

SCHEDULE "A"

English Translation
(For Information Purposes Only)

CODE OF BEST CORPORATE PRACTICES

Introduction

Upon the initiative of the Business Coordinating Council, the Corporate Governance Committee (the "Committee") was created and it issued the following Code of Best Corporate Practices, which provide for recommendations to improve the corporate governance of Mexican corporations.

The recommendations of the Code have as the purpose to suggest principles that may contribute to improving the performance of the Board of Directors and the disclosure of information to the shareholders. Specifically, the recommendations have the purpose of having: (i) corporations broaden the information related to their management and the functioning of their corporate bodies; (ii) that corporations have mechanisms achieving the goal that the financial information provided to the markets is sufficient; (iii) that procedures should exist to enhance the participation and communication among board members and (iv) that procedures exist that result in adequate disclosure of information to the shareholders. It is important to mention that the principles contained in the Code are written in bold letter. The rest of the Code seeks to provide a brief explanation and the context of each principle.

In the preparation of the Code, the Committee recognized the needs and the environment of Mexican corporations. Among others, the stockholder structure of such corporations was taken into consideration, as well as the importance that stockholders can have in the management of such corporations.

Finally, it is important to emphasize that the Code applies to all Mexican corporations, that is to corporations shares of which are traded in the stock exchange (public companies) or those that are not traded, recognizing that certain principles may only apply to the former. For public companies it is considered as an adequate practice to inform of their degree of commitment to the suggested practices. In the event that a public company does not follow such practices, such company may indicate the reasons for not following the principles contained in the Code, as well as the alternate mechanisms that the may have to replace the such principles. It is important to point out that in order to facilitate compliance with the recommendations contained in the Code, subsidiaries may elect to comply with such Code through their holding companies.

I. Board of Directors

The daily operations of a corporation are the responsibility of the management team of such company, while the definition of the strategic vision of the company and the approval of its operations should be the responsibility of the Board of Directors. All members of the Board have responsibility regarding such duties.

To comply with the objective, it is recommended that the Board have members that are not involved in the daily operations of the corporation and who may contribute an external and independent vision. Therefore, to facilitate performance of its duties, the board should have the support of a intermediate layer of management bodies dedicated to evaluate and propose actions in specific areas that are relevant for the Board, in order for such Board to have more information and to make its decision-making more efficient. Finally, there should be an assurance that clear rules of operation and performance of the Board exist.

I. 1 Duties

If it is true that the law already provide for certain power and authority of the Board of Directors, the Committee considers that complying with the following duties will help to guide its performance and will contribute for corporate information to be a more useful, reliable and timely.

- **It is recommended that, in addition to the obligations that are provided in the General Law of Business Organizations, the Credit Institutions Law, the Securities Market Law and other specific laws, the powers of the Board of Directors should include (i) the establishment of the strategic vision of the corporation; (ii) assurance that the shareholders and the market have access to public information about of the corporation; (iii) establishment of internal control mechanisms; (iv) assurance that the corporation has the necessary mechanisms that allow for proof that it complies with applicable law; and (v) evaluation on a regular basis of the performance of the *Director General* and the high ranking officers¹ of the corporation.**

I.2. Composition of the Board

The composition of the Board of Directors constitutes an essential element for its adequate performance. Therefore, it is considered necessary that a minimum number of members of the Board should exist in order to generate a broad-based opinion among the Board members. Nevertheless, it is important to establish a maximum of Board members to ensure that the Directors effectively are in a position to express and discuss their points of view without the inefficiency that may result from operating with an excessive number of Board members.

- **It is recommended that the Board of Directors be composed of a number of members between 5 and 15.**

It is important to avoid replacements of the Directors by any alternate member of the Board, in the event of not attending a Board meeting, reducing in this manner its obligations to the rest of Board. Furthermore, it is considered advisable that the Director forms a team with its alternate member with the purpose to have a more effective performance as Directors. In this respect it is important to consider allowing the Director to participate in the designation of its respective alternate.

