



MONEX EUROPE  
MARKETS S.V., S.A.U.

Corporate Governance Manual



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# 1. PURPOSE

The purpose of this corporate governance manual (hereinafter, the “Manual”) of Monex Europe Markets, S.V., S.A.U. (hereinafter, the “Company”) is to establish the Company's organizational structure, reporting lines within it, and the functions of the units responsible for control, in accordance with the nature, scale, and complexity of its activities.

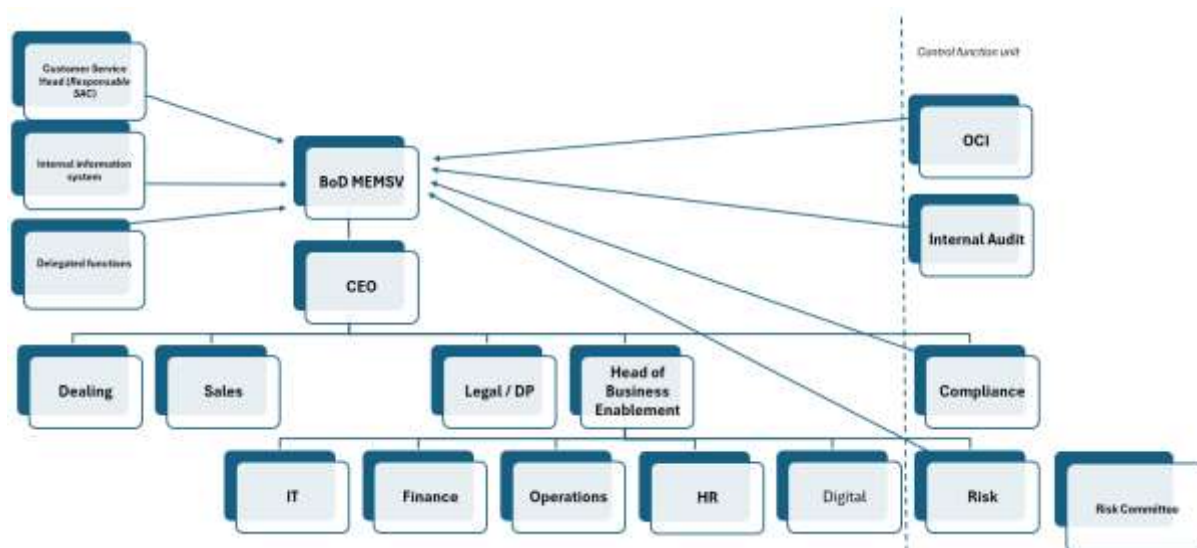
# 2. SCOPE OF APPLICATION OF THE MANUAL

This Manual applies to the following categories of Company employees:

- Members of the Company's senior management
- Employees who assume risks for the Company
- Employees who perform control functions for the Company

# 3. ORGANIZATIONAL STRUCTURE OF THE COMPANY

The Company has a clear organizational structure that is appropriate and proportionate to the nature, scale, and complexity of its activities:



## 3.1. BOARD OF DIRECTORS

Except for matters reserved by law or regulation for the General Meeting, the Board of Directors is the Company's highest decision-making body, with the powers conferred on it by the Spanish Capital Companies Act, including, in relation to risk management:

- i. Establishing strategy;
- ii. Supervision of management;

- iii. Strategic decision-making, including defining the corporate governance system and remuneration policy;
- iv. Risk management, adopting the necessary measures to address any deficiencies that may have been detected, based on the control reports of the Compliance, Risk, and Internal Audit departments;
- v. Internal control and evaluation and review of the policies, measures, and procedures established to comply with the obligations imposed on the Company;
- vi. Protection of the interests of the sole shareholder;
- vii. Appointment and removal of executives;
- viii. Information and transparency;
- ix. Regulatory compliance;
- x. Promotion of corporate culture and assurance that human and material resources are sufficient to guarantee efficient business management and adequate segregation of duties.

In order to carry out these functions, the Board of Directors is informed through various quarterly and annual reports issued by the Compliance, Risk, and Internal Audit departments, which does not exclude ad hoc communications from these departments to the Board of Directors in the event of significant events.

In turn, the Board of Directors will inform the sole shareholder of matters within its competence and will submit the annual accounts to the Shareholders' Meeting for approval on an annual basis.

