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MEMORANDUM

TO: Robert Eccles
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RE: Memorandum for Statement Campaign

- I. Briefly explain the broader legal landscape regarding the obligations that a company has to its stakeholders or with regard to its impact on stakeholders, and in particular whether its primary duty is or is not to shareholders over all other stakeholders.**
1. The corporate structure in Argentina is mainly regulated by the Argentine Companies Law No. 19,550, as amended (the “ACL”), and complemented by the Civil and Commercial Code. The cooperatives and mutuels are regulated by special laws (No. 20,337; and 20,321, respectively).
 2. In this order of ideas, the legal entities are divided into two determined groups:
 - (i) the commercial and civil corporations, which have primarily a ‘profit purpose’, i.e. the aim to achieve utilities that will be distributed among the shareholders or partners; and
 - (ii) the civil associations and foundations, which have a social role in society, and seek for ‘common welfare’.

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3. The ACL regulates the incorporation of different types of corporations, divided in three groups:
 - (i) the personal companies, including the ‘Collective Company’ (*sociedades colectivas*), ‘Simple Limited Partnership’ (*sociedades en comandita simple*), and the ‘Capital and Industry Company’ (*sociedades de capital e industria*), which are incorporated attending mainly to the capabilities of the people involved in its registration, and have an unlimited liability regime;
 - (ii) the limited liability companies, such as ‘Stock Companies’ (*sociedades anónimas*), and ‘Limited Liability Companies’ *per se* (*sociedades de responsabilidad limitada*), which put the accent on the capital contribution of the partners or shareholders instead of their personal capabilities; and
 - (iii) mixed companies, such as ‘Stock Limited Partnership’ (*sociedades en comandita por acciones*), where both features have an important role. It is important to highlight that the limited liability companies are the most commonly used legal entities in our country.
4. According to the ACL, the purpose of the companies is to obtain benefits for the company and indirectly to its shareholders. Said legislation does not regulate the content of the businesses’ purpose, nor the responsibility that the company may have towards the society. No reference is made with regard to the interest of the community, or any stakeholder.
5. The most relevant duties and obligations of the management of Argentine companies are owed to the company and its shareholders. Managers need to excel in their performance, in order to achieve the goals settled in the By-laws of the company, and in the Shareholders’ meetings resolutions.

II. To what legal tradition does the jurisdiction belong, i.e. civil/common law, mixed?

6. Argentina is a federal, republican and representative country according to Section 1 of the National Constitution, and has adopted the Continental European legal system. This legal system is based on written, codified law that regulates most of the relevant controversies that may arise in the society, divided by subjects: Civil Code, Commercial Code, Criminal Code, etc. These codes and other specific legislation are enacted by the federal or provincial government, and apply to the different relations under their scope. This whole legislation is presumed to be known by everyone.
7. Unlike the ‘common law system’, where court decisions are a principal source of law, in our country this is not the rule, and only in some exceptional cases, some judicial decisions may constitute binding precedents for other courts (for example, resolutions adopted by the Supreme Court, or judgments rendered by the court in full session, known as ‘*fallos plenarios*’).

III. Are corporate/securities laws regulated federally/nationally, provincially or both?

8. Codes and laws regulating corporate and securities issues are passed by the National Congress (Legislative Branch) and enacted by the President (Executive Branch), constituting federal regulations, applicable in all the provinces of our country. Afterwards, provincial legislatures complement them with additional legal provisions.
9. As previously stated, the ACL regulates the incorporation, activities and dissolution of the companies, complemented by the Civil and Commercial Code. Additionally, securities and companies that are listed in the local stock exchanges are regulated by the Capital Markets Law No. 26,831 (the “CPL”).

