

## **AUDIT, ETHICS, CORPORATE GOVERNANCE, AND COMPLIANCE COMMITTEE: BYLAWS**

### **1. REFERENCE FRAMEWORK.**

The application of any other subject not included in these Bylaws shall be made subject to the International Framework for the Professional Practice of Internal Auditing which includes the Definition, Standards, Codes and Advice for Practice of the Institute of Internal Auditors (IAI) and the Code of Good Corporate Governance for Peruvian Companies and complementary rules (hereinafter the Framework).

### **2. USE OF "SHALL" AND "MAY"**

The meanings of the terms "shall" and "may" used in these Bylaws are in accordance with the Framework. "Shall" is used to indicate a mandatory and unconditional requirement, and "may" in cases where compliance is expected when professional judgment is applied, unless circumstances warrant a deviation.

### **3. PURPOSE/MISSION.**

The Audit, Ethics, Corporate Governance, and Compliance Committee (hereinafter the Committee) supports the Board in reviewing: i) The appropriateness and reliability of the company's financial statements and internal control processes. ii) The consistency of the information issued by the company with the legal and regulatory requirements applicable in the industry. iii) The consistency of such information with the company's policies. iv) The qualifications and independence of external auditors. v) The performance of the Company's internal control department. vi) Develops and recommends Good Corporate Governance policies and principles to the Board of Directors and plays a leadership role in implementing good corporate governance in the company and its affiliates.

### **4. AUTHORITY**

The Committee has the authority to conduct or authorize the review of any matter within the scope of its roles and responsibilities, for which purpose: i) It has unrestricted access to all information concerning the Company's operations, being authorized to meet with various parties (Management, workers, external auditors, etc.), if necessary. ii) It is authorized to contract the professional services of the experts it considers necessary for the good performance of its functions, in accordance with the budget established and approved by the Board of Directors. Committee members are not Company employees and, consequently, do not perform accounting nor internal audit functions. The Committee assumes that the persons or organizations, internal or external, which have been entrusted with such functions are reliable and that their reports, opinions and financial statements are adequate and consistent with the required professional requirements.

### **5. ROLES AND RESPONSIBILITIES**

5.1. To oversee management processes to assess and manage the business's inherent risks.

5.2. To review, on an annual basis, the roles and regulations for suggesting the corresponding amendments to the Board.

5.3. The Chairperson of the Committee is responsible for receiving and reviewing the internal audit reports. If deemed necessary, the Chairperson shall submit such reports for assessment during Committee sessions.

5.4. With regard to the internal control area, the Committee shall:

- i) Select, evaluate and propose the GSM the appointment, reappointment or replacement of external auditors.
- ii) Approve the proposal of external auditors and their affiliated companies, as well as their fees, after evaluating possible situations of conflict of interests and their adequacy to the current legislation.
- iii) Approve all consultancy services related to financial and internal control issues, as well as the corresponding fees.
- iv) Discuss the annual audit plan and the scope of such review.
- v) Inform the external auditors of the scope of mandatory reports for the Committee.
- vi) Receive and review the external auditors' report on any significant economic issue that may have arisen during the annual audit process and ask for their opinion, as well as that of the management.
- vii) Review, at least once a year, the situation of external auditors to verify compliance with independence standards and regulations established by the Lima Stock Exchange, the Superintendence of Securities Market (SMV) and other regulatory bodies. This may require applying for an independence report issued by external auditors, as well as a detailed description of the jobs they are undertaking for the company. The Committee shall discuss with the external auditors those topics from such report that could affect the objectivity and independence of the services rendered, and, if necessary, obtain legal advice for this purpose.
- viii) External auditors shall report directly to the Committee any discrepancies and/or problems that may arise with the Company's management regarding any aspect associated with the financial information. The Committee is responsible for the resolution of such discrepancies and/or problems between both parties.
- ix) Take the necessary measures to guarantee the external auditors' compliance with current and rules and regulations applicable to external audit services.
- x) Review the performance of external auditors during the year under review and present the conclusions to the Board of Directors.
- xi) Request, at least once a year, that the external auditors present the recommendations for the internal control system of the company and oversee the execution of such recommendations by the Management.

5.5. With regard to financial statements, the Committee shall:

- i) Review and analyze quarterly disaggregated and aggregated financial statements for the months of March, June and September, and the annual financial statements for December.

