



# REGULATIONS OF THE AUDIT AND COMPLIANCE COMMITTEE REPORTING TO THE BOARD OF DIRECTORS

OF TUBACEX, S.A.

# 01: NATURE

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## Article 1. Nature and Purpose

1. The Audit and Compliance Committee (hereinafter, the “Committee”), set up in accordance with the provisions of the Articles of Association, is a body with reporting and proposal functions to the Board of Directors of TUBACEX S.A. (hereinafter, “Tubacex” or the “Company”), which will be governed by the provisions set out in the Law, in the Articles of Association, in the rules set out in these Regulations and, for matters not provided for herein, the Regulations of the Board of Directors shall be applied as long as they are in line with the nature of this Committee.
2. These Regulations may be amended by agreement of the Company’s Board of Directors, either on its own initiative or upon proposal by the Committee.
3. These Regulations aim to determine the principles of action and internal functioning of the Tubacex Audit and Compliance Committee, fostering its independence.

# 02: COMPOSITION

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## Article 2. Composition

1. The Committee shall be made up of at least three directors, who will be appointed by the Company's Board of Directors. The members of the Audit and Compliance Committee shall be non-executive directors, most of whom must be independent and, at least one of them shall be appointed taking into account his/her knowledge and experience in accounting, auditing and risk management.
2. Committee members shall be elected for their remaining term of office as directors, notwithstanding their possible re-election. Re-appointment, re-election and termination lies with the Board of Directors, in accordance with the provisions set out in the Law, Regulations of the Board of Directors and the Company's Articles of Association.
3. The Board of Directors shall appoint a Chairperson from among its members, who must be an independent director. This Chairperson must be replaced every four years, with the possibility of being re-elected once a period of one year has elapsed since his/her termination. The Secretary of the Board of Directors shall act as Secretary of the Audit and Compliance Committee.

# 03: DUTIES. SCOPE

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## Article 3. Duties

1. The Committee has the duty of supporting the Board of Directors in the supervision of the matters set out in the Law, in the Articles of Association and in these Regulations, notwithstanding other tasks it is assigned by the Board of Directors.
2. Notwithstanding any other tasks that it may be assigned by the Board of Directors and which are attributed to it by means of the applicable legal provisions, the Committee shall exercise the following basic duties:
  - a) Report to the General Shareholder's Meeting on matters raised at the Meeting and in relation to those matters that fall within its scope, and, particularly regarding the results of the audit, explaining how it has contributed to the integrity of the financial information and the function performed by the Committee in this process.
  - b) Oversee the effectiveness of the Company's internal control, the internal audit and the risk management systems, and discuss with the account auditor any significant weaknesses detected in the internal control system during the course of the audit, without infringing on its independence. For this purpose, where appropriate, recommendations or proposals may be presented to the governing body, along with the corresponding period for its monitoring.
  - c) Oversee the process of preparing and presenting mandatory financial information and submit recommendations or proposals to the Board of Directors intended to safeguard its integrity.
  - d) Submit to the Board of Directors proposals for the selection, appointment, re-election or replacement of the accounts auditor, taking responsibility for the selection process in accordance with the legal provisions, as well as the terms for hiring, and regularly obtain information from the auditor regarding the audit plan and its implementation, in addition to preserving the independence of the auditor in the performance of its duties.
  - e) Establish appropriate relations with the external auditor in order to receive, for review by the Committee, information on all matters that may pose a threat to its independence, as well as any other matters relating to the audit procedure, and when applicable, authorization of services other than those that are prohibited, upon the terms contemplated in auditing legislation and auditing rules.

In any event, external auditors must issue an annual declaration of their independence with regards the Company or entities directly or indirectly related thereto, as well as detailed and itemized information regarding

additional services of any kind provided and the corresponding fees received from such entities by the external auditor or by the persons or entities related thereto, pursuant to the provisions of the regulations governing the auditing of accounts.

- f) Issue on an annual basis, prior to the issuance of the audit report, a report stating an opinion on whether the independence of the accounts auditors or auditing companies has been compromised. This report must in all cases include a reasoned assessment of the provisions of each and every one of the additional services referred to in point f) above, both individually and as a whole, other than the legal audit and regarding the rules on independence or regulations on the activity of auditing.
- g) Report on related-party transactions that must be approved by the General Meeting or the Board of Directors and oversee the company's internal procedure for those whose approval has been delegated.
- h) Report in advance to the Board of Directors on all matters provided by law, in the Articles of Association and in the Regulations of the Board, and particularly regarding:
  - 1. Financial information and the management report, which shall include the required non-financial information that the Company must periodically make public; and
  - 2. the creation or acquisition of interests in special-purpose entities or entities domiciled in countries or territories considered to be tax havens.

