

**CHEVES HYDROPOWER PROJECT PERU
SOCIAL & WORKING PROCEDURE
S-001
PE-CHP_PRO_S-001_WORKING CONDITIONS**

28.09.2010
CSZ
REV.:02

REV	DATE	DESCRIPTION
02	27.09.2010	Lunch break
01	20.09.2010	Issued for Approval

	PREPARED BY HS-MANAGER	REVIEWED BY QM-MANAGER	APPROVED BY PROJECT DIRECTOR
NAME:	C. SCHULZ	J. HAGEMEIERS	R. HEINRICH
DATE:			
SIGN.			

Table of Content

1.	PURPOSE.....	5
2.	SCOPE.....	5
3.	RIGHTS, OBLIGATIONS & RESPONSIBILITY	5
3.1	Project Manager	5
3.1.1	Responsibilities.	5
3.1.2	Privileges.....	6
3.1.3	Obligations.	6
3.2	Employees.....	6
3.2.1	Rights	7
3.2.2	Obligations	7
3.2.3	Telecommunication Services.....	9
3.2.4	Misplace, Destruction, Damage and Negligence Use of Company Item / Object.	9
3.2.5	Personal Changes.....	9
3.2.5	Work Place	9
4.	Company Rules.....	9
4.1	Prohibitions.....	9
4.2	Food	11
4.3	Arguments and Quarrels	11
4.4	Arguments and Quarrels	11
5.	Attendance and Punctuality.....	11
5.1	Arrival	11
5.2	Continuance	12
5.3	Arrival and Leaving Time.....	12
5.4	Working Hours.....	12
5.5	Lunch Break	12

5.6	Tolerance	12
5.7	Unpunctuality.....	13
5.8	Absence	13
5.8.1	Notification on Absence.....	13
5.8.2	Release from Compensation	13
5.8.3	Classification of Absence	13
5.8.4	Report on Absence.....	13
5.8.5	Authorized Absence	14
5.8.6	Medical Certificate	14
5.8.7	Not Approved Absence	14
5.8.8	Absence Due to Personal Reasons.....	14
6.	Overtime Regulations.....	14
6.1	Definition	14
6.2	General.....	15
7.	Permissions and Leaves of Absence	15
7.1	Prove of Accuracy of Absence	15
7.2	Permissions.....	15
7.3	Granting of Leaves of Absence	15
7.4	Sickness.....	15
8.	Vacations.....	16
8.1	Handover for Vacations	16
8.2	Handover for Vacations	16
8.3	Vacation Roll	16
8.4	Vacation Roll Preparation.....	17
8.5	Vacation Leave.....	17
9.	Personnel Management Process	17
9.1	General.....	17
9.2	Privileges.....	18

**SOCIAL &
WORKING**

**WORKING
CONDITIONS
S- 001**

28.09.2010
CSZ
REV.:02

10.	Mandatory Weekly Rest Day	19
11.	Compensation – Payment	19
11.1	General.....	19
11.2	Bonus Payment	19
11.3	Vacation Allowance	19
11.4	Social Benefits.....	20
11.5	Claims	20

1. PURPOSE

This procedure has been developed to ensure the working relationship of all employees and management belonging to CCH Cheves. The purpose is to set regulation for the relationship between both above mentioned parties and prevent any misunderstandings and disputes.

2. SCOPE

This procedure is applicable for all persons working on the project.

3. RIGHTS, OBLIGATIONS & RESPONSIBILITY

3.1 Project Manager

3.1.1 Responsibilities.

Constructora CHEVES is exclusively responsible for planning, organizing, coordinating, directing, guiding, controlling and managing the activities carried out by its employees at its Workplace, establishing policies aimed at achieving its objectives, in accordance with the legal rules in force.

Constructora CHEVES is exclusively responsible for planning, directing, managing and organizing its operations, and determining the manner in which the employees' work will be controlled.