IV. Who are the government corporate/securities regulators and what are their respective powers (in summary only)?

10. In every jurisdiction there is an entity that regulates the incorporation, registration, and supervision of commercial companies, foreign companies, civil associations and foundations, generally depending on the Executive Branch. In the City of Buenos Aires, the Public Registry is an agency that acts in the orbit of the Justice and Human Rights National Ministry, and has the following attributions according to Law No. 22,315:
 - Supervision faculties, with regard to Stock Companies (except the ones supervised by the Securities Exchange Commission (“*Comision Nacional de Valores*” or “CNV”)); foreign companies; civil associations and foundations.
 - Registration faculties. Organization and registration of the companies’ incorporations, By-laws’ amendments, Board of Directors, legal representatives, and dissolution, liquidation and cancellation of the companies.
 - Request any relevant information and/or documentation that may be considered necessary.
 - Investigate and examine companies’ corporate and accounting books. Ask reports to the corresponding authorities.
 - Provide answers to questions or petitions on matters of its authority. Investigate complaints filed by shareholders or interested third parties.
 - Report illegal behaviours to the judicial, administrative or enforcement authorities.
11. On the other hand, securities are centrally regulated by the CNV, which is a self-administered agency of the Federal Government, and, according to the CML, has the following duties:
 - (a) Directly and closely monitor, regulate, inspect, supervise and impose penalties on any natural persons and/or legal entities that perform activities in relation to the

public offering of securities, other instruments, transactions and activities within the scope of the CML;

- (b) Keep a register and grant, suspend and revoke public offering authorizations;
- (c) Keep a register of any persons that have been authorized to publicly offer and trade in securities, and establish rules to be observed by them;
- (d) Keep a register and grant, suspend and revoke any authorizations to operate granted to markets, registered agents and other natural persons and/or legal entities falling, on account of their capital-market related business and based on the CNV's judgment, within the scope of the CNV's competent jurisdiction;
- (e) Approve any by-laws, regulations and other general rules established and review, on its own initiative or at a party's request, actions taken by markets when they are related to or capable of having an effect on any of the regulated services provided by those markets;
- (f) Perform any duties delegated to it under Argentine Law 22,169, as amended, with respect to entities registered pursuant to subsection (d) above, as from registration to deregistration thereof in the respective register, whether or not such entities have been granted authorization for the public offering of equity securities by the CNV;
- (g) Issue regulations to be complied with by any natural persons and/or legal entities and other entities authorized under subsection (d) above as from registration to deregistration thereof in the respective register;
- (h) Issue regulations to be complied with in order to obtain authorization for securities and instruments traded and transactions performed in the capital market, and the CNV shall have powers to establish any necessary supplementary regulations to rules established under the various laws and executive decrees applicable thereto, settle any issues not contemplated therein and interpret any rules included therein in the context of the prevailing economic circumstances, for the promotion of capital market development;
- (i) Declare, without any preliminary investigation, that any acts submitted to CNV inspection are irregular and without effect for administrative purposes whenever they are in conflict with this law, other applicable laws, any regulations issued by the CNV, bylaws and resolutions issued by other entities and approved by the CNV;
- (j) Promote and protect the interests of small investors, notwithstanding the concurring powers of any national and local enforcement authorities under Argentine Antitrust Law 25,156;
- (k) Establish minimum training, accreditation and registration requirements applicable to registered agents' employees or to natural persons and/or legal entities performing tasks in relation to the provision of advisory services to investors from the public at large;
- (l) Determine the minimum requirements to be satisfied by providers of audit services to persons subject to monitoring by the CNV;