The Audit Committee shall not exercise the duties set out in letter h) herein or in the previous letter when such duties are attributed to another committee in the Articles of Association.

- i) Oversee Internal Auditing and the Duty of Compliance, which report functionally to the Committee.
3. In particular, and without prejudice to the generality of the foregoing, the Audit and Control Committee shall have the following specific duties:
- (i) With respect to financial and non-financial information:
    - a) Report to the Board of Directors on matters raised in relation to those matters competence that fall within the Committee's scope, and, particularly regarding the results of the audit, explaining how it has contributed to the integrity of the financial information and the function performed by the Committee in this process.
    - b) Report in advance to the Board of Directors on the financial and non-financial information that the Company must periodically make public.
    - c) Oversee the process of preparing and presenting financial and non-financial information related to the Company, along with its clarity and integrity, ensuring that the interim financial reports and the quarterly management reports are formulated under the same accounting standards as the annual reports and, accordingly, consider the appropriateness of a limited review of the interim

financial reports by the external auditor. In this context, the Committee may submit recommendations or proposals to the Board of Directors to safeguard the integrity of the financial information.

- d) Ensure compliance with legal requirements, the proper delimitation of the scope of consolidation and the correct application of the generally accepted accounting principles and reporting standards that may be applicable to the Company. In particular, it will review: judgments, criteria, evaluations and estimates; significant changes in criteria; significant weaknesses in internal control and auditing adjustments.
- e) Ensure that the Board of Directors presents the financial statements to the General Shareholders' Meeting without reservations or qualifications in the auditor's report and, in the exceptional instances where they do exist, both the Chairman of the Audit Committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.
- f) Check that the financial and non-financial information published on the Company's website is continuously updated and that it coincides with the information that has been formulated by the Company administrators and published on the website of the National Securities Market Commission, where appropriate, when it is compelled to do so.
- g) Evaluate the quality of the financial and non-financial information that the Company may publish via its website.

(ii) With respect to the internal control systems:

- a) Oversee the effectiveness of the Company's internal control and financial risk management systems, including fiscal systems, and discuss with the account auditor any significant weaknesses detected in the internal control system during the course of the audit, all of which, without infringing on its independence, in order to reach a conclusion regarding the trustworthiness and reliability of the system. For this purpose, where appropriate, recommendations or proposals may be presented to the Board of Directors, along with the corresponding period for their monitoring.
- b) Evaluate everything related to the company's non-financial risks, including operational, technological, legal, social, environmental, political and reputational risks, so that all of the risks faced by the business are covered.
- c) In general, ensure that the internal control policies and systems are effectively applied in practice.

(iii) With respect to the external auditor:

- a) Submit to the Board of Directors proposals for the selection, appointment, re-election or replacement of the external auditor, as well as the terms for the hiring thereof.

- b) Ensure that the remuneration of the external auditor for its work does not compromise its quality or independence, and establish an indicative ceiling on the fees that may be received each year by the auditor for non-audit services.
  - c) Ensure that the external auditor holds an annual meeting with the Board of Directors to report on the work performed and the evolution of the Company's accounting position and risk status.
  - d) Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.
  - e) Ensure the independence of the external auditor and, for that purpose: (i) that the Company reports the change of auditor to the National Securities Market Commission and accompanies it with a declaration of the existence of any disagreements with the out-going auditor and their content, if any; (ii) verify that the Company and the auditor comply with applicable regulations regarding the provision of non-audit services, and, in general, all other regulations established in order to ensure the independence of the auditors; and (iii) that, in the event of resignation of the auditor, examine the circumstances that may have given rise thereto.
  - f) In any event, external auditors must issue an annual declaration of their independence with regards the Company or entities directly or indirectly related thereto, as well as detailed and itemized information regarding additional services of any kind provided and the corresponding fees received from such entities by the external auditor or by the persons or entities related thereto.
  - g) Issue on an annual basis, prior to the issuance of the audit report, a report stating an opinion on whether the independence of the accounts auditors has been compromised.
  - h) Favor the auditor of the consolidated group to assume responsibility for the audits of the companies that form part of the group.
- (iv) With respect to risk management and policy:
- a) Oversee the effectiveness of the financial and non-financial risk management systems in order to have a comprehensive vision of the risks that affect all of the company's businesses. For this purpose, recommendations or proposals may be presented to the governing body, along with the corresponding period for their monitoring.
  - b) Ensure that the risk control and management policies identify the risk levels that the Company and the Group consider acceptable in accordance with the Corporate Governance Standards.
  - c) Oversee the proper functioning of the Risk Management System in accordance with the model approved by the Board of Directors.