¹ High ranking officer mean the category immediately below the *Director General*.

- **It is recommended that no alternate member of the Board shall exist, and if they are elected that they can only act on behalf of its respective Director. In this case, it is recommended that each Director may suggest who can be its alternate.**

The composition of the Board is fundamental in order for it to be identified with the strategic vision of the corporation and be a supporter of its performance. Consistent with the foregoing, it is important to create the concept of the Independent Director. The term Independent Director is used to identify such persons that are not related to management team of the corporation. They are called to be Directors because of their personal and professional recognition. Their main duty is to contribute with an impartial vision to the corporation's strategies, planning and other duties of the Board.

- **Independent Directors: Are those persons selected for their capacity, experience and professional recognition and furthermore, they are not subject to any of the following at the time of their designation: (i) being employees or officers of the corporation; (ii) being employees or officers and being stockholders of the corporation, having authority over the officers of the corporation; (iii) being consultants to the corporation or partners or employees of firms that are consultants to the corporation or its affiliates and their income significantly² depends on the contractual relationship; (iv) being clients, suppliers debtors or creditors of the corporation or partners or employees of a corporation which is an important client, supplier, debtor or creditor³; (v) being employees of a charitable institution, university or entity that receives important charitable contributions from the corporation⁴; (vi) being *Director General* or a high ranking officer of a corporation in which board of directors, the *Director General* or a high ranking officer of a corporation**

² Significant income is considered if it represents more than 10% of the income of the consultant or the firm.

³ It is considered an important client or supplier when its sales by or to the company represents more than 10% of the total sales of the client or the supplier, respectively. Also, a debtor or creditor is considered important when the total amount of the loan is greater than 15% of the assets of the corporation or its counterparty.

⁴ Significant charitable contributions are considered important when they represent more than 15% of the total of such contributions received by the institution.

participates; and (vii) being by family related to any of the persons mentioned in sections (i) to (vi) above⁵.

Furthermore, it is important to include the concept of Patrimonial Director. The main characteristic of this member of the Board is to have a significant participation in the capital stock of a corporation. The participation of the Patrimonial Director is advisable in view of the fact that it will maintain a permanent supervision of its investment, which will be for the benefit of the corporation.

- **Patrimonial Directors:** are those selected since they are significant stockholders⁶, or attorneys-in-fact thereof. Depending upon if the significant stockholder or its agent complies or not with the characteristics of an Independent Member of the Board, they may be Patrimonial Directors, Independent Directors or Related Patrimonial Directors.
- **Related Directors:** Are all others that do not fall into any of the definitions mentioned hereinabove.

For the purpose of seeing that the Independent Directors and Patrimonial Directors comply with their objectives, it is necessary that they have a sufficient percentage of representation in the Board.

- **It is suggested that the Independent Directors and Patrimonial Directors jointly represent at least 40% of the Board of Directors. Furthermore, it is recommended that the Independent Directors represent at least 20% of the total members of the Board.**

⁵ This case is applicable to the spouse up to the third degree in the cases of consanguinity and affinity for the cases of sections (i) and (ii); and to the spouse up to the first degree in the cases of consanguinity and affinity, for the cases mentioned in sections (iii) to (vi).

⁶ Any investor who directly or indirectly has a participation equivalent to or more than 2% of the corporate capital of the corporation is considered a significant shareholder.

In order for the market be in a position to evaluate the composition of the Board of Directors, it is necessary for the corporation to disclose the information relating to their background and to the category to which they belong.

- **It is suggested that the annual report presented by the Board of Directors should include a list of who are the Independent Directors and who are the Patrimonial Directors indicating for the latter the category to which they belong.**
- **It is suggested that the annual report presented by the Board of Directors shall include a brief resume of each member of the Board as of the date of such report.**

I.3. Structure

The Committee considers that there are at least three specific areas in which the Board of Directors should make important decisions for the corporation. They are: evaluation and compensation; audit and finance and planning. Therefore, the Board needs a mechanism that guarantees adequate decision- making in such areas.