- (m) Encourage the development and strengthening of the capital market by creating or, if applicable, promoting the creation of products deemed necessary for such purpose;
- (n) Organize and manage any files and background data relating to CNV activities in themselves or data derived from the exercise of CNV's duties for the recovery of information. The CNV may make agreements and enter into contracts with national, international and foreign agencies in order to become a part of information networks, and to this effect reciprocity under sections 25 and 26 of this law shall be considered a necessary and effective condition;
- (o) Establish net worth requirements to be satisfied by natural persons and legal entities subject to monitoring by the CNV;
- (p) Issue supplementary regulations for the prevention of money laundering and terrorist financing in accordance with the rules established by the Financial Intelligence Unit, a self-administered entity under the Ministry of Justice and Human Rights, which regulations shall be applicable to the capital market, and monitor compliance therewith. All the above shall apply notwithstanding the CNV's duty to inform the Financial Intelligence Unit and allow it to act within its competent jurisdiction for the imposition of penalties and provide such Unit the assistance prescribed under Argentine Law 25,246, as amended.
- (q) Establish procedures for the effective performance of its information gathering and monitoring duties under this law. The CNV may require the implementation, by entities subject to its jurisdiction, of any mechanisms that it deems advisable for a more effective monitoring of activities under this law;
- (r) Establish different information reporting systems and public offering requirements;
- (s) Determine the conditions pursuant to which any registered agents that are legal entities will be authorized to carry out more than one activity under the CNV's jurisdiction, after those activities have been included in the respective entity's corporate purpose for purposes of registration thereof in the respective registers kept by the CNV;
- (t) Monitor objective and subjective compliance with any legal, statutory and regulatory rules within the scope of the enforcement of this law;
- (u) Perform any other duties assigned to it under any applicable laws, executive decrees and regulations.

V. Does the jurisdiction have a stock exchange(s)?

12. Argentina has several stock exchanges. The most important is the Buenos Aires Stock Exchange while the Mercado Abierto Electrónico is the major over-the-counter market in Argentina. Another important stock is the Córdoba Stock Exchange. Additionally, futures and derivatives are traded in the Rosario Futures Exchange (the Rofex) or in the Buenos Aires Futures Exchange (the Matba).

VI. Do the concepts of “limited liability” and “separate legal personality” exist?

13. Both concepts do exist in our regulation. The term “separate legal personality” (Section 143, Civil and Commercial Code), means that the incorporated company is a new legal entity that differs from its owners, and consequently has its own name, domicile and assets. The ownership of those assets is attributed to the legal entity, and not to the partners, and constitutes the common pledge for creditors.
14. The “limited liability” concept means that the owners of the company are not personally liable for the company’s debts and obligations, so they limit their responsibility to the extent of their shareholding. Once the capital stock is fully subscribed and paid up, the owners are not personally liable for the company’s obligations, even if the entity is insolvent.
15. Stock Companies and Limited Liability Companies combine both attributes, and that is why they are the most popular kind of companies in Argentina. However, Collective Companies for instance still maintain the unlimited liability towards its debts.

VII. Did incorporation or listing historically, or does it today, require any recognition by the company or its directors of a duty to society, an obligation to take account of the company’s social or environmental impacts, or to respect its stakeholders?

16. Neither the ACL or the CML require for company’s incorporation or listing any recognition by the company and/or its shareholders of a duty to society, nor an obligation to take account of the company’s social and environmental impacts.
17. In spite of that, Section 41 of the National Constitution states a general rule regarding the environmental rights and details that all inhabitants are entitled to a healthy, balanced, fit for human development environment, and have the duty to preserve it without compromising the rights of future generations. Any environmental damage has to be fully repaired by its author.

VIII. Do any stock exchanges have a responsible investment index, and is participation voluntary?

18. There are no responsible investment indexes in Argentina.

IX. To who are directors’ duties generally owed?

19. Directors’ duties are generally owed to the company and its shareholders. Directors could be held liable by third parties (typically creditors) if they cause damages to them in breach of their duties.

X. What are the duties owed by directors – please state briefly. Please indicate if there are express or implied duties to avoid damage to the company’s reputation?

20. Section 59 of the ACL establishes, as a general standard of conduct, that Directors “[...] *must act with loyalty and with the diligence of a good businessman*”. Since this standard is imprecise and ambiguous, there have been several attempts to define such expression, both by Argentine legal scholars and case-law. Although, ultimately, the scope and application of this standard will depend on the particular circumstances of each case, Argentine legal scholars and case-law have construed that:

(a) “*Acting with loyalty*” means that:

- Directors must act *bona fide*, in what they believe to be in the best interest of the company;
- Directors must exercise their powers for the purpose for which such powers were conferred;
- Directors must exercise their powers with discretion; and
- Directors must not place themselves in a position of conflict of interest without the consent of the company’s shareholders.

