



## PROCEDURE FOR THE MANAGEMENT OF ISA ADMINISTRATORS CONFLICTS OF INTEREST

### I. OBJECTIVE

To establish the procedures for the knowledge, administration and resolution of conflict of interest situations that may affect ISA Administrators, in order to assure transparency, objectivity, and independence in their decision making and exercise of their functions.

### II. DEFINITIONS

**Administrators:** They are members of the Board of Directors, the Chief Executive Officer, Officers, Corporate Directors and Directors.

**Senior Management:** They are the ISA first directive level collaborators in the following positions: CEO, Officers and Corporate Directors.

**Conflict of interest:** According to the bylaws, ISA Administrators are in a situation of conflict of interest when due to their functions they must make a decision, or perform or omit an action, and they are able to choose between the interests of ISA, and their own interest or that of a third party, so when choosing any of these last two, they would be compromising their objectivity or independence.

The conflict of interest could be temporal or permanent, the latter, when repeated over time. The permanent conflict of interest could affect or not the company set of operations.

**Related parties to Administrators:** Without prejudice to applicable legal definitions, they are their close relatives<sup>1</sup> and/or companies where any of ISA Administrators or their close families exercise control or joint control.

### III. PROCEDURES FOR THE MANAGEMENT OF CONFLICTS OF INTEREST

The Administrators' conflicts of interests will be managed pursuant to the following procedures:

#### 1. ISA Board of Directors temporal conflicts of interests

When a member of the Board of Directors faces a temporal conflict of interest situation, be it direct or indirect through his Related Parties or third parties, or there is doubt in regards to its existence. The board member should comply with the procedure defined in the Board of Directors Operational Procedure and for the case of Board of Directors committees, the procedure defined at the corresponding committee's regulations.

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<sup>1</sup> "Close Relatives" are those according to definition from NIC24 "family members from whom it could be expected to influence, or be influenced by them in relation with the entity and they include: (a) siblings from such person and the spouse or a person with similar relationship; (b) spouse's siblings of such person with similar relationship; and (c) people financially depending upon such person or that person's spouse, or a person with similar relationship."



When there is doubt about the existence of a conflict of interest and unanimously the Board of Directors members not affected by such situation establish the absence of conflict of interest; the board member or members could be part of the deliberations and respective decisions.

## **2. ISA Board of Directors permanent conflict of interests**

Board members in a permanent conflict of interest in regards to the company operations will not be designated as members of the Board of Directors. To this end, all people nominated to be members of the Board of Directors will be required to declare within their acceptance notification that they are not in a permanent conflict of interest situation.

In the event that due to a situation after the appointment to be a member of the board of directors by the General Assembly of Shareholders, a member is in a permanent situation of conflict of interests in regards to the company operations, directly or indirectly through his related parties or third parties, such member will report this situation before the audit committee as soon as possible and will refrain from participating in activities and decisions connected to the company determinations related to the conflict of interest or stop any action initiated.

The Audit Committee will evaluate; report before the Board of Directors and present proposals deemed necessary to manage such conflict of interest.

The Board of Directors will establish the existence of permanent conflict of interest or not in regards to the company operations, if there is conflict of interest, it will be enough grounds for mandatory resignation of the affected member, as this makes impossible the exercise of the board seat. In this situation, records should be kept in corresponding minutes.

## **3. Senior Management members and other Administrators conflicts of interest**

People in a permanent conflict of interest in regard to their position will not be appointed as Administrators, be this conflict of interest direct or indirect through their related parties or third parties. To this end, the possible Administrators will be required, previous appointment, to present statement of not being in a permanent conflict of interest situation for the fulfilment of his/her position functions.

After appointment, if an Administrator is in a direct or indirect permanent or temporal conflict of interest situation, through his/her related parties or third parties, he/she shall immediately inform his/her hierarchical superior as soon as aware of it and will refrain from participating in activities and decisions related to the conflict or cease any action initiated.

The hierarchical superior will report this situation to the CEO and the Audit committee, who will jointly

evaluate the situation and will report before the Board of Directors with the corresponding proposals to manage such conflict.

When the person in conflict of interest is the CEO, he shall directly inform the Audit Committee, which will report to the Board of Directors and present the proposals deemed necessary to manage it.

The Board of Directors will establish how to manage the conflict of interest, to this end, it will determine whether the conflict is permanent or temporal. If temporal, other member from the Senior Management or an Administrator could be appointed to continue with the corresponding process or activity. Records of the process shall be kept in the corresponding committees and Board of Directors minutes.

#### **4. Common provisions**

- The Audit Committee and the Board of Directors when evaluating the conflicts of interests existence or not and how to manage it, will act with the due diligence and loyalty to ISA.
- Circumstances that pose a real risk to the Administrator' objective judgement shall be presented to establish the existence or nonexistence of conflict of interest.
- The existence of conflict of interest does not depend upon communication from the affected Administrator.
- Administrators who have information about conflicts of interest affecting other Administrators, could report it before the competent party.
- Administrators shall refrain from doing indirectly or through third parties, what prohibited from doing directly.