The Committee recommends the creation of one or various intermediate bodies as mechanisms to assist the Board of Directors in its duties. Structurally, such bodies will be formed by Directors and in their performance they shall be considered as an extension of the Board in order to assist it in decision-making on different matters.

It is important to point out that the intermediate bodies do not participate in the operations of the corporation. Therefore, in order to comply with their duties, they may obtain assistance from the work performed by the management structure of the corporation. The intermediate bodies are not to be considered as an executive body and do not assume duties that correspond to the Board and the operative areas of the corporation.

- **It is recommended that in order to make more informed decisions, the Board of Directors shall perform evaluation, compensation, audit, finance and planning duties as are further defined in the Code, through one or various intermediate bodies.**

Notwithstanding the fact that the Committee recognizes the need for flexibility in the organizational structures of different corporations, international practice uses committees to comply with the various specific duties. What is especially relevant is for the Board of Directors makes better-informed decisions in important matters.

For example, it is important that the Patrimonial Directors and the Independent Directors participate in the activities performed by the intermediate bodies. The Independent Directors because they were elected for their professional reputation and experience and the Patrimonial Directors because they were designated because they have the incentives to get involved and resolve matters of intermediate bodies. It is recommended that the following principles should apply in respect of the intermediate bodies:

- **One or more may be created, when they have a clear purpose and their membership avoids conflicts of interest.**
- **They shall be composed only by regular directors (i.e. not by alternates)⁷.**
- **It is recommended that they be formed with a minimum of three members and a maximum of seven.**
- **It is suggested that they regularly report on their activities to the Board of Directors.**

⁷ Note of the translator.

- **The president of each intermediate body may invite to its meetings officers of the corporation whose duties are related to the operations of the intermediate body.**
- **It is suggested that each Independent Director in addition to the compliance with its duties in the Board shall participate in at least in one of the intermediate bodies.**
- **It is recommended that the intermediate body in charge of auditing shall be presided over by an Independent Director.**

I.4 Operation

The Board shall meet as frequently as necessary in order to ensure an adequate and permanent review of the operations of the corporation.

- **It is suggested that the Board of Directors should meet at least 4 times a year. It is recommended that one of such meetings be dedicated to the definition of the medium and long-term strategy of the corporation.**

It is also important for corporations to have mechanisms that guarantee full opening within the Board, so that its performance does not depend on one person.

- **It is suggested that a procedure should exist by means of which a call for a meeting of the Board may be made as a result of the agreement of at least 25% of the Directors.**

The active participation and responsibility of the members of Board of Directors translate into a more institutional body. To support the foregoing, it is important to provide the Directors in due course with all information in order for them to have the necessary elements to comply with their duties.

- **It is suggested that the Directors have access with an anticipation of at least five business days prior to the meeting, to all the relevant information for the decisions to be**

made pursuant to the agenda contained in the call for the meeting. The foregoing will not be applicable for those strategic matters that require confidentiality; nevertheless, in that case the necessary mechanism should be established in order for the Directors to adequately evaluate the proposal related to such strategic matters.

The Directors appointed for the first time must have the necessary information in order to perform properly their duties. For such purpose, it is necessary for them to have full knowledge of the business; among other matters, they should know the position that the corporation has in its business sector and which are its main competitors, clients and suppliers.

Furthermore, the Directors have the legal obligation to respond for the performance of their duties. The lack of knowledge of their obligations do not release the Directors from their duties. In view of the foregoing, it is important too disclose to new directors the legal scope and consequences of their duties and the applicable provisions to the Board contained in the by-laws of the corporation.