(b) “*Acting with the diligence of a good businessman*” means that a Director shall at all times exercise a reasonable degree of care and diligence in the exercise of his/her powers and the discharge of his/her duties. In Argentina, “skill”, in the sense of technical competence as opposed to ordinary care, is required on the part of Directors.

21. The general standard of conduct established by Section 59 of the ACL is supplemented by Section 274 of this law which establishes that “[...] *directors are jointly, severally and unlimitedly liable vis-a-vis the company, the shareholders and third parties for the improper performance of their office, according to the principles of Section 59 and likewise for breaches of the law, the by-laws and regulations, and for any other damage caused by fraud, abuse of powers or gross negligence*”.

22. Therefore, the ACL establishes that Directors can be held liable also with respect to the following events: (i) violations of law or by-laws, *provided* such violations cause damage or loss; and (ii) any other damage caused by fraud, abuse of authority or gross negligence, taking into consideration that fraud requires ‘intention’ to cause damage, gross negligence will imply a total disregard to act in accordance with the diligence of a good businessman, and the abuse of authority requires a flagrant violation of the mandate or scope of authority of the Directors set forth in the by-laws of the company.

23. Please note that Argentine regulations do not expressly recognize the “business judgment rule” as a standard of liability. However, Argentine courts (i) rarely impose liability upon Directors simply for bad judgment, and (ii) tend to abstain from reviewing the substantive merits of the Directors’ conduct.

24. Pursuant to Section 274 of the ACL, Directors are jointly and severally liable *vis-a-vis* the company, the shareholders and third parties. This liability is unlimited since it is not restricted to the guarantee that each Director must furnish to the company when assuming his/her position in accordance to Section 256, second paragraph of the ACL and General Resolution No. 7/2015 of the Superintendence of Companies of the City of Buenos Aires. Instead, Directors are liable with all their assets. The joint and several liability principle implies that the company, the shareholders or third parties can claim from each Director, compensation for the entire amount of damages caused by a Director's wrongful conduct.
25. However, the principle of joint, several and unlimited liability must be based on the individual performance of each Director in those cases in which functions have been specifically assigned to each Director in accordance with the by-laws of the company, the applicable regulations or shareholders' resolutions. This principle applies when different functions are distributed to the Directors (e.g. surveillance of environmental, securities, tax or foreign exchange compliance) and such allocation of functions is registered with the Public Registry.

Duties under the Argentine Public Offering Regulations:

- Duty of loyalty: In addition to Directors' duties set forth in the ACL, Section 78 of the CML establishes that Directors of listed companies must act with loyalty, meaning that they must:
 - (a) neither use the companies' assets nor confidential information for their own private benefit;
 - (b) neither take advantage of, nor allow any third party to take advantage of, either by act or omission, the companies' business opportunities;
 - (c) exercise their powers solely for the purposes for which they were granted, as provided in the law, the companies' by-laws, or the relevant shareholders' meeting or Board of Directors' meeting resolutions; and
 - (d) not incur, directly or indirectly, in any conflict of interest with their companies.
26. In case of doubt of whether a Director of a listed company has complied with the duty of loyalty established by Section 78 of the CML, the burden of proof lays on the respective Director.
 - Duty of confidentiality. Insider dealing: The CML and the rules of the CNV forbid, in general, the performance of any act or omission, of any nature, that affects or may affect the transparency of the [public](#) offering of securities or the negotiation of

securities in authorized markets. Particularly, the rules of the [CNV](#) establish that, among other persons, Directors of listed companies must comply with a duty of strict confidentiality in relation to any information that they may have about the affairs or businesses of their companies, when such information has not been publicly disclosed and, due to its significance, could affect the placement of the listed companies' [securities](#) or the negotiation of such [securities](#).

