

SUSTAINABLE PROCUREMENT STANDARD

INTRODUCTION

At Tubacex, we view sustainability as the driving force behind our present and the foundation of the future we aim to build. In an increasingly demanding global ESG environment, the Procurement function serves as a key driver to transform our supply chain into a resilient and ethically aligned ecosystem that reflects our corporate values, aligned with the guiding principles and recommendations of ISO 20400:2017 Sustainable Procurement.

Each purchasing decision—from supplier selection to ongoing evaluation—reduces risk, fosters innovation, and creates shared value, thus promoting a responsible and transparent supply chain aligned with the highest international standards.

PURPOSE AND SCOPE

Purpose

To ensure that all purchasing decisions systematically incorporate ESG criteria, utilizing a life cycle perspective, thereby contributing to a supply chain that is environmentally responsible, socially equitable, and governed with integrity and transparency.

Scope

This standard applies to all Tubacex Group companies and all suppliers, subcontractors, and external partners. For mineral sourcing, the [Responsible Mineral Sourcing Standard](#) shall apply.

GUIDING PRINCIPLES

The Tubacex Sustainable Procurement Standard is built upon three fundamental pillars: Environmental Sustainability, Social Responsibility, and Ethical Governance. Each pillar reflects our commitment to an ethical and efficient supply chain aligned with our sustainability strategy.

Environmental Sustainability

Tubacex prioritizes suppliers that actively contribute to environmental protection through:

- Implementation of circular economy models and reverse logistics.
- Efficient use of resources and renewable energy.
- Certified environmental management systems.
- Use of recyclable materials and waste reduction strategies.

- Control and reduction of water and energy consumption.
- Reduction of polluting emissions and contribution to the corporate Net Zero 2050 target and 95% waste recycling.
- Mandatory disclosure of greenhouse gas (GHG) emissions across Scopes 1, 2, and 3, in accordance with internationally recognized standards (such as the GHG Protocol). Suppliers must report emissions data annually and demonstrate continuous improvement toward decarbonization.

Social Responsibility

Our social standard is based on respect for human rights and the promotion of inclusive and fair development:

- Guarantee of fair and safe working conditions.
- Prohibition of child and forced labor, in accordance with core ILO (The International Labour Organization) conventions.
- Promotion of diversity, gender equity, and inclusion.
- Support for local development, especially for SMEs and vulnerable groups.

Ethical Governance

Tubacex applies governance principles that govern its relationships with suppliers:

- Zero tolerance for corruption and fraudulent practices.
- Commitment to operational transparency and traceability.
- Mandatory adherence to the Supplier Code of Conduct.
- Alignment with the Group's sustainable financial strategy, including ESG-linked financial instruments, such as the sustainable promissory note program of up to €200 million.
- Nuclear Safety and High-Risk Industries. When working with suppliers that contribute to nuclear, aerospace, or other safety-critical industries, Tubacex requires adherence to the highest international safety standards. Suppliers must demonstrate strong safety cultures, including training, documentation, and continuous risk mitigation.
- Suppliers must comply with all applicable industry standards (e.g., ISO, ASME, RCC-M, etc.) for quality, safety, and environmental management.

These principles are not mere declarations of intent—they are the operational foundation of our strategic decisions, translated into concrete actions as detailed below.

ACTION LINES

Operational Implementation of Guiding Principles

Effective implementation of our Sustainable Procurement Standard is based on a structured approach that integrates sustainability into all purchasing phases, in line with ISO 20400's continuous improvement framework. Tubacex has defined the following operational pillars:

