Furthermore, the Committee must compile an annual report to the Board of Directors, regarding the performance of the Internal Control System, and the Audit and Risk Management Committee, during said year.

**ARTICLE 10. AMENDMENTS TO THE AUDIT AND RISK MANAGEMENT COMMITTEE REGULATIONS.** The Board of Directors is entitled to interpreting and amending these Regulations, which must be submitted to the knowledge of

Shareholders and the market, through the corporate website: [www.elcondor.com](http://www.elcondor.com), or whichever in its place.

**ARTICLE 11. INTERPRETATION AND PRECEDENCE.** The Good Governance Code, Corporate Statutes, and The Board of Directors Performance Regulations will precede over the herein Regulations, in the event of gaps, inconsistencies or conflict.

### ERSION CONTROL

VERSION	DATE OF APPROVAL	RESPONSIBLE	APPROVING BODY	MINUTE NO.
Original	June 24, 2011	General Secretary	Board of Directors	193
2	February 27, 2012	General Secretary	Board of Directors	201
3	October 31, 2016	General Secretary	Board of Directors	268
4	May 2, 2018	General Secretary	Board of Directors	296
5	November 26, 2018	General Secretary	Board of Directors	309
6	August 31, 2020	General Secretary	Board of Directors	336
7	February 22, 2021	General Secretary	Board of Directors	349