27. Additionally, Directors of listed companies cannot:

- (i) Use such confidential information in order to obtain, for themselves or for others, advantages of any kind, whether derived from the purchase or sale of [securities](#), or from any other transaction; or
- (ii) Perform, directly or indirectly, any of the following acts for its own account or for the account of third parties:
 - Prepare, facilitate, participate in or perform any kind of transaction in the different markets in which the [securities](#) to which the confidential information refers to are traded;
 - Disclose such confidential information to third parties, except in the normal course of their mandate, profession, assignment or position; and/or
 - Recommend the purchase or sale of [securities](#) to any third party, nor otherwise induce third parties to purchase or sell [securities](#) based on such confidential information.
- **Duty to inform:** Pursuant to the rules of the CNV, companies that publicly offer debt or equity securities must forward all 'relevant information' to the CNV through the CNV's Financial Reporting Highway ("Autopista de la Información Financiera" or "AIF") for purposes of its disclosure to the market through the CNV's website. Such 'relevant information' must also be disclosed by listed companies to the Buenos Aires Stock Exchange and to any other relevant market in which the companies' securities are listed and/or traded.

28. 'Relevant information' means '*any fact or circumstance that, due to its significance, can substantially affect the placement or negotiation of securities subject to the public offering regime*'. Pursuant to the rules of the CNV, Directors of listed companies must immediately disclose all relevant information to the CNV.

XI. More generally, are directors required or permitted to consider the company's impacts on non-shareholders, including impacts on the individuals and communities affected by the company's operations? Is the answer the same where the impacts occur outside the jurisdiction? Can or must directors

consider such impacts by subsidiaries, suppliers and other business partners, whether occurring inside or outside the jurisdiction? (See e.g. s. 172 UK Companies Act 2006, and in particular, ss.(1)5)?

29. Unlike UK Companies Act 2006, Argentine's ACLs does not state that Directors must promote the success of the company for the benefit of its members as a whole, having special regard to the interests of the company's employees, suppliers, customers and the community and environment. Although directors must carry on the company's activities within the law and thus respect stakeholders' rights, they do not have the duty to take into account the stakeholders' interests. However, they may do so if it somehow, directly or indirectly, serves the best interests of the company.

XII. If directors are required or permitted to consider impacts on non-shareholders to what extent do they have discretion in determining how to balance different factors including such impacts? What, additional liabilities, if any, do the board or individual directors assume in exercising such discretion?

30. Directors must act with the diligence of a good businessman, and take the decisions and resolutions they estimate better for the company and shareholders. In this sense, they have a broad course of action, and may balance the different factors involved in order to take the most adequate determination. In all cases directors must act in the best interest of the company and its shareholders. Shareholders could bring claims if the directors have not acted in the best interests of the company when considering impact on non-shareholders.

XIII. What are the legal consequences for failing to fulfil any duties described above; and who may take action to initiate them? What defences are available? Can these issues given rise to other causes of action or regulatory routes whereby a stakeholder can exert pressure on a company with regard to its actions?

31. As previously stated, Pursuant to Section 274 of the ACL, Directors are jointly and severally liable *vis-a-vis* the company, the shareholders and third parties. This liability is unlimited since it is not restricted to the guarantee that each Director must furnish to the company when assuming his/her position in accordance to Section 256, second paragraph of the ACL and General Resolution No. 7/2015 of the Superintendence of Companies of the City of Buenos Aires. Instead, Directors are liable with all their assets. The joint and several liability principle implies that the company, the shareholders or third parties can claim from each Director, compensation for the entire amount of damages caused by a Director's wrongful conduct.
32. There are two main legal actions available in order to proceed with the determination of Directors' liabilities: (i) a social legal action, and its interposition corresponds to the company itself, with a previous resolution adopted by the Shareholders' meeting in this sense. If the legal action is not initiated within three months counted from the date of the

resolution, any shareholder may attend to court; (ii) an *individual* legal action, where any shareholder or third party may take legal action.

33. However, the ACLs exempts Directors from liability when the relevant Director: (i) did not participate in the decision; (ii) had no knowledge of the decision or action; or (iii) participated in the discussion, but stated in writing his/her disagreement, and gave notice of it to the syndic before its responsibility is reported. Notwithstanding the foregoing, the majority of court precedents agrees that Directors are charged with a general duty of surveillance, whereby they are held responsible for decisions made by their subordinates, or even in their absence, if the same was not justified, or if the Director did not state in writing notice his/her disagreement once the relevant decision was taken.
34. Additionally, pursuant to Section 275 of the ACL, Directors' liability in respect of the company and its shareholders is terminated upon approval of their performance in a given year, or by express waiver or agreement approved by the shareholders' meeting, if such liability is not originated in the violation of the law or of the by-laws, and if there is no objection by shareholders representing at least 5% of the capital stock. However, third parties may sue the company and its Directors for damages caused as a result of the activity carried on by the company or decisions made by the Board of Directors.