- ii) Meet with the Management and external auditors to review such financial statements.
- iii) Request the Management and external auditors to provide an explanation for any significant economic issue arisen during the preparation of financial statements.
- iv) Verify, with the management and external auditors, the application of Generally Accepted Accounting Principles (GAAP) and explain the grounds for their estimates and judgments related to the financial statements.
- v) Discuss with external auditors the modifications suggested by external auditors on GAAP application, as well as the estimates and judgments issued by the management.
- vi) Request external auditors information on any risk contingency that may have originated during the audit process, as well as any other inconvenience that might have interfered with the scope of their assessment, including those in which the requested information was denied.
- vii) Encourage discussions between the Management and external auditors on the scope of rules and regulations.
- viii) Discuss with the external auditors those topics submitted to the Committee.
- ix) Review the judgment and recommendations of external auditors.
- x) Review, together with internal and external auditors, the good performance of the design and execution of the company internal control systems and approve the engagement and scope of services of consultants specialized in the design, review, and implementation of the internal control system of the company and its affiliates.
- xi) It is not the responsibility of the Committee nor the Board to establish procedures to determine whether the Company's disaggregated and aggregated financial statements are consistent with GAAP. This is the Management's responsibility. Furthermore, external auditors are responsible for planning and conducting adequate audit and review processes.

5.6. With regard to Corporate Governance and Compliance, it shall:

- i) Annually review these regulations and recommend the necessary modifications to the Board of Directors.
- ii) Define and supervise the implementation of good corporate governance principles, compare them with the best practices in the industry and recommend the modifications that apply.
- iii) Ensure the alignment of the company's board of directors and the management with the principles of good corporate governance.
- iv) Monitor the compliance with good corporate governance practices, as established by the regulatory entities that govern the stock markets in which the company participates.

v) The committee will define, implement and supervise the compliance with the company's internal Code of Conduct, as well as its affiliates.

vi) Provide a private and ethical means of communication (telephone line, e-mail, etc.) for reporting any suspicious, fraudulent or illegal activity in the company and/or affiliate.

vii) Receive the reports prepared by the Company's Compliance Officer regarding Code of Conduct compliance among the management and employees and, if necessary, propose the required sanctions to the Management or the Board of Directors.

5.7. With regard to the Internal Audit Department, it shall:

i). Review the internal annual audit plan and the scope of its work.

ii). Review, together with the Committee, all the responsibilities, qualifications and resources of the internal audit department.

5.8. Oversee and conduct special projects and research necessary for the adequate discharge of roles and responsibilities.

5.9. Promote quality and continuous improvement in the Company's control processes and its internal audit activities; thus, continuous and permanent training of the staff is required

5.10. Control access to reports, working papers and records of reviews. The Internal Auditor, or whoever performs this function, must obtain approval from the Committee, the Management, or legal advisors before disclosing such documentation to third parties.

## **6. COMPOSITION.**

The Committee shall be composed of three (3) non-executive Company directors and at least one (1) shall be independent.

These three (3) directors must also be free from impediments that in the unanimous opinion of the Board of Directors may interfere with the exercise of their professional judgment.

The Chairman of the Committee will be appointed by the Board of Directors, considering his financial ability. The Board of Directors shall ensure professional qualifications in financial matters, familiarity with current rules and regulations, skills, attributes, and qualities such as: professional skepticism, industry knowledge, communication, decision-making criteria, and interpersonal skills for all Committee members.

All Committee members must have basic financial and accounting skills. In this regard, they must be able to read and understand the Company's financial statements.

## **7. SESSIONS.**

7.1. The quorum necessary for a Committee session shall be of at least two (2) directors.

7.2. The Committee shall meet at least once after each quarter (for the months of March, June, September and December).

7.3. The Committee may invite to its sessions the members of the Management or any staff member, if it is considered that they will provide relevant information.

7.4. To maintain an open communication channel, the committee shall hold work meetings with external auditors at least once a year; and they could also be invited to the sessions to report on topics of interest to the Committee.

7.5. The Committee may request in the meetings with the external auditors, the participation of the Management, officers or other employees of the Company if it is considered that these persons will contribute with relevant information.

7.6. The Committee Secretary shall record in minutes all Committee decisions and resolutions, as well as the names of attending members.

7.7. The Committee's minutes shall be immediately sent to the Chairperson of the Committee, then to the other Committee members; and once approved, these shall be sent to all Board members.

## **8. RELATIONSHIP WITH THE INTERNAL AUDITOR**

### **8.1. General**

The Committee shall ensure that the Internal Auditor or whoever performs such function and the Board of Directors maintain open channels of communication. The presence of the Internal Auditor or whoever performs such function at the Committee meetings is required (mandatory) and it is the Committee's authority to have more meetings with him, if it considers these necessary. The Committee shall submit to the Board a summary of the meetings held with the Internal Auditor or whoever performs such function.