The above includes, inter alia, the following powers and duties:

- Determine whether or not an employee is capable or suitable to carry out the task or work assigned to him/her.
- Schedule and establish workdays, work shifts and work schedules.
- Agree on the work to be carried out and the persons who will carry it out.
- Introduce and apply new methods and work systems.
- Designate its attorneys, representatives and hierarchical personnel.
- Select and hire employees.
- Establish and adjust Constructora CHEVES 'occupational categories.
- Prepare job descriptions along with their respective obligations and duties, eliminate work categories and positions, and introduce changes, as required for the correct conduct of business by Constructora CHEVES.
- Determine the position to be filled by each employee, including the right to change or modify the position or job of any employee, even transferring employees outside of the city of Lima or to the provinces, only subject to the limitations set forth in the Law.

The above-listed powers and duties are merely enunciative and limitless, so they can be extended by Constructora CHEVES in accordance with the parameters set forth in the legal rules in force.

3.1.2 Privileges

Exercising the powers and duties referred to in the preceding Article, Constructora CHEVES has the following prerogatives, among others:

- a) Determine company positions, including titles, duties and obligations, the only limitations being those set forth in the legal rules in force.
- b) Determine whether or not any given employee is capable and suitable to fill the position or task entrusted to him/her, assess his/her merits, decide on his/her promotions and/or grant a salary increase.
- c) Transfer or assign employees to different positions within the operation, whenever it may deem convenient, seeking the development of human potential and an increase in productivity, without reducing the employee's work category and remuneration.
- d) Decide on the introduction and application of new methods, creating or eliminating positions, and transferring employees as required for the implementation of said new methods, subject to the conditions contemplated in the preceding item.
- e) Schedule, establish and modify work schedules and work shifts, determining the obligations and number of employees required, both in the operating and administrative field, in accordance with the provisions set forth in the labor legislation and in other relevant agreements.

3.1.3 Obligations.

Constructora CHEVES is obliged to:

- a) Comply and enforce compliance with the legal rules in force and with the collective bargaining agreements signed with labor unions (if any) and representative institutions.
- b) Comply and enforce compliance with these Regulations.
- c) Make sure that all hierarchical levels within Constructora CHEVES show respect for employees and treat employees well, seeking a balance in labor relations and dealing in a timely fashion with the employees' claims and suggestions.
- d) Prepare and establish directives, rules and regulations to guarantee order, security and the protection of employees and facilities.
- e) Pay for the employees' compensation at the time and according to the terms and conditions already established.
- f) Provide employees with an appropriate work environment and all materials and items required to discharge the duties and tasks entrusted to them.
- g) Manage labor relations and deal with the employees' requests and claims in accordance with the legislation in force and its human resources policy.

3.2 Employees

Constructora CHEVES' employees enjoy all the benefits and rights afforded by the applicable laws.

3.2.1 Rights

Constructora CHEVES' employees will be entitled to:

- a) Receive fair, respectful and dignified treatment, in strict compliance with the legal and conventional rules in force.
- b) The employee's compensation is intangible, which means that it can only be confiscated by means of a judicial order, up to the maximum limit authorized by the legislation in force.
- c) Have the necessary working conditions and environment in place in order to properly discharge their duties.
- d) Receive training and guidance from their supervisors, attend training and specialization programs carried out in keeping with the company's policy, institutional needs and possibilities, and undergo performance assessment on a regular basis.
- e) Have their health and safety protected at the workplace.
- f) Receive cordial and respectful treatment from the employer.
- g) Be informed of their rights and benefits, and resort to the competent administrative authorities to have said rights protected.
- h) Have their labor and personal documents kept strictly confidential, including personal information that Constructora CHEVES may keep, particularly data regarding their health and medical treatment received.
- i) Not to be affected by acts that do not conform to moral principles.
- j) Have their petitions, suggestions, claims and grievances expressed and listened to, at the time and according to the rules established by Constructora CHEVES.

3.2.2 Obligations

Constructora CHEVES's employees are obliged to:

- a) Become familiar with and comply with the provisions set forth in these Regulations and other rules issued by Human Resources and Administration Management, including other job-related procedures.
- b) Report for work punctually, honoring work schedules in force and personally recording their arrival and leaving times to systems established for such purpose.
- c) Stay at their work site during the workday and show interest, devotion, efficiency, loyalty and care in performing their tasks. Employees are forbidden to carry out work not related to their sphere of duty and that of Constructora CHEVES.
- d) Treat customers, public and third parties in general in a kind, polite, friendly and efficient manner, ensuring the quality of the service and preserving the good image of Constructora CHEVES.
- e) Show respect for all people working at Constructora CHEVES and its clients, maintaining composure and showing cordial treatment.
- f) Honor hierarchical levels in all activities and processes, obey work-related orders and instructions given by supervisors, and obey the instructions given by Security Guards in discharging their duties.
- g) Provide full support in emergency cases.