XIV. Are there any other directors' duties which are relevant to the interests of stakeholders?

35. Certain Argentine regulations expressly contemplate the joint and several liabilities of Directors for sanctions imposed to their companies. Examples of these regulations are:
- (i) Responsibilities and liabilities of Directors deriving from reorganization / bankruptcy: Argentine Law N° 24.522 (as amended, the "Argentine Insolvency Law") provides for specific liabilities and responsibilities of directors of companies which undergo a reorganization or bankruptcy proceeding.
 - (ii) Criminal Liability: Section 301 of the Argentine Criminal Code provides penalties of imprisonment -ranging from six months to two years- to Directors and other representatives of corporations who deliberately consent any acts against the law or the bylaws which may cause certain damage. Negligence is not included in this Section. In case the conduct involves the issuance of shares, the maximum penalty is increased to three years.
36. Section 300, paragraph 3rd of the Argentine Criminal Code, penalizes with imprisonment -ranging from six months to two years- the Director who deliberately publishes or authorizes any false or incomplete accounting or legal document or report. The law intends to prevent any misleading information reaching the shareholders or third parties regarding the real economic situation of the company.

(iii) Criminal Tax Liability: Criminal Tax Law No. 24,769 provides for various offenses, carrying penalties ranging from one to nine years of prison for Directors of Argentine companies. Pursuant to Section 14 of the Criminal Tax Law, when any of the acts described in the law (evasion of payment of contributions or contributions to the social security system, lack of deposit of the amounts withheld by withholding agents of contributions to the social security system, false registrations simulating the payment of federal taxes or social security resources, theft or amendment of registrations among others) had been executed on behalf, with the aid or for the benefit of a corporation, the imprisonment penalty shall apply to directors, managers, trustees, members of the supervisory board, agents, or authorized representatives who were directly involved in the offense.

(iv) Tax Liability: Pursuant to Section 6 of the Tax Procedure Law N° 11,683, directors, managers and other representatives of corporations are required to file tax returns to the Tax Authorities on behalf of the company and, consequently, instruct the payments of taxes with the resources of the companies they manage. Directors – as well as managers and other representatives- are unlimited and jointly liable with the company when, due to their wrongful misconduct, taxes are not paid when due.

Section 55 of the Tax Procedure Law provides that directors, managers, and other representatives of corporations are personally liable for the penalties provided for in Sections 38, 39, 40, 45, 46 and 48 of such Law, for not complying the tax obligations imposed on them as managers or representatives of companies.

(v) Liability for Customs duties: Pursuant to Sections 888 and 904 of the Customs Code, if a company is condemned for import/export crimes or infringements, Directors are jointly and unlimitedly liable with the company for customs payments which were not paid when due.

Pursuant to Section 876 of the Customs Code, penalties -ranging from three to fifteen years of disqualification to perform import or export activities are applied to Directors in case the company is convicted for violating certain customs regulations.

(vi) Duties under the Argentine Money Laundering Prevention Regulations: According to Section 20 of Law No. 25.246, certain types of entities and individuals are required to monitor the activities of their clients, request information and documentation, and report suspicious transactions to the enforcement authority (the Financial Information Unit or “FIU”). Among the entities subject to such reporting obligations are (among others):

- Financial institutions and foreign exchange entities;
- Casinos and similar types of gambling businesses;
- Stock brokers;
- Individuals and entities dedicated to trading antiques, artworks, coins, stamps or jewellery;

- Non-profit organizations;
- Insurance companies and underwriters;
- Issuers or administrators of credit cards;
- Money transfer entities;
- Importers, exporters and foreign trade customs transporters;
- Insurance brokers, advisors, intermediaries, experts and related activities.

