

CODE OF GOOD GOVERNANCE

Revised June 2014

Introduction

Fundación Educación y Cooperación - EDUCO (hereafter, the Foundation) is governed by its *By-Laws*, current legislation and internal regulations.

This Code of Good Governance aims to uphold and strengthen the principles upon which the Foundation is based, to contribute to improving transparency and to guarantee the ethical conduct of the Foundation's governing bodies and their members.

Likewise, this Code establishes the principles which should guide the conduct of the governance body and its members, as well as that of the executive body and any other body which may be created under the Foundation's *By-Laws*.

The Board of Trustees

The Board of Trustees is the Foundation's governance and administrative body. It represents and manages the organization and assumes the functions necessary for achieving the foundational purposes.

The composition of the Board shall be published and made available to the public on the Foundation's website.

Selection, appointment and cessation of members of the Board

- The appointment and cessation of the members of the Board will be carried out in accordance with the Foundation's *By-Laws*.
- The selection and appointment of the members of the Board will take into account candidates' experience, knowledge and capacities, in the interest of ensuring maximum performance in their functions.
- The Board of Trustees will be renewed in order to respond to the changing needs of the Foundation, always seeking a balance between the experience and renewal of its members.
- The Board of Trustees will be renewed taking into account the changing needs of the Foundation.

The responsibilities of the Board

- Carry out its function in accordance with the organization's mission and values and with commitment to achieving the foundational purposes.

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- Ensure compliance with the Foundation’s *By-Laws*, as well as with laws and regulations which apply to foundations and the regulations and codes approved by the Foundation.
- Supervise the Foundation’s strategic guidelines and approve internal policies.
- Approve the planning of activities, ensure their fit with the foundational purposes and guarantee their proper development.
- Approve the annual budget and the budget settlement, supervise the management of the Foundation’s patrimony and ensure the efficient management and proper allocation of resources.
- Review its own management, at least twice during the period of mandate, to analyze its fulfillment of its responsibilities in the interest of improving its performance.
- Uphold the principle of transparency as it applies to both management and information, especially as regards the origin and destination of funds, the Foundation’s activities and its results.
- The Board can delegate its functions as stipulated in the Foundation’s *By-Laws* and in accordance with relevant legislation, with the exception of those functions which cannot be delegated and which are reserved exclusively for the Board.
- Select and appoint the Executive Director.
- Supervise and support the Executive Director; define the Executive Director’s functions and responsibilities, and set and evaluate his/her objectives.

The duties of the members of the Board

- Understand the Foundation’s mission, principles and values and commit to fulfilling them.
- Fulfill the commitments and obligations set out in the Foundation’s *By-Laws*.
- Attend Board meetings, know the meeting agenda and participate actively.
- Assume the functions inherent to their position and perform the specific tasks which are assigned to them.
- Dedicate the time and effort necessary to monitor issues related to the Foundation’s governance and management.

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- Inform the Board of all legal, administrative and any other type of claim which personally affects them or the Foundation when this may have an impact on the latter's reputation, and inform the Board of any possible conflicts of interest which may affect them or of any relationship between members of the board and suppliers or co-organizers of the Foundation's activities.
- Maintain confidentiality regarding those issues addressed in Board meetings. Only those issues agreed upon by the Board may be made public.

Compensation of members of the Boards

The members of the Board shall hold their office for free, without prejudice to the right to be reimbursed for duly substantiated expenses or to be compensated for damages sustained in the performance of their duties.

Conflicts of interest (*consult By-Laws for more details*)

- The members of the Board shall abstain from participating in any business or financial activities which could compromise their objectivity in managing the Foundation.
- The actions of members of the Board shall not, at any time, be conditioned by interests other than those of the Foundation.
- The members of the Board shall abstain from intervening and voting on those issues in which a conflict of interest may exist; that is, in those situations in which there is a conflict, direct or indirect, between the individual interests of the member and the interests of the Foundation.

Executive Direction

- The Executive Director is responsible for the executive direction and ordinary management of the Foundation and should aim to comply with the strategic guidelines approved by the Board.
- The position of Executive Director is a paid position, with retribution being set in keeping with the nature and representation required by the position and its functions.
- When not a Board Member, the Executive Director will attend all of the Board's meetings to which he/she is called and will intervene with voice but no vote.

Responsibilities of the Executive Director's Office

- Define the Foundation's annual objectives and coordinate the implementation of the activities defined in the annual plan.

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- Draft and coordinate the execution of the Foundation’s annual budget.
- Meet with the Executive Committee to make decisions related to its operative management.
- Inform and be held accountable to the Board.

Updating and complying with the Code of Good Governance

- The Board, the Executive Director’s Office and any other management body which is created under the Foundation’s organizational structure shall assume the principles established in this Code of Good Governance.
- This Code shall be approved by the Foundation’s Board of Trustees, which should also propose and approve any modifications thereto made.
- The Board shall commit to updating of the Code in order to ensure its fit with the Foundation’s *By-Laws* and current regulations at all times.