- **It is suggested that when the Directors are appointed for the first time, an adequate instruction of their new responsibilities be given to them. As a minimum information, the corporation shall provide information related to the corporation and its business environment, as well as its obligations, responsibilities and duties that are implied by being a Director of the corporation.**

I.5 Duties of the Board Members.

The Directors assume obligations and responsibilities at the time of acceptance of their appointment. For such reason, it is considered important that the corporation have a general framework of the rules for performance that shall govern the Board. It is recommended to follow six principles for such purpose.

- **Communicate to the Chairman and Secretary of the Board of Directors of any situation that may result in a conflict of interest and abstain from participating in the**

corresponding deliberation;

- **Use the assets or services of the corporation only for compliance with its corporate purpose, and define clear policies when such assets are used exceptionally for personal matters;**
- **Dedicate to the performance of their duties the time and the attention necessary, attending at least 70% of the meetings called (not applicable to the alternate Directors);**
- **Maintain absolute confidentiality of all information, which may affect the operation of the corporation as well as the deliberations that take place in the meetings of the Board;**
- **Directors and Alternate Directors, as the case may be, shall keep themselves mutually informed in connection with the matters discussed in the meetings of the Board that they attend; and**
- **Support the Board of Directors through opinions, recommendations and suggestions that arise from the analysis of the operations of the corporation, to the effect that the decisions that are adopted, are duly supported by professional and qualified personnel that have a broad and independent view with respect to the operations of the corporation.**

II. The Evaluation and Compensation Function

The Committee recommends the existence of a mechanism that gives support to the Board in the performance of its evaluation and compensation duty of the *Director General* and other high level officers of the corporation. To comply with this duty, it may obtain the necessary support from the internal management structures of the corporation such as the area of human resources.

The Committee considers that it is important that the mechanism chosen ensures that all the proposals are submitted to the Board of Directors in order for it to make the corresponding decisions. Furthermore, the existence of the mechanism should be disclosed and its operation

should be transparent in increasing the confidence of the investors in the management of the corporation.

II.1 General Duties

The following duties have as their purpose seeing that the corporation has adequate human resources and remuneration policies.

- **It is recommended that the following duties should be performed: (i) to suggest to the Board procedures to propose the *Director General* and high level officers; (ii) propose to the Board the evaluation criteria for the *Director General* and the high level officers, in compliance with the general guidelines established by the Board; and (iii) to analyze and submit to the approval of the Board of Directors the proposal made by the *Director General* regarding the management structure and the salaries to be paid to the principal officers of the corporation.**

II.2 Operating Matters

The Board should be assisted in the analysis of the policies to determine the salaries of the *Director General* and the high level officers of the corporation. It is important that such policies consider matters such as certain previously established targets, the individual performance and the performance of the corporation. The Committee considers that the remuneration policies established by the Board of Directors should be disclosed to the market.

To protect the assets of the corporation it is important that the Board be assisted in order to avoid excessive payments to the principal officers deriving from indemnities, considering the terms and conditions of each officer that is being hired.

- **It is suggested that the Board be supported by reviewing the terms and conditions on which the *Director General* and the high level officers are being hired as well as the possible payments that will be made in case they are discharged from the corporation; such**

terms and conditions should be within the general guidelines approved by the Board.

- **It is suggested for the annual report presented to the Board of Directors to disclose the policies used and the terms and conditions that form the salary packages of the Directors, the *Director General* and the high level officers of the corporation.**

III. Audit Function

The Committee recommends the existence of a mechanism that gives support to the Board in the verification of compliance with the audit function, ensuring that the internal and the external audits are performed with the highest objectivity possible and that the financial information is useful, trustworthy and accurate; that is, that the information that is presented to the Board of Directors, to the shareholders and the general public is transparent, sufficient and adequately reflects the financial position of the corporation. In order to comply with such duty, the Board may obtain the support of the internal structures of the corporation such as the internal audit area and the external auditors.