37. In addition, under this new regulation, a member of the board of Directors shall be assigned with the responsibility of reporting the relevant information to the authorities. Such assignment does not reduce the liability of the other members of the board in the event of violation of the regulations.

(vii) General Environmental Law No. 25,675, as amended, which is applicable to collective environmental damages;

(viii) Hazardous Waste Law No. 25,612, as amended, which is applicable to tort liability derived from contamination with hazardous wastes;

(ix) Criminal Exchange Control Law No. 19,359, as amended, which penalizes all foreign exchange transactions that are not carried out for the quantity, currency, exchange rate, or within the terms and other conditions established by the applicable foreign exchange control regulations;

(x) Argentine consumer regulations, which impose strict liability for certain violations by manufacturer or suppliers of goods and services; and

(xi) Capital Markets Law No. 26,831, Transparency in the CML and the rules of the CNV, as amended, which establish strict liability for violations to the public offering regime.

XV. For all of the above, if these exist in your jurisdiction, does the law provide guidance about the role of supervisory boards in cases of two tier board structures. What obligations are owed by senior management who are not board directors? Is this determined by law if no specific contractual provision applies?

38. The concept of “*two tier board structures*” does not exist in our legislation. The ACLs considers a unique board or management structure, whose members must act following the company’s and shareholders’ interests.

39. As regards senior management, pursuant to Section 270 of the ACL, the Board of Directors may delegate executive duties to managers. In such cases, the managers vested with such duties shall be liable *vis-a-vis* the company and third parties for the

performance of such duties, in the same extension as Directors. Such delegation does not exclude Directors' liability.

XVI. Are companies required or permitted to disclose the impacts of their operations (including stakeholder impacts) on non-shareholders, as well as any action taken or intended to address those impacts? Is this required as part of financial reporting obligations or pursuant to a separate reporting regime? Please specify for each reporting route whether it is mandatory or voluntary. Please describe any mandatory reporting requirement, major voluntary initiative or trend towards voluntary reporting with regard to transparency (for example, payments to government or state-owned entities, reports on government orders to undertake surveillance or interception, reports on tax payments etc.).

40. Since a corporate stand point, reporting obligations refer mostly to financial or administrative matters; companies are not required to disclose the impacts of their operations on non-shareholders. Notwithstanding this, reporting obligations may include information related to the impact of the operations on non-shareholders. The mentioning reporting obligations are the following:

(a) On the one hand, Limited Liability Companies (Section 299, ACLs) and Stock Companies must file with the Public Registry of the corresponding jurisdiction, the financial statements of each fiscal period within four months counted since the fiscal year ends.

(b) In addition, those corporations must publish in the Official Gazette, and in some cases in a major newspaper, the most relevant sections of the By-laws at the time of their incorporation; any By-laws' amendment; modifications in the composition of the management or Board of Directors; among others.

XVII. Do legal reporting obligations extend to such impacts outside the jurisdiction; to the impacts of subsidiaries, suppliers and other business partners, whether occurring inside or outside the jurisdiction?

41. Does not apply.

XVIII. Who must verify these reports; who can access reports; and what are the legal or regulatory consequences of failing to report or misrepresentation? Is there a regulator tasked with investigating complaints of misreporting?

42. Does not apply.

XIX. What is the external assurance regime for reporting on a company's impacts on stakeholders? Please specify any mandatory requirements and also where reporting is voluntary what the current market practice is as regards third

party assurance. Please summarise any regulatory guidance on reporting that relates to impacts on non-shareholder stakeholders].

43. Does not apply.

XX. Are there any restrictions on circulating shareholder proposals which deal with impacts on non-shareholders, including stakeholder impacts?

44. Since a corporate stand point there are no legal or regulatory restrictions in this regard; shareholders are free to make proposals (even if they may have impact on stakeholders).

XXI. Are institutional investors, including pension funds, required or permitted to consider such impacts in their investment decisions? What is legal duty that pension funds owe with regard to investment decisions in this regard? How does the legal duty of the fund align with term and contractual performance criteria of fund managers – does this facilitate or deter consideration of such impacts?