**SOCIAL &
WORKING**

**WORKING
CONDITIONS
S- 001**

28.09.2010
CSZ
REV.:02

- h) Use, look after, and return and/or take responsibility for office supplies, tools, instruments, appliances and valuables assigned to them to discharge their duties, and put them in their place if they are not being used.
- i) Look after the maintenance and conservation of the company's facilities and furniture to project a good image.
- j) Comply with the rules when dealing with anomalies, failures and breakdowns.
- k) Treat customers politely, efficiently and promptly, if dealing with customers.
- l) Refrain from selling items or products in the worksite, unless the supervisor's express authorization is obtained.
- m) Refrain from using company vehicles for personal purposes, unless the supervisor's express authorization is obtained.
- n) Keep the work area clean and tidy, according to the nature of the work being performed.
- o) Take due care to avoid causing physical damage or bodily injuries to themselves, their work mates or third parties.
- p) Wear their photo ID badge in a visible place.
- q) Show the contents of packages, bags, suitcases, etc. upon entering and leaving the workplace, when so required by security guards.
- r) If summoned, attend all meetings scheduled for training, development or coaching purposes.
- s) Show diligence, promptness and punctuality in exercising the tasks inherent in their job and those specifically entrusted to them.
- t) All employees, without any exception whatsoever, will keep all business matters strictly confidential. Professional secrecy extends beyond the regular working day and survives the end of the labor relationship.

Professional secrecy includes the following obligations, among others:

- Keep all the information and documents produced, originated, furnished or obtained by reason of the work carried out at Constructora CHEVES, or any other document or information to which they may have access, whether or not circumstantially, strictly confidential.
 - Show at all times due discretion with regard to the activities, processes, operations, procedures and links or relationships of Constructora CHEVES and its employee, particularly hierarchical personnel.
 - It is absolutely forbidden to take information or documents out of Constructora CHEVES' facilities, whether directly or indirectly, especially if said information or documents are confidential.
 - Employees cannot take personal or third-party diskettes to the workplace, whether to deal with personal matters or to copy or reproduce Constructora CHEVES' information.
 - Diskettes can in no event be taken out of Constructora CHEVES.
- u) All the remaining obligations resulting from legal rules, from the employment contract, from these Regulations or from any other source.

3.2.3 Telecommunication Services

Telephone, e-mail, telex, fax, Internet or other services, for being work tools, are for the exclusive use of Constructora CHEVES. Their use for personal purposes not related to Constructora CHEVES' business is restricted. Long-distance calls can only be made with the prior consent and approval of the employee's supervisor. Personal calls can be made in case of necessity.

3.2.4 Misplace, Destruction, Damage and Negligence Use of Company Item / Object.

Any employee who misplaces, destroys, damages or negligently uses any company item or object must immediately give written notice thereof to his/her supervisor and to Human Resources and Administration Management, within a reasonable period of time which is not to exceed three days.

3.2.5 Personal Changes

Employees are responsible for immediately reporting in writing to Human Resources and Administration Management any change of address, telephone number or marital status, or any new family member, etc., for the relevant purposes

3.2.5 Work Place

Employees must make sure that they:

- a) Dress formally to attend the workplace (according to the policy to be approved by the company from time to time). Employees who receive a uniform from Constructora CHEVES are obliged to wear that uniform and keep it in perfect condition.
- b) Keep the offices and work areas clean and tidy.
- c) Refrain from smoking inside the offices or in places where flammable material is being stored. Employees must abide by the smoking ban in those areas where "No- Smoking" signs are displayed.
- d) Unplug and put away all work-related machines or equipment at the end of the workday. Employees should not leave confidential documents on top of their desks or in similar places.