(v) With respect to the Internal Auditor:

- a) Ensure the independence and effectiveness of the internal audit function.
- b) Propose the selection, appointment, re-election and removal of the person responsible for the internal audit department.
- c) Propose the budget for the department.
- d) Approve the annual focus and work plan for internal auditing, ensuring that its activity is principally focused on material risks.
- e) Receive regular information on its activities.
- f) Verify that the senior management takes into account the conclusions and recommendations set out in the reports.
- g) Evaluate the functioning of the internal audit function each year and the performance of its functions by the person responsible.

(vi) With respect to the Duty of Compliance:

- a) Propose the appointment of the person responsible for the duty of compliance. Receive information on the progress of the annual plan of activities.
- b) Ensure the fulfillment and application of the Company's Code of Ethics, channeling its management and updating through the person responsible for compliance.
- c) Establish and oversee a mechanism whereby employees and other people related to the Company, such as Directors, Shareholders, suppliers, contractors and subcontractors, can report irregularities of potential significance related to the company, especially financial and accounting ones, which they observe within the Company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which reports can be made anonymously, respecting the rights of both the denouncing and denounced party.
- d) Evaluate the effectiveness of the crime prevention and compliance system.

In the performance of its duties, the Committee will maintain its supervision and advisory role, without intervening in the performance or management of the company's executive bodies.

## Article 4. Scope

The Committee shall perform its duties with respect to TUBACEX, S.A. and the subsidiaries that form part of its Group, in accordance with the provisions set out in Article 42 of the Commercial Code.



# 04: OPERATING RULES

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## Article 5. Meetings

The Committee shall meet whenever the Chairman considers opportune in order to carry out its duties. The Committee shall meet at least four times a year.

The Committee shall also meet at the request of at least one of its members. The request will be submitted to the Chairman of the Committee and must be accompanied by an agenda consisting of the issues on which the Committee is to pronounce.

## Article 6. Call to Meeting

The person performing the functions of Chairperson shall be responsible for calling the Committee to meeting.

Members of the Committee shall be notified of the call to meeting at least five calendar days in advance thereof, except in the case of urgent meetings at the Chairperson's discretion, via letter, fax, telegram or e-mail. The call to meeting shall include the agenda for the session. Notwithstanding, the Committee may deliberate on other issues that are not included in the aforementioned agenda.

## Article 7. Establishment of a Quorum

A valid quorum for Committee meetings shall be established with the attendance, in person or by proxy, of half of its members plus one. Proxy may only be granted in favor of another director who is a member of the Committee.

The Chairperson and Secretary of the Committee shall be those designated to act in these roles. In the absence of the Chairperson or his/her inability to act, the Chairperson will be replaced with the longest standing member of the Committee and, in the event of several members with the same time serving, the Committee shall assign one of them as Chairperson.

## Article 8. Resolutions

Resolutions shall be adopted by an absolute majority of the votes of the members present at the meeting in person or by proxy.

Minutes shall be recorded for each session by the Secretary, which will be signed by the Chairperson and the Secretary once they have been approved at the end of the same meeting or at the next meeting.

# 05: POWERS OF THE COMMITTEE

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## **Article 9.** Powers

1. For the proper performance of its duties, the Committee will have the full power to access all types of information, documentation or registers that it deems necessary to perform its duties.
2. The Committee also has the power to hire external advisory services in matters that are considered to be particularly relevant when it is considered that they cannot be appropriately provided or with the necessary independence by experts or technicians from the Company or Group companies.
3. The Committee may request personal collaboration or reports from any member of the management team of the Company or Group companies when they are deemed necessary or useful for the fulfillment of the Committee's duties, as well as the presence of any of them at the meetings to which they are called.

# 06: COMPLIANCE. INTERPRETATION

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## **Article 10.** Compliance and Dissemination

1. Members of the Board of Directors, Committee and the management team of TUBACEX, S.A. and its group companies have the obligation to be aware of and comply with these Regulations.
2. In addition, the Committee shall adopt appropriate measures for the required dissemination of these Regulations within the Company and its Group companies. In any case, the Committee has the obligation to ensure the compliance of these Regulations.

## **Article 11.** Interpretation

Any dispute regarding the interpretation of these Regulations shall be resolved by means of a resolution adopted by the Committee itself, which must be ratified by the Board of Directors of TUBACEX, S.A.

Approved by the Tubacex Board of Directors on 16th December 2021