45. Private institutional investors do not have a legal mandate to consider impacts of their investment decisions in non-shareholders. On the other side, the Argentine Social Security agency (the ANSES), the only pension fund authorized in Argentina, must invest in projects that will tend to the sustainable development of Argentine economy. In that sense, the profitability of this fund is not considered solely from a financial perspective but also takes into consideration the positive social externalities that an investment may have (such as the creation of jobs).

XXII. Can non-shareholders address companies' annual general meeting? What is the minimum shareholding required for a shareholder to raise a question at a company's AGM?

46. Shareholders' meetings are not open to public, so non-shareholders cannot attend unless expressly authorized. Only shareholders or their legal representatives, the company's Syndics, a representative of the relevant Agency may attend the meeting.

47. There is no regulatory minimum for a shareholder to raise a question at the Annual General Meeting, however only those issues included in the Agenda can be discussed and resolved unless it is unanimously decided to submit a new matter for consideration.

XXIII. Are there any other laws, policies, codes or guidelines or standards applied in the context of particular contractual relationships (for example project finance) or through adherence to particular sustainability principles (for example the UN Global Compact, the OECD Guidelines for Multinational Enterprises etc.), related to corporate governance that might encourage companies to consider in a structured way their impacts upon and the interests

of their wider stakeholders including through a stakeholder engagement process?

48. Environmental Law No. 25.675 states that anyone who causes environmental damage will be strictly liable for its restoration to the previous status. If the restoration is not technically possible, the ordinary courts shall set a compensation that would be deposited in the Environmental Compensation Fund. In addition, it provides that in the cases the damage is caused by a legal entity, the liability will be extended towards its authorities and managers.

49. With regard to the environmental subject, Sections 11 to 12 of the Environmental Law No. 25,675 establishes that any work or activity likely to cause damage to the environment, any of its components, or affect the life quality of the population, will be subject to a process of environmental impact assessment, prior to its execution. Individuals or legal entities must initiate the procedure filing an affidavit, stating whether the activity affects the environment. The competent authorities shall determine the viability of the presentation of an environmental study, and issue an environmental impact statement on the approval or rejection of said requirement. In addition, Section 16 states that all the individuals and legal entities must provide the relevant information related to the environmental quality of the activities developed.

XXIV. Are there any laws requiring representation of particular stakeholder constituencies (i.e. employees, representatives of affected communities) on company boards?

50. There are no legal requirements in this regard.

XXV. Are there any laws requiring gender, racial/ethnic, religious or other stakeholder representation; or non-discrimination generally, on company boards?

51. There are no legal requirements in this regard.

XXVI. In your jurisdiction is there any legal route whereby a parent company can incur liability with regard to the impacts that one of its subsidiaries has had on stakeholders groups? Are there any serious proposals to impose such responsibility?

52. Argentina's legislation does not have an express resolution whereby a parent company can incur in liability for the impacts that one of its subsidiaries may have on stakeholders.

53. However, the ACLs defines the concept of a "*controlled company*", as those in which another company has, either directly or through another company, an interest which grants the necessary votes to take the company's decisions. Section 54 of said Law also

provides that if any partner, or who without being a partner controls the company, causes any sort of damage to the business either because of fraud or negligence, the partners involved will be under the obligation to indemnify the corporation. In this case, the regulation takes into account the damage to the “company” itself, and not to the stakeholders.

54. In spite of that, the Labour Law No. 20,744 does state in Section 31 that whenever one or more companies, even if they are separate legal entities, were under the direction, control or management of others, or so related that constitute an economic group, they would be severally liable *vis-a-vis* with the company in the cases any damage is caused to its employees.

XXVII. Are you aware of any incoming law or proposals that are relevant to the issues raised in this questionnaire? If so please describe, providing an indication of the anticipated date the legislation will come into force or be adopted.

55. We are not aware of any incoming law or proposal that may modify the current regulation, relevant to the issues raised in this questionnaire.