4. Company Rules

4.1 Prohibitions

Constructora CHEVES' employees are forbidden to:

- a) Fail to turn up for work without justified cause, or report late.
- b) Clock in or sign the daily attendance sheet or record of another employee or ask another employee to clock in or sign their own

**SOCIAL &
WORKING**

**WORKING
CONDITIONS
S- 001**

28.09.2010
CSZ
REV.:02

- attendance card, sheet or record, or deliberately fail to clock in their own attendance card, sheet or record.
- c) Abandon their job without the authorization of their supervisor.
 - d) Change their work shift without due authorization.
 - e) Deliberately and repeatedly underperform, either in terms of production volume or quality.
 - f) Use the company's assets, equipment and work tools for purposes and/or reasons other than those inherent in the activities carried out by Constructora CHEVES.
 - g) Open third-party correspondence.
 - h) Drive or operate equipment, machinery or vehicles without authorization or if the equipment, machinery or vehicles have not been assigned to the respective employee.
 - i) Neglect or suddenly suspend work to deal with personal matters or issues not related to Constructora CHEVES.
 - j) Carry weapons in the workplace without Constructora CHEVES' authorization.
 - k) Write and/or stick fliers on walls, doors, roofs and windows, both internally and externally, without the expressed authorization of their supervisor or Human Resources and Administration Management.
 - l) Generate or encourage unhealthy conditions within Constructora CHEVES' facilities.
 - m) Organize fundraising campaigns, raffles or subscription services at the workplace without the expressed authorization of Human Resources and Administration Management.
 - n) Read newspapers, magazines, books, and pamphlets during working hours, except for those related to the work being performed, or except as authorized by the respective supervisor.
 - o) Use audio equipment during and after working hours for non-work reasons, such as Walkmans, radios, etc.
 - p) Report for work under the influence of alcohol, drugs or narcotics; consume alcohol, drugs or narcotics within Constructora CHEVES' facilities, whether or not on duty.
 - q) Avail themselves of the position they fill to obtain a profit, receive handouts or any compensation for the steps they take while exercising their duties or use the company's facilities to carry out personal business.
 - r) Leave the work area or workplace before the end of the workday without express authorization.
 - s) Feign any kind of illness.
 - t) Abuse their authority.
 - u) Make statements to the media on any matter related to Constructora CHEVES or its employees, particularly hierarchical personnel, without express authorization.
 - v) Represent Constructora CHEVES before third parties without being its representative or without express authorization.
 - w) Encourage gatherings at the workplace and carry out non-business activities or other activities that hinder or preclude work during working hours.
 - x) Remain, enter or gain access to the workplace beyond the established or agreed schedule, unless they have given notice thereof to their

supervisor in a timely fashion. If a employee leaves any personal item behind and needs to go back to the office after working hours, then he/she must show his/her ID badge to the security guard, explain the reason why he/she needs to go back to the workplace, and show the item before leaving.

- y) Use for purposes other than company business any computer, telex or telefax machine or system, including vehicles, machinery, equipment and other goods, or let third parties use them, during and after working hours. Employees can make reasonable use of the telephone service to make brief calls, in case of necessity, informing their supervisor thereof.
- z) All the remaining acts prohibited by these Regulations or by internal rules and/or labor laws in force.

4.2 Food

Employees are not allowed to eat during working hours. They can only eat during lunchtime, in the places designated for such purpose.

4.3 Arguments and Quarrels

Arguments and quarrels are forbidden in the workplace. Employees are not allowed to throw objects to each other or make jokes that distract other employees, projecting a bad image to customers, employees and/or third parties.

4.4 Arguments and Quarrels

Gambling, betting or selling and/or buying goods are not allowed in the workplace.

5. Attendance and Punctuality

Constructora CHEVES has set some regulations which need to be fulfilled by the employees

5.1 Arrival

Time of arrival is understood to mean the time at which the employee must be at the workplace, ready to start working. Employees are not allowed to interrupt their work, and even less leave their work area before the time of departure, without the express authorization of their supervisor.

5.2 Continuance

Continuance shall be understood to mean the reasonable and diligent continuation of the employees' obligations and job-related tasks, unless the supervisor has duly authorized the employee's absence or the interruption of work for business or non-business reasons.

5.3 Arrival and Leaving Time

Supervisors will check the arrival and leaving times of employees included within their sphere of competence. Moreover, Human Resources and Administration Management will control arrival and leaving times using for such purpose the control systems established by Constructora CHEVES.