### **8.2 Annual Internal Audit Plan and Design**

The Committee must verify and guarantee the independence of the Internal Auditor's criteria, for which purpose it must receive, at least annually, confirmation that the Internal Auditor and the internal audit department enjoy independence within the Company.

It must also review and approve the Annual Internal Audit Plan and its scope no later than December 31 of the year preceding the year to which it applies, which must then be approved by the Board.

The Committee must consider the greater functions assumed by the Internal Auditor along with the external auditors. The objective of joining efforts is to ensure that the controls established by the Company are fully covered, as well as to optimize the use of resources, and to minimize the duplication of work.

### **8.3. Risk management, audit reports and recommendations on internal control.**

i) Risk management is a key responsibility of the Board and Management. The Committee should evaluate the effectiveness and contribute to the improvement of the Company's risk management processes and internal control systems.

ii) The Committee will assess the high risks identified by the Internal Auditor through his recommendations and take into account the comments or action plans established by pertinent Management areas.

iii) The Committee will consider and review, together with Management and the Internal Auditor, any change in the scope of the Annual Internal Audit Plan, as well as in the internal audit policies.

### **9. Reports to the Board, Self-assessment, and Performance Evaluations**

The Committee shall report to the Board a summary of the topics discussed and agreements of all its meetings, through periodic presentations led by the Committee Chairman or the Internal Auditor.

The Committee must confirm annually, the fulfillment of what is established in these Bylaws. If modifications are required, the approval of the Board of Directors must be obtained.

Annually, the Committee should assess the Internal Auditor and the internal audit department's performance. Periodically (once a year), the Committee should review its performance (internal self-assessment) and both evaluations should be recorded in the Committee's Minutes.

### **10. The Purpose of Internal Audit**

The purpose of Internal Audit in the company is to assist and support the Board of Directors, Managers and other staff in the paramount responsibility of keeping an adequate internal control system in the Company, by providing an independent and objective audit and internal control service designed to add value and improve operations, as well as to help meet the objectives by providing a systematic and disciplined approach to assess and improve the effectiveness of risk management, control and governance processes.

The scope of the internal audit and control activity is to determine whether the controls established by the Management are adequate and function accordingly by ensuring that:

- i) Risks are identified and managed appropriately.
- ii) Meaningful financial, administrative, and operational information is accurate, reliable, and timely.
- iii) Employee performance is carried out in accordance with applicable policies, standards, procedures, regulations, and laws.
- iv) Resources are acquired prudently, used efficiently, and protected appropriately.
- v) Programs and plans are implemented and objectives are achieved.
- vi) The Company's control process are constantly improved in terms of quality.
- vii) Legal or regulatory issues impacting the Company are recognized and addressed appropriately. The processes are audited in accordance with the Annual Internal Audit Plan, which is prepared considering the criteria that allow the prioritization of the work according to the Company's objectives and needs,

additionally taking into account specific and special business conditions, and legal requirements.

### **11. The Internal Auditor**

The Company shall have an Internal Auditor, or an expert who performs such role, who will be appointed by the Committee.

The Internal Auditor has two reporting lines: he reports operationally to the Committee and reports administratively to the Company's Corporate Manager for Administration, Finance, and Investor Relations.

The operational reporting line involves the review and approval of risk assessment, plans, budgets, activities, growth, results obtained and actions taken, as well as whether resources are adequate, sufficient and effectively allocated.

Administrative reporting within the Company's management structure facilitates the Internal Auditor's everyday operations and activities, and provides him/her with the appropriate connection and support to be effective, including: human resources management, internal communications and information flows, compliance and management of internal policies and procedures (approval of expenses, approval of leave of absence, assigned office space, etc.).

The Internal Auditor, in the discharge of duties, shall report to the Committee:

- i) Providing an annual assessment of the adequacy and effectiveness of the Company's processes to control its activities and manage its risks according to the Annual Internal Audit Plan. Thus, he or she must submit to the Committee a summary report of his or her activities for each completed year.
- ii) Delivering meaningful information related to the Company's control processes, including possible improvements in those processes.
- iii) Providing, on a regular basis, information on the condition and results of the Annual Audit Plan and the sufficiency of the department's resources.
- iv) Overseeing and coordinating with other control and monitoring areas within the Company (risk management, management control, safety, legal, ethics, environment, external audit) that might exist.
- v) To permanently maintain his or her technical competence, and assure these criteria among members of the internal audit department. He or she must have updated information on auditing standards, procedures and techniques, in general, and of internal auditing, in particular. He or she should provide assistance for conferences, seminars, courses and training programs, as part of a continuous education process.

