

## AUDIT COMMITTEE

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In accordance with the provisions of the Additional Provision Three – section 2 of Law 22/2015, of the 20<sup>th</sup> July, on Account Audits, it is stated that “CONSUM, S.COOP.V.” has created an “Audit Committee”, whose composition and operation is as follows.

**Creation of the body** - The Body was created by agreement of the Governing Council on October 25<sup>th</sup> 2018.

**Regulation of the Audit Committee** - Detailed in the aforementioned agreement of the Governing Council and is as followed:

1.- The Audit Committee will be chosen by the Governing Council from among its members, working partners and consumer partners. There will be three members who must have the necessary financial and accounting training. At least one of them must have the requisite experience in Information Technology (IT).

2.- Members of the Committee will have a mandate of four (4) years and may be re-elected indefinitely assuming they remain members of the Governing Council. In the event that, before the expiration of the term for which he or she was elected, the termination, resignation or discharge of any of the Committee members takes place, a new member will be appointed from the other Council members, working partners or consumer partners to substitute for the departed member, for the remainder of that person's term. In this sense, it will not be necessary for the substitute to represent the same group of partners as the one who has vacated the position, but the vacancy of a consumer partner or working partner can be covered by a member of the Governing Council, a working partner or a consumer partner as long as he/she meets the requirements to exercise such a function.

3.- The members of the Committee shall elect from amongst them a President and a Secretary, who shall record all of the agreements adopted at the meetings, which, signed by the President and the Secretary, including the text thereof and shall be immediately executive and definitive.

4.- The position of member of this Committee will not be remunerated without prejudice to the payment of expenses and allowances justified for the attendance of meetings, the amount of which will be fixed by the General Assembly as the case may be.

5.- The Audit Committee will be validly formed of its three members by adopting the agreements by simple majority of attending members, it will not be possible to delegate votes. Agreements made by the Audit Committee will be directly appealable by judicial challenge without needing recourse to the General Assembly.

6.- The functions of the Committee will be the following:

- a) To inform the General Assembly of Delegates on issues that arise in relation to those matters that fall within the competence of the Committee.
- b) Supervise the effectiveness of the internal control of the Cooperative, internal audit and risk management systems including those related to tax and to discuss with the auditor the significant weaknesses of the internal control system detected in the development of the audit.
- c) Supervise the process of preparation and presentation of mandatory financial information.
- d) Submit proposals for the selection, appointment, re-election and replacement of the external auditor to the Governing Council, as well as the conditions of their engagement and to regularly collect information from him on the audit plan and its execution in addition to preserving its independence while performing its functions.
- e) Establish opportune relations with the external auditor so that they can receive information on issues which may risk their independence, to be examined by the committee and whomever else is related to the account audit development process as well as other communications provided for in the audit legislation of accounts and audit standards. In any case, they must receive a declaration of independence in relation to the Cooperative annually or as the case may be any entities linked to it directly or indirectly if they exist, as well as information regarding additional services which have been provided of any kind and the corresponding fees received from these entities by the external auditor or by the persons or entities linked to it in accordance with account audit legislation provisions.
- f) Annually issue a report expressing an opinion on the independence of the auditor prior to the issuance of the accounts audit report. This report must in any case contain assessment of the provision of additional services referred to in the previous point, considered both individually and as a whole, distinct from the legal audit and in relation to independence or the regulations audit regulator.
- g) Report in advance to the Governing Council on all matters provided for in the Law, the Byelaws and the Regulations of the Committee and in particular on:
  - I. Financial information that the cooperative must periodically make public if applicable.
  - II. Creation or acquisition of shares in special purpose entities or domiciled in countries or territories that are considered to be tax havens, if applicable.
  - III. Operations with related parties.
- h) Those that are if applicable determined in the Operating Regulations of the Committee.

7.- To be able to perform its function, the Committee can, at any time, collect and examine the documentation and accounts of the cooperative.

8.- The Governing Council may approve an act of “Regulation of Operating” of the Audit Committee, which may extend its functions, its form of action, its meetings and any other aspect deemed necessary.

**Composition.** - The body is composed of three members; workers, consumers or members of the Governing Council, elected by agreement of this body dated October 25th2018. Below are their names and surnames as well as their position within the Committee:

<b>Name and surnames.</b>	<b>Role</b>
Mrs María Sánchez Alcaraz.	Secretary
Mrs Ana Isabel Cano García.	President
Mr Pablo Terol Piqueras.	Spokesperson

**Rules of operation – [See pdf annex](#)**