The employee's failure to record his/her time of arrival at and departure from work, regardless of the cause of said omission, will be considered unexcused absence or lateness, as the case may be, and will be subject to the corresponding deductions and disciplinary action.

Employees will be released from the obligation to record their attendance if they obtain the express written authorization of their respective Supervisors and Human Resources and Administration Management.

5.4 Working Hours

Employees will discharge their duties within the working hours established by Constructora CHEVES, which will be itemized in the company's internal communications, in the employment offer or in the respective employment contract. Said working hours can be modified according to the company's operating needs and subject to the legal rules in force.

Constructora CHEVES determines and can modify its working hours and hours of opening, according to operating needs and market conditions, without prejudice to the provisions set forth in the legal rules and contracts. Employees must work the hours of work established by Constructora CHEVES

5.5 Lunch Break

Within scheduled work time, all employees will take a one-hour break for lunch; at the end of this lunch break employees must be back in their job.

5.6 Tolerance

The maximum tolerance when an employee fails to report for work at the start of the workday is 10 minutes, but this tolerance does not change the company's

working hours because it is exceptional. Tolerance is a type of precaution against unforeseen contingencies that may delay the employee's time of arrival at work, for which reason its abuse or continued use constitutes a punishable offense.

5.7 Unpunctuality

Employees who arrive late at the workplace will be sanctioned according to the seriousness of the offense.

5.8 Absence

If a employee is unable to report for work for any reason whatsoever, the employee is obliged to give notice thereof to his/her supervisor, who will in turn give notice thereof to Human Resources and Administration Management within the first hour following the official time of arrival.

5.8.1 Notification on Absence

If a employee is unable to report for work for any reason whatsoever, the employee is obliged to give notice thereof to his/her supervisor, who will in turn give notice thereof to Human Resources and Administration Management within the first hour following the official time of arrival.

5.8.2 Release from Compensation

Absences from work result in the non-fulfillment of the main obligation of the employee, that is, provision of services, and, therefore, release Constructora CHEVES from its obligation to pay the employee's compensation, except for the cases set forth in the law.

5.8.3 Classification of Absence

Absences from work will be classified as justified or unjustified, depending on the evidence provided by the employee himself to Human Resources and Administration Management. The applicable sanction, if any, will depend on said classification.

5.8.4 Report on Absence

Any absence, regardless of its cause, must be reported to the employee's supervisor and to Human Resources and Administration Management in order for the relevant measures to be adopted. Any explanation given after a

term of three days counted from the respective absence will be deemed to have no effect whatsoever.

5.8.5 Authorized Absence

Constructora CHEVES can authorize leaves of absence without pay for the length of time it deems convenient, unless otherwise expressly provided in the law or in the internal rules of Constructora CHEVES.

Constructora CHEVES reserves the right to regulate the granting of leaves of absence as to all matters not contemplated in the Law or in an agreement.

5.8.6 Medical Certificate

If an employee fails to report to work because of illness, the employee will be obliged to file the corresponding medical certificate in a timely fashion, subject to the relevant legal formalities.

5.8.7 Not Approved Absence

Absences not expressly approved in advance will be considered unjustified absences.

5.8.8 Absence Due to Personal Reasons

An employee who needs to leave the worksite for personal reasons before the end of the workday must get his/her supervisor's permission. If his/her supervisor gives said permission, then Human Resources and Administration Management must be given notice thereof, indicating the reason and the time of departure and return, if any.

6. Overtime Regulations

6.1 Definition

Overtime is all time worked in excess of the established work schedule. In order to be validly accepted by Constructora CHEVES, overtime must be previously requested to and authorized by the supervisor.

Overtime entail the actual rendering of services for the benefit of the employer. Consequently, time devoted to different activities in excess of the regular working day will not be considered overtime and, therefore, will not be paid as such.

6.2 General

Overtime work will only be authorized in duly justified cases, when it is either necessary or indispensable. Accordingly, overtime will not be authorized to rectify mistakes or omissions attributable to the employee.

In order to be paid, overtime must be previously and expressly authorized by the supervisor, according to the policy approved by Constructora CHEVES. Any time worked without complying with this requirement will not be considered overtime.