#### **11.1. Powers of the Internal Auditor**

- i) To have unlimited access to all information relevant to the Company's operations.
- ii) To have total and free access to the Committee.
- iii) To allocate resources, define dates, select subjects, determine the scopes of work and apply the techniques required to achieve audit goals.

## **11.2 Roles of the Internal Audit Department:**

- i) To implement policies and rules applicable to internal audit, taking into account the Framework, as well as Corporate Governance principles and best practices.
- ii) To oversee and ensure that the company's resources are allocated effective and efficiently, that risks are appropriately managed, and that an effective and efficient Internal Control System is maintained.
- iii) To ensure the Company's reliable financial information, productivity and compliance with the law.
- iv) To assess, on a regular basis, the Company's risk management system and risk mitigation measures.
- v) To prepare and implement the Annual Audit Plan.
- vi) To report to the Committee on the progress of the Annual Internal Audit Plan and the compliance with action plans to implement the proposed recommendations.
- vii) To analyze and follow up substandard situations detected (frauds). Such analysis is oriented to review the process and identify missing or defective internal controls that produced the substandard situation.
- viii) To identify areas for improvement in the Company's internal control systems.

## **INTERNAL AUDIT PROGRAM**

### **The Purpose of Internal Audit**

The mission of the company's Internal Audit Program is to assist and support the Board of Directors, Managers and other staff members in their main responsibility of maintaining an adequate internal control system in the Company, by providing a systematic and objective Internal Audit service designed to add value and improve the organization's operations, supported by risk-based methodologies and the continuous development of talent, in accordance with the parameters indicated by Corporate Audit.

The scope of the internal audit activity is to determine whether the complete organization related to the administrative processes of risk, control and corporate governance, as designed and represented by the management, are adequate and ensure that:

- Risks are identified and managed appropriately.
- The interaction with the various corporate governance groups is duly carried out, so that important financial, administrative and operational information is accurate, reliable and timely.
- Employee actions are carried out in accordance with applicable policies, rules, procedures, regulations and laws.
- Resources are acquired prudently, used efficiently, and protected appropriately.
- Programs and plans are implemented and objectives are achieved.
- Quality and continuous improvement are promoted in the organization's control process.



- Legal or regulatory issues that impact the organization are recognized and adequately addressed. All areas are audited according to an Annual Audit Plan approved by the Audit Committee, which is prepared in accordance with various criteria that allow the identification of a prioritized work program based on the company's needs, additionally taking into account special business conditions and legal requirements for monitoring and improvement.

### **The Internal Auditor**

The Company will have an Internal Auditor or a person in charge of that function, who will be appointed by the Audit, Ethics, Corporate Governance and Compliance Committee. The approval of said Committee shall be required for his or her removal. The Internal Auditor, in the fulfillment of his duties, will be held accountable by the Committee and will:

- Provide an annual assessment of the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set out in his mission and scope of his duties.
- Report significant issues related to the processes for controlling the organization's activities, including possible improvements to those processes, and to resolutely provide information concerning those issues.
- Deliver periodic information on the status and results of the annual audit plan and the adequacy of resources in the area.
- To supervise and coordinate with other control and monitoring functions (risk management, management control, security, legal aspect, ethics, environmental issue, external audit) that may exist.

### **Powers of the Internal Auditor**

- To have unrestricted access to all information concerning the Company's operations.
- To have full and free access to the Ethical Audit, Corporate Governance and Compliance Committee.
- To allocate resources, define dates, select subjects, determine the scopes of work and apply the techniques required to achieve audit goals. The Internal Auditor may only be removed by the Audit Committee.

### **Roles of the Internal Audit Department:**

- To implement policies and rules applicable to internal audit, taking into account the best practices defined and accepted by the Corporate Control.
- To oversee and ensure that the company's resources are allocated effectively and efficiently, that risks are appropriately managed, and that an effective and efficient Internal Control System is maintained.
- To supervise the company's Internal Control System (reliability of financial information, efficiency, productivity and regulatory compliance) .
- To assess, on a regular basis, the Company's risk management system and risk mitigation measures.
- To safeguard control systems.
- To prepare and implement the Annual Audit Plan.

- To report to the Audit Committee on the progress of the Annual Internal Audit Plan and the fulfillment of improvement plans.
- To analyze and follow up substandard situations detected (frauds). Such analysis is oriented to review the process and identify missing or defective internal controls that produced the substandard situation.
- To hold regular meetings with the Audit, Ethics, Corporate Governance and Compliance Committee and report on the development of the Annual Audit Plan, various findings, as well as improvement plans.
- To identify areas for improvement in the Company's internal control systems.