

# Policy on Appointment, Compensation and Succession of the Board of Directors

## 1. General Aspects

### 1.1. Objective

This policy aims to establish the general parameters that the different governing bodies of the Company, especially the Shareholders Meeting, must consider to ensure that persons designated to be members of the Board of Directors ('Directors') are the most suitable according to the needs of the Company and are adequately compensated.

### 1.2. Scope

This policy is applicable to the shareholders, Directors and employees of the Company.

Members of Senior Management participating in subsidiaries companies' Boards of Directors must take the necessary steps to ensure that the same policy will be adopted by the corporate bodies of those companies.

### 1.3. Disclosure

As this policy has a special impact on company shareholders, it will be published on the company's website ([www.odinsa.com](http://www.odinsa.com)) when approved by the Shareholders Meeting. Any change that is made to it must have the same level of disclosure.

### 1.4. Updating

This policy may be updated by the Shareholders Meeting according to the recommendation of the Board of Directors, once it has been approved by the Appointments and Compensation Committee.

The Appointments and Compensation Committee will regularly and whenever it considers necessary review this policy and propose changes it deems relevant.

## **1.5. Glossary**

The terms used in this text with capital letter will have the meaning given in the Good Governance Code.

## **2. Appointment**

### **Selection Criteria**

In addition to the general criteria set out in the Good Governance Code, the Shareholders Meeting will consider the following aspects for the appointment of Directors:

- a. Taking into account that directors must retire at the age of 72 and that the Board period is three years, the candidates on the respective lists may not be over 69 years old.
- b. All candidates must demonstrate experience in participation in Boards of Directors and a professional specialty that is relevant to the activity of the Company, set periodically by the Appointments and Compensation Committee.
- c. All candidates must demonstrate basic skills to adequately perform their functions, including analytical and managerial skills, strategic business vision, global perspective, objectivity and ability to present their point of view and ability to evaluate senior management charts.
- d. Candidates for independent members must demonstrate experience in any one of the following topics: corporate management, corporate finance, internal control or human resources management.
- e. The lists should include candidates with experience in environmental, social and corporate governance matters.
- f. At least 50% of the candidates must comply with the requirements established in the Good Governance Code to be considered as Independent Members.

### **2.1. Ineligibilities and Disqualifications**

Candidates in the following circumstances are ineligible and disqualified from being a Director:

- a. Candidates that directly or through another person participate in activities that compete with the company or any of its subsidiaries or in acts of conflict of interest.
- b. Candidates who are employees or partners or spouses of litigating parties against the company or any of its subsidiaries.
- c. Candidates who at the time of the election are members of Board of Directors in five (5) stock companies or companies that compete with the Company or any of its subsidiaries or which involve some type of conflict of interest, unless they expressly declare their intention to resign in case of being elected.
- d. Candidates who in the event of election would form a majority within the Board with persons related by marriage or kinship within the third degree of consanguinity or second of affinity or the first of civil.
- e. Candidates who upon review are linked to criminal proceedings or are registered on restrictive lists for acts linked to activities of money laundering, terrorist financing, fraud, bribery, corruption or any other illegal activity.
- f. Candidates that have incurred in any wrongful act in accordance with the Code of Conduct.

In the event that such circumstances occur after election, the respective Director shall communicate this situation to the Company and if it cannot be resolved, he/she must resign the position.

## **2.2. Definition and Disclosure of Profiles**

The Board of Directors, with the support of the Appointments and Compensation Committee, will define in each election year:

- The functional profiles associated with aspects such as knowledge and professional experience required for the respective period.
- Personal profiles linked to career, recognition, prestige, availability, leadership, group dynamics, etc. that are considered most suitable in accordance with the circumstances the Company expects to face.
- The time and effort necessary so that they can properly perform their obligations.

For purposes of this definition, the Board may request the support of the Company's employees or hire external advisors, if appropriate.

The profiles defined by the Board will be published on the Company's website on the same date that the Ordinary Shareholders Meeting in which elections for the Board of Directors will take place is summoned.

### **2.3. Submission and evaluation of proposals for the election of the Board of Directors.**

As established in the bylaws of the company, the proposals for appointment of members for the Board of Directors must be submitted by the Shareholders not less than five business days before the date set for the General Shareholders' Meeting in which the election will take place.

Shareholder proposals must be accompanied by the following documents signed by each of the candidates:

- Resume which indicate, as a minimum, studies and positions held.
- Letter accepting their inclusion in the respective list, as per format provided by the Company.
- Declaration of Potential Conflicts of Interest, as per format provided by the Company.
- List of Board of Directors he/she is a member of, indicating date of appointment.

In addition, those candidates that intend to be considered Independent Members must attach:

- Declaration of Compliance with Independence Requirements, as per format provided by the Company.
- Declaration of Compliance with Independence Requirements with respect to Pension Fund Administrators, as per format provided by the Company.

Upon receipt of the proposals, the Appointment and Compensation Committee will proceed with the respective evaluation to determine if the candidates meet the profiles proposed by the Board of Directors, comply with selection and independence criteria set by the Good Governance Code and if they incur in ineligibility or disqualification stipulated in this Policy.

## **2.4. Communication of the evaluation of proposals**

The results of the evaluation done by the Appointments and Compensation Committee shall be published on the Company's website not less than 2 calendar days before Shareholders Meeting in which the respective election will take place.

In the event that any shareholder expressly requests, the conclusions of the mentioned evaluation may be presented during the Shareholders Meeting.

## **3. Setting of Compensation**

### **3.1. Components**

Directors shall receive compensation for their services consisting of the following items:

- A monthly fixed fee whose amount will be determined each year by the Shareholders Meeting.
- A monthly fixed fee set by the Shareholders Meeting for the participation in the Board support committees.
- Additionally, when it is considered relevant, the Appointments and Compensation Committee shall submit to the Board of Directors who will in turn submit it to the Shareholders Meeting a compensation program through which the Directors receive part of their compensation for services in shares of the Company or of its subordinated companies.

In any case this compensation to Directors must be maintained for not less than three years.

If this remuneration program is approved, the applicable methodology to determine the values must be objectively measurable, subject to audit and must be posted on the Company's web page.

Executive Members participating in the Board will not receive additional remuneration as Directors.

The Chairperson of the Board, by approval of the Shareholders Meeting, may receive a higher compensation compared to the one established to the other Directors due to his/her additional functions.

### **3.2. Costs**

The Company shall pay all costs that are necessary so Directors can properly carry out their functions, including travel, accommodation, ground transportation, technology supplies, and sending of information.

In addition, the Company will pay all costs associated with training, updates, and hiring of external consultants required by the Board.

The Company will pay the Directors and Administrators insurance policy, which must expressly include all Directors.

In no case will the Company pay or recognize payments to Directors for retirement pensions or for life insurance premiums.

The CEO of the Company annually shall submit to the Shareholders Meeting the budget for total Board costs as well as a report on the implementation of the budget approved in the prior year.

### **4. Succession**

The Appointments and Compensation Committee will prepare a matrix of suitable profiles for the composition of the Board of Directors, which will be published on the website of the company prior to the Shareholders Meeting in which the election will take place.

If a position of Director becomes vacant for any reason, the Board will request that the next Shareholders Meeting will fill such vacancy.

The vacancy will be filled through partial elections if there is a unanimous vote of the shareholders present at the meeting. Otherwise, there will be a new election of the complete Board of Directors, by the electoral quotient system as provided in the bylaws.