7. Permissions and Leaves of Absence

The granting of permissions and leaves of absence does not set a precedent for future cases, neither for the employee nor for the rest of the employees.

Permissions approved by supervisors must be reported to Human Resources and Administration Management. If this rule is not fulfilled, the employee's absence will be considered unjustified.

Constructora CHEVES is exclusively responsible for granting any type of permission or leave of absence whenever it may deem it convenient, according to the legal rules in force. Constructora CHEVES is not obliged to grant permissions during working hours.

7.1 Prove of Accuracy of Absence

Asking for permissions or leaves of absence for a given purpose and using said permissions or leaves of absence for a different purpose constitutes grounds for disciplinary action. CONSTRUCTORA CHEVES is authorized to require the employee to prove the accuracy of the reasons invoked to ask for permissions or leaves of absence.

7.2 Permissions

Permissions are granted during the workday, either for a few hours or for the full day.

7.3 Granting of Leaves of Absence

Constructora CHEVES reserves the right to regulate the granting of leaves of absence as to all matters not contemplated by the law or contract

7.4 Sickness

If an employee gets sick during working hours, he will ask his/her supervisor to give him permission to visit the nearest First-Aid Center and/or an EPS clinic or a medical doctor.

If the doctor does not grant the employee medical leave, the employee must return to work immediately if he has visited the doctor during working hours.

If the employee is unable to work normally, then he will attach the "Medical Leave" certificate to the form established according to law.

8. Vacations

All Constructora CHEVES employees who meet the requirements set forth in the Law are entitled to take a vacation leave every year.

8.1 Handover for Vacations

Employees who take vacation leave must make available to their supervisor or his designee the items handed over to them to discharge their duties, along with pending work documents.

Employees cannot waive their vacation leave, as it is an unavailable and a compulsory benefit that must be used within the year immediately following the year the vacation right was accrued, at the time agreed upon by both parties and, in the last instance, by Constructora CHEVES.

8.2 Handover for Vacations

Employees who take vacation leave must make available to their supervisor or his designee the items handed over to them to discharge their duties, along with pending work documents.

Employees cannot waive their vacation leave, as it is an unavailable and a compulsory benefit that must be used within the year immediately following the year the vacation right was accrued, at the time agreed upon by both parties and, in the last instance, by Constructora CHEVES.

8.3 Vacation Roll

To the extent possible, every effort will be made to bring service needs into agreement with the employee's needs in order to determine when the employee will take vacation. The vacation roll will be prepared in accordance with the legal rules in force.

Moreover, vacation can be taken on a fractional basis for periods not shorter than those fixed in the legal rules in force, only in the case of hierarchical

personnel and, exceptionally, other employees, provided it is due to Constructora CHEVES' operating needs. In such event, Management will be obliged to keep a record of the number of vacation days taken on account of the vacation leave accrual, along with evidence that the employee has actually taken vacation leave and received the respective vacation pay.

8.4 Vacation Roll Preparation

Supervisors will prepare together with employees under their share of duty the vacation roll of their respective area for the twelve-month period of each year.

The vacation roll will be reported to Human Resources and Administration Management, which will in turn prepare the vacation roll of all Constructora CHEVES areas.

Employees are obliged to inform Human Resources and Administration Management that they are taking vacation fifteen days before actually going on vacation.

Constructora CHEVES' supervisors are obliged to give written notice to Human Resources and Administration Management before new vacation time is accrued if their employees have not fully used their previous accrued vacation time, committing themselves to have their employees take unused vacation time in a timely fashion. In any event, the employee must inform Human Resources and Administration Management if vacation time is about to accrue but has not been scheduled.

8.5 Vacation Leave

The vacation leave will only be reduced in exceptional cases, when so required by reason of service needs. Vacation days will be accumulated in the manner established by Law and by mutual agreement between the parties.

The vacation leave can be reduced in the manner established by law, if previously agreed by the parties, subject to the payment of days actually worked.

9. Personnel Management Process

9.1 General

Constructora CHEVES' organization is based on the principle of authority, which is translated into Constructora CHEVES' exclusive power to plan, organize, coordinate, manage, direct, modify and control the activities carried out by employees at the workplace, establishing policies aimed at achieving its objectives, in keeping with the legal rules in force.