### **3.1.1. Composition of the Board of Directors and meetings**

The Company's Board of Directors currently consists of four (4) members, one of whom is appointed Chairman. The person who performs the role of Secretary, who may not be a director, is also freely appointed.

The Sole Shareholder is responsible for appointing and determining the number of members.

The Board of Directors shall meet at least once a quarter, following a call by the Chairman.

Composition of the Board of Directors:

<b>Composition</b>	<b>Director</b>
Director and Chairman	Ernesto Gallardo Jiménez
Director	Juan Pablo Carriedo
Director	José Carvalho
Director	Gema Cobo

### **3.1.2. Procedure established to ensure the suitability of the members of the Board of Directors:**

The information relating to point I) of Rule 2 of Circular 3/2017, of November 29, of the CNMV, which establishes that directors must have recognized integrity, as well as knowledge and experience in the sector, is included in the Policy for the selection and evaluation of the suitability of members of the Board of Directors, Chief Executive Officer or equivalent, head of internal control, and key function holders, which has been approved by the Company. This policy establishes that members of the Board of Directors will be evaluated upon joining the Board, when there are relevant changes that affect the performance of the members' duties, and when circumstances arise that recommend that the evaluation be carried out again. The evaluation will be carried out under the following criteria:

- i) Commercial and professional integrity: commercial and professional integrity requirements are understood to be met when personal, commercial, and professional conduct has been demonstrated that leaves no doubt as to the ability to manage the company in a sound and prudent manner.
- ii) Knowledge, competence, and experience: through theoretical training and practical experience. Members of the Board of Directors must have sufficient professional experience in the governance of investment services companies, thus ensuring the Board of Directors' effective ability to make decisions independently and autonomously in the best interests of the Company.
- iii) Good governance: members of the Board of Directors must be able to devote sufficient time to the duties assigned to them and must not have any potential conflicts of interest that could give rise to undue influence by third parties.
- iv) Members of the Board of Directors and the Chief Executive Officer must certify that they do not simultaneously hold more positions than those permitted by the rules on incompatibility and limitations on positions in force at any given time in accordance with the applicable regulations in each case.
- v) The Regulatory Compliance and Human Resources departments are responsible for analyzing the suitability of the members of the Board of Directors based on the information gathered, and shall submit their proposal or corresponding report to the Board of Directors.

### **3.2. RISK COMMITTEE**

The Company has a Risk Committee that meets monthly and is responsible for ensuring that identified financial and operational risks are adequately mitigated.

The Risk Committee is composed of members appointed and dismissed by the Board of Directors. All members of the Risk Committee, and in particular its Chair, shall have an

appropriate combination of independence in the assessment of the activities carried out and the skills, training, and experience in relation to the risks to which the Company is exposed.

Decisions shall be taken by a majority of those present. Minutes shall be taken of all meetings.

Composition of the Risk Committee:

<b>Composition</b>	<b>Members</b>
CEO	Ernesto Gallardo
Head of Risk and Financial Management	Betzabé Reyes
Head of FP&A	José Carvalho
Risk Analyst	Darío Panday
Risk Analyst	Boris Georgiev
Risk Analyst	Sergio Moya

### **3.3. INTERNAL AUDIT UNIT**

The Internal Audit Unit is responsible for supporting senior management in its responsibility to evaluate and improve the effectiveness of all control systems and procedures established by the Company, including those relating to risk management and regulatory compliance.

Each year, Internal Audit performs the following functions:

- i) Preparing an annual audit plan to supervise the Company's services and activities. The Plan is approved by the Board of Directors. Once the tests indicated in the plan have been carried out, it makes recommendations on them, contributing to the improvement of control systems and procedures.
- ii) Verification of all the Company's operational and internal control processes.
- iii) Formulate recommendations and suggestions for improvement to the regulatory compliance and risk management units in order to improve compliance with internal control standards and tasks.
- iv) Prepare an annual report to be submitted to the Board of Directors, detailing, among other aspects, the scope and objectives of the work carried out during the period, as well as the conclusions and recommendations proposed, and their status with respect to previous years.

The Company's Board of Directors has delegated the management of the Internal Audit Unit to the company Aiblu Servicios Profesionales, S.L. (formerly known as Informa Consulting Compliance, S.L.).