The Committee considers that it is essential that the mechanism chosen is dedicated to complying with the duties provided herein and to assure that proposals be submitted to the Board of Directors in order for it to make the corresponding decisions.

III.1 General Functions

It is important to have coordination during all of the steps comprising the auditing procedure among the external auditor, internal auditor and the Statutory Auditor.

- **It is suggested that the following duties be performed: (i) to recommend to the Board of Directors the candidates for external auditors of the corporation; (ii) to recommend to the Board the terms and conditions upon which such external auditors are hired and the scope of its professional mandate; (iii) to give support to the Board of Directors in supervising the performance of the audit; (iv) to be the channel of**

communication between the Board of Directors and the external auditors as well as to ensure the independence and objectivity of such auditors; (v) to review the work program, letters containing comments and the auditing reports and to inform the Board of Directors accordingly; (vi) to recommend to the Board the basis for the preparation of the financial information; (vii) assist the Board in the review of the financial information and its delivery procedure; (viii) to contribute to the preparation of the general guidelines for the internal control system and its evaluation; (ix) to assist the Board in the coordination and evaluation of the annual programs of internal audit; (x) to coordinate the performance of the external auditor, internal auditor and Statutory Auditor; and (xi) to verify that the necessary mechanisms exist in order to prove compliance by the corporation with all applicable legal provisions.

III.2 Selection of Auditors

In the selection process, the technical capacity of the auditors as well as their independence should be considered. In such process, thorough analysis should be made of those circumstances that may affect the objectivity of the auditors, such as the significant dependency by a firm on the income received by the corporation.

In case the auditors should render other services to the corporation, different from the audit, it is important to have control of the nature and scope of such services in order to insure that the objectivity of the auditors is not affected.

- **For the external audit of the financial statements and any other external review, it is suggested that no recommendation be given to the Board to hire those consultant firms in which the fees received for all the services rendered to the corporation, represent more than 20% of the total income of such consultants.**

The audit report is the opinion of an independent third party on the reasonableness of the financial statements. If the person that renders such report, is in charge of such duty for a long period of time, the risk arises of losing objectivity at the time it issues its opinion. For such

purpose the Committee considers it important that the corporation procures the rotation of the person in charge of preparing the report on the financial statements.

- **It is suggested to recommend to the Board a mechanism to rotate the partner in charge of the preparation of the audit report of the corporation, in order to assure objectivity in the reports. It is suggested that this rotation be made at least every six years.**

As provided in the Law of Business Organizations, the Statutory Auditor of a corporation is designated by the stockholders and is in charge, among other duties, of reviewing the financial statements as well as the application of accounting policies. Furthermore, the auditor is designated by the management of the corporation to render an opinion on the financial statements. Notwithstanding the fact that some functions of the Statutory Auditor and the auditor are similar, the persons who appoint them designate them for different purposes; therefore, if the Statutory Auditor is in charge of the audit it will generate conflicts of interest.

- **It is recommended that the person who signs the audit report of the annual financial statements of the corporation be a different person from that acting as Statutory Auditor. Nevertheless, both persons can be partners of the same firm.**
- **It is recommended that the annual report presented to the Board of Directors disclose the applicable information regarding the professional profile of the Statutory Auditor.**

III.3 Financial Information

The financial information presented by the *Director General* to the Board during the fiscal year contains no audited figures. To guarantee that the Board makes decisions with trustworthy information, it may obtain support from the internal structures of the corporation, in order to render its opinion on the validation process of such information.

The internal audit constitute a supporting tool for the management of the corporation that allows them to evaluate the financial information generated, as well as the effectiveness of the internal controls.

- **It is suggested that the corporation have an internal audit area.**

The Board of Directors should be informed about the general accounting policies that are being applied in the preparation of the financial statements. This guarantees to the user that the information complies with such accounting policies that satisfy its corporate requirements.