9.2 Privileges

Exercising the authority referred to in the previous point, Constructora CHEVES has the following prerogatives, among others:

- a) Determine what duties and responsibilities employees will have.
- b) Determine whether an employee is suitable for and capable of performing the task or job entrusted to him/her, and evaluate his/her merits, decide his/her promotions, and fix or improve his/her remuneration.
Constructora CHEVES can also fix and change the date of payment of salaries, in accordance with the legal rules in force.
- c) Transfer or assign employees to different jobs within its operations, whenever it may deem it convenient and necessary, seeking the development of human potential in order to improve productivity without reducing their work category or compensation.
- d) Decide on the introduction and application of new methods, creating or eliminating jobs and transferring employees as necessary to implement said new methods, subject to the provisions set forth in the preceding item.
- e) Schedule, establish, modify and eliminate work schedules and work shifts, determining the work to be performed and number of employees required for such purpose, according to the corresponding procedures.
- f) Select and hire new employees on an open ended, fixed-term, full-time or part-time basis, according to law.
- g) Appoint employees filling management positions and serving in a position of trust.
- h) Admonish, suspend, dismiss and sanction employees in accordance with the labor laws in force and the provisions set forth in these Regulations.
- i) Grant leaves, with or without pay.
- j) Schedule the employees' vacation leave in accordance with the legal rules in force and the provisions set forth in these regulations.
- k) Manage, organize, administer, control and modify production activities and the rendering of services by employees at all levels, areas and aspects, establishing methods, procedures, systems, techniques and work and production rules, being authorized to modify them, whether in whole or in part, according to internal or market needs, in keeping with technological and scientific breakthroughs.
- l) Introduce, improve, replace or rebuild equipment, tools, etc.
- m) Establish, modify, expand and reduce Constructora CHEVES' organizational chart, determining its areas, management offices and other organizational units, being authorized to combine or eliminate them.
- n) Determine the duties, obligations and hierarchical level of employees.
- o) Eliminate an area, management office and/or organizational unit, and relocate employees according to Constructora CHEVES' needs.
- p) Control attendance and the fulfillment of the work schedule and workday.
- q) Establish, modify and eliminate working conditions, according to the corresponding procedures.
- r) Modify these Regulations.
- s) Discharge all other managing, administrative and disciplinary powers contemplated in the legal rules in force. Accordingly, it is hereby

understood that the list of Constructora CHEVES' powers contained in these Regulations is enunciative and limitless.

10. Mandatory Weekly Rest Day

Employees will take the mandatory weekly rest day according to law.

When so required by production needs, Constructora CHEVES can fix alternative or cumulative work and rest schedules, honoring the necessary proportion, or fix a day other than Sunday as the employee's weekly rest day, determining the day on which employees will take their day off, whether individually or collectively.

Non-working holidays are to be paid by Constructora CHEVES, provided that the requirements set forth in the law are complied with.

Employees are entitled to rest at least once a week, preferably on Sunday. Those employees who work during their weekly rest day and are not given another day off during the same week will be entitled to the payment of the surcharge established by law or a compensatory day off.

The cases not contemplated in this Article will be governed by the provisions laid out in Legislative Decree, which deals with Paid Rest Days, and the Regulations thereunder.

11. Compensation – Payment

11.1 General

Constructora CHEVES must determine its Compensation and Benefit Policy and its employees' compensation system.

Constructora CHEVES will deposit its employees' compensation in the bank accounts opened in the name of each employee, on a monthly basis, in accordance with the provisions set forth in the laws and agreements in force.

11.2 Bonus Payment

Constructora CHEVES will pay for its employees' bonuses in the manner and on the dates established according to law.

11.3 Vacation Allowance

Constructora CHEVES will pay for the employee's vacation allowance on the date the employee completes one year of services.

11.4 Social Benefits

If the employee leaves the company, Constructora CHEVES will pay for his/her social benefits within the term set forth in the law..

11.5 Claims

If the employee has reasons to lodge a claim on grounds of mistaken calculation, the employee will contact Human Resources and Administration Management on the immediately following business day. Human Resources and Administration Management will make the necessary explanations or the corresponding rectification if the claim is justified.