### **3.4. REGULATORY COMPLIANCE UNIT**

The Regulatory Compliance Unit, which acts with complete autonomy and independence, is responsible for identifying and monitoring regulatory changes and risks to which the Company is exposed in all areas. Each year, it prepares and submits to the Company's Board of Directors an annual work plan detailing the actions and reviews it will carry out during the period, as well as the corresponding quarterly and annual reports in which it mentions and highlights the new risks identified during the period, as well as the control and monitoring measures established.

### **3.5. RISK UNIT**

The Risk Unit is responsible for identifying and monitoring the operational risks faced by the Company in the course of its business. Each year, it prepares and submits to the Company's Board of Directors an annual work plan detailing the reviews it will carry out during the period, as well as the monitoring, evaluation, and results of the risk and control self-assessment (RCSA) matrix, in which it identifies, assesses, and establishes mitigating controls for the identified operational risks, as well as an annual report describing the activities it has carried out during the period and the evaluation thereof.

A Risk Committee meets monthly to ensure that the financial and operational risks identified are adequately mitigated. This Committee is composed of members appointed and dismissed by the Board of Directors.

### **3.6. BUSINESS AND OPERATIONS UNITS**

The Company's business and operations units, which are responsible for day-to-day business and customer contact, shall report all incidents detected that pose a risk to the Company to the Risk and Compliance units for identification and the design and establishment of mitigation measures and controls.

## **4. INFORMATION CHANNELS**

Information and communication within an organization are essential. The proper implementation of a good internal communication system provides multiple benefits, such as facilitating coordination between departments, identifying and assessing risks, and taking measures to mitigate them, as well as resolving conflicts effectively, among other aspects.

The Company has an internal communication procedure that establishes guidelines for employees to ensure that relevant information is transmitted efficiently within the Company and to stakeholders. To this end, the Company has multiple tools through

which communication is transmitted, allowing information to be conveyed verbally or in writing, depending on the context and circumstances.

## 5. REMUNERATION POLICY AND PRACTICES

The Company has approved a remuneration Policy, in line with the Monex Group remuneration policy, based on the following basic principles:

- Compatibility with sound and effective risk management;
- Sustainability with a long-term business strategy;
- Competitiveness and fairness;
- Flexibility and transparency.

The remuneration structure is configured as follows:

- **Fixed remuneration:** a form of compensation for employees that is not related to performance measures, either individually or collectively. Fixed remuneration reflects the employee's professional experience and organizational responsibility. It may consist of the following items:
  - **Gross annual salary:** the gross annual salary will be set in accordance with the individual's level of responsibility and in such a way as to promote retention and attract the best talent. It may be reviewed annually, without prejudice to other reviews, in the context of legal and regulatory requirements, market practices, and the results of the group and the business.
  - **Supplements:** other supplements may be granted depending on the market context, local policies, practices, and regulations.
- **Variable remuneration:** a form of employee compensation linked to individual and collective performance measures, in accordance with predefined quantitative and qualitative objectives, including key financial and non-financial performance indicators.

The Company ensures a balanced ratio between fixed and variable remuneration to avoid excessive risk-taking in order to increase the variable portion.

All variable compensation plans must:

- Reward performance, taking into account what must be achieved and how it must be achieved.
- Be subject to objectives appropriate to the role and responsibilities.
- Prioritize prudent management of all types of risk, including ex ante and ex post risk adjustments.

- Encourage conduct appropriate to a responsible company and behavior consistent with the Monex group culture.
- Not promote the sale of a specific product or service when there is another product or service that can be offered and is better suited to the customer's needs.

This type of remuneration is complementary and variable in nature and is in no case consolidated into fixed remuneration, with the possibility that employees may not receive it.

Since variable compensation is performance-related, the total amount of variable compensation is based on a combination of the evaluation of the employee's performance, the business unit's performance, and the company's overall results, taking into account financial and non-financial criteria. The performance management process is designed and carried out based on the following principles:

- Promoting the strategy, values, and culture of the Monex Group.
- Transparency and clear communication.
- Description of objectives and results, as well as guidelines for achieving them.
- Confidentiality of sensitive performance data.
- Inclusion of comments and opinions from relevant stakeholders.
- Non-financial criteria such as customer satisfaction, compliance with regulations, and prevention of conflicts of interest.

In the event that an employee is found to have engaged in fraudulent or dishonest activities to obtain any type of variable compensation, the Company shall have the right to require the employee to return the full value of the incentive received; o When subsequent evidence determines that excessive risk has been taken or performance standards have not been met, the Company shall have the right to require the employee to return the total value of the incentive received up to three years after payment.