- **It is suggested that the accounting policies for the preparation of the financial information of the corporation be submitted to the approval of the Board of Directors.**

To maintain the same accounting policy ensures consistency in the financial information, and facilitates the formation of expectations of the future of the corporation. It is considered that when exceptionally it is decided to change an accounting policy, a disclosure should be made to the public in order for the users to evaluate the effects of such change.

- **When a change of accounting policies is submitted for the approval of the Board of Directors such change should be properly justified.**

For the purpose of promoting trust and confidence in the information given to the investors, it is important that the basis for the preparation of the annual report be consistent with those used during the fiscal year.

- **It is recommended that the Board supervise that the midterm financial information is prepared with the same criteria, policies and practices on which the annual financial information is prepared. In the process, it may obtain the support of the internal auditor, external auditor and the Statutory Auditor of the corporation.**

- **It is suggested to submit to the approval of the Board the mechanisms that are necessary to insure a good quality of financial information that is presented to the Board.**

III.4 Internal Controls

The system of internal controls⁸ constitutes the vehicle by which the Board ensures that the corporation operates under a general control policy. Such system gives assurance that the resolutions adopted by the Board are adequately complied with.

- **It is suggested that the general guidelines of the internal control system be submitted for the approval of the Board of Directors.**

It is important that the stockholders have the information on the existence of a defined procedure on which a corporation operates and that it has adequate management procedures and an adequate control of assets. To comply with the foregoing, the reports of the external auditors and internal auditors shall be used as support to verify the effectiveness of the control system.

- **It is suggested to assist the Board by evaluating the effectiveness of the internal control system and to issue an opinion on the financial and operational controls.**
- **It is suggested that the external auditors validate the effectiveness of the internal control system and issue a report on such controls.**

III.5 Review of the Compliance with Rules

The Committee considers it important that the corporations have a mechanism to allow the Board to be informed of compliance with all applicable rules.

⁸ It is understood as an internal control system the operational controls that are established in order that the corporation comply with the general guidelines established by the Board of Directors. Among other aspects, such controls cover policies and procedures, allocation of duties, operating manuals and the safeguard of assets.

To comply with mentioned above, it is necessary to have periodical information on the matters referred to. With such information it may be possible to be in position to issue an opinion on the compliance level with applicable provisions and that there is no legal contingency for the corporation. With this procedure there is a reduction of the possibility of the existence of unexpected costs giving the market certainty of the legal status of the corporation.

- **It is suggested to ensure the existence of mechanisms allowing the determination of whether the corporation duly complies with the applicable legal provisions. For such effects, it is suggested to have a review at least once a year.**
- **It is recommended to inform to the Board of Directors from time to time the legal status of the corporation.**

IV. Finance and Planning Functions

The Committee recommends the existence of a mechanism to assist the Board in the finance and planning function, especially in the evaluation of the long-term business strategy and the main policies on investment and finance. To comply with such duty, it shall have the support of the internal structure of the corporation such as the finance department.

The Committee considers as an essential element that the mechanism chosen complies with the above mentioned duties in order to have assurance that the proposals be submitted to the Board of Directors in order to make the corresponding decisions. Furthermore, the mechanism chosen shall guarantee that the investment and financial policies are in accordance with the strategic vision of the corporation.

IV.1 Generic Functions.

The following functions focus on the support to the Board in the definition of policies and strategies.

- **It is suggested to comply with the following duties: (i) evaluate and suggest, as the case may be, the investment policies of the corporation to be proposed by the *Director General* to be submitted for the approval of the Board of Directors; (ii) to evaluate and suggest, as the case may be, the financing policies (equity or debt) of the corporation proposed by the *Director General* to be submitted for the approval of the Board; (iii) to evaluate and suggest, as the case may be, the general guidelines for the determination of the strategic planning of the corporation; (iv) to have opinions on the premises of the annual budgets to be submitted to the Board for its approval; (v) follow up on the application of the budget and the strategic plan; and (vi) identification of the risk factors to which the corporation is subject and the evaluation of policies for its management.**

IV.2 Operative Aspects

For the purpose of supporting the Board in its decision-making process, it is considered important that the Board receive opinions in connection with the different investment and financing transactions to be performed. In this task it shall be taken into consideration established by the Board of Directors the priorities and policies.

- **It is suggested to submit to the Board of Directors an evaluation of the feasibility of the main investments and financing transactions of the corporation in accordance with the established policies.**

Strategic planning not only implies the definition of targets but also the establishment of a procedure for the supervision of the strategies and plans to be implemented for the achievement of such targets.

- **It is suggested to evaluate the strategic position of the corporation periodically in accordance with the provisions of the strategic plan.**

A link should exist between the investment and financial policies of the corporation and its long-term goals. If such policies are not defined considering the strategic view of the corporation the

outlined goals may not be met. In such connection, the consistency of such policies must be verified with the strategic vision of the corporation, reviewing that they are incorporated in the different documentation prepared by the corporation.

- **It is suggested to assist the Board in the oversight of the consistency of the investment and financial policies with the strategic vision of the corporation.**

V. Disclosure of Information to the Shareholders

In order to facilitate the access to funds in better conditions to the corporations, it is necessary that they deliver adequate information to the market. It is important to point out that the following recommendations apply for both Ordinary and Extraordinary Stockholders' Meetings.

V.1 Information and Agenda of Shareholders Meetings

It is considered important that in the call to a shareholders meeting all items be specified and identifying with clarity the matters to be resolved in such meetings. In current practice there are various matters included in a single item of the agenda, however, to discuss each matter separately facilitates its analysis and avoids the joint resolution of topics in which a different opinion may exist. The same occurs when an item is included in the agenda as "General Matters".

It is important that the stockholders have access to all information necessary for an adequate decision-making in a stockholders meeting.

- **It is suggested not to include in the agenda an item referred to as "General Matters" and to avoid grouping related matters with different topics in a single item. The latter for the purpose of allowing the stockholders to vote on each item separately and to be informed on other topics to be discussed in the meeting.**
- **It is suggested that all information on each item of the agenda of the stockholders**

meeting be available 15 days prior to the date of the meeting.

- **It is suggested that through a format containing the details of the information and possible voting alternatives of the items of the agenda, the stockholders may instruct their representatives on the way to vote on each item of the agenda on the date of the stockholders meeting.**

For example, it is important that the shareholders receive all information in connection with the candidates to be Directors of the corporation, specifically a brief resume in order to be able to evaluate their backgrounds and proceed with a more informed vote.

- **It is suggested to include in the information delivered to the shareholders the proposal of the composition of the Board of Directors and a brief professional profile of the candidates.**

V.2 Information and Communication between the Board of Directors and the Shareholders

It is the responsibility of the Board to assure an effective communication between the corporation and the shareholders. The purpose to present an annual report to the Stockholders Meeting is to show the financial position of the corporation as well as the plans and activities being performed and which are planned to be performed. In order to enrich the information generated by the corporation it is suggested that the shareholders have access to the information in respect of the activities of the intermediate bodies.

- **It is suggested that the Board of Directors include in its annual report to the Stockholders' Meeting the relevant aspects of the tasks of each intermediate body. It is suggested that all reports of each organ submitted to the Board be available to the stockholders together with all the materials for the Stockholders' Meeting with the exception of such information in which confidentiality may affect the competitiveness of the corporation. In addition, it is recommended that the annual report include the names of**

the members of each intermediate body.

The lack of participation of all the stockholders in the Stockholders' Meeting and the limitations of such meetings as a communication forum of the corporation with its investors justify the additional efforts to create other communication instruments which may allow that such investors and the general public be able to obtain the required information in connection with the corporation.

- **It is suggested that each corporation have policies, mechanisms and responsible parties to inform the investors in order to maintain communication channels with stockholders and potential investors.**

*

*

*