Operational Pillar	Description
Risk Analysis & Management	Systematic ESG risk assessment based on supplier criticality, procurement category, and associated geography, with preventive actions proportional to the identified risk.
Legal & Regulatory Compliance	<p>All suppliers must comply strictly with the ethical, social, and environmental principles set out in this standard. This commitment is fundamental to how we operate and reflects the values underpinning our supply chain. Non-compliance may result in:</p> <ul style="list-style-type: none"> • Formal warnings • Improvement plans with deadlines • Temporary suspension • Termination of the business relationship <p>The adopted measures will depend on severity and recurrence [refer to Supplier Non-Compliance Standard for details]. Tubacex reserves the right to audit and monitor compliance at any time.</p>
Training	<p>Ongoing training is key to building a sustainable procurement culture within the organization and among suppliers, addressing competence and awareness:</p> <ul style="list-style-type: none"> • Continuous internal training on sustainability and supplier evaluation tools. • Distribution of ESG-aligned guides and standards to suppliers, primarily through the actions outlined in the <i>Promotion of Excellence Practices</i> section. • Suppliers shall develop structured employee training programs covering ESG requirements, occupational health and safety, and quality standards. For suppliers in nuclear, aerospace, or other safety-critical industries, these programs must explicitly include nuclear safety culture and risk mitigation.
Roles & Responsibilities	<p>Clearly defined roles for each area ensure shared accountability and effective integration of sustainability across the organization:</p> <ul style="list-style-type: none"> • Top Management: Provides strategic direction, resources, and leadership to integrate sustainability into procurement decisions, in line with Tubacex's corporate ESG strategy. Ensures alignment between procurement objectives and overall business goals. • Procurement: Executes purchasing decisions, integrates ESG and lifecycle criteria into supplier selection and evaluation, and promotes continuous supplier engagement and improvement.

Operational Pillar	Description
	<ul style="list-style-type: none"> • Sustainability: Defines applicable ESG standards and objectives aligned with corporate strategy, supports the inclusion of sustainability requirements in specifications, and monitors progress toward sustainability targets. • Compliance: Ensures ethical and regulatory compliance, ensuring adherence to the Supplier Code of Conduct and relevant international frameworks. • Finance & Legal: Assess economic, legal, and contractual viability of supplier relationships. • Operational Areas / End Users: Collaborate with Procurement to ensure that sustainability criteria are applied during the definition of needs, specifications, and supplier performance evaluation. • Continuous Improvement: All areas are responsible for identifying opportunities to enhance sustainable procurement practices, fostering innovation, training, and lessons learned.

Sustainability Tools

We use key tools to effectively integrate ESG criteria into the supply chain. These tools help evaluate, monitor, and strengthen our business partners' sustainability performance:

- **Supplier Code of Conduct:** Mandatory document outlining the principles guiding partner behavior.
- **Sustainability Audits:** Structured processes to verify ESG compliance and identify risks and opportunities.
- **ESG Contractual Clauses:** Inclusion of sustainability requirements in all supplier contracts.
- **Sustainability Criteria in Tenders:** Integration of ESG aspects in selection and contracting processes.
- **Whole-Life Costing:** Utilizing methodologies that consider all relevant costs over the life cycle of a product or service, including costs associated with environmental and social impacts, in the purchasing decision.
- **Digital ESG Evaluation System:** Specialized platform that allows supplier approval/qualification, evaluation of their sustainability performance, calculation of ESG scores, and continuous monitoring of improvement plans.
- **Continuous Improvement Mechanism:** The implementation and periodic review of these tools is guided by the "plan-do-check-act" cycle, ensuring that sustainable procurement is measurable, auditable, and continually improved through established performance metrics.

Management of Change

Suppliers shall establish structured Management of Change procedures to evaluate and mitigate risks associated with process modifications, technology upgrades, or

organizational restructuring. All changes must be documented, communicated, and assessed for potential environmental, social, quality, and safety impacts.

Non-Compliance Management

Implementation of corrective actions, sanctions, or disqualification in case of ESG non-compliance, in accordance with Tubacex's [Supplier Non-Compliance Standard](#).

SUPPLIER ASSESSMENT AND RELATIONSHIP

Initial Selection and Qualification of Suppliers

Tubacex applies an evaluation model based on ESG criteria and risk levels to tailor the depth of analysis to the criticality of each supplier. As part of the approval process, adherence to the Supplier Code of Conduct and compliance with the ethical, social, and environmental standards defined by the Group are required.

Sustainability requirements are integrated into contracts and bidding processes, ensuring that ESG performance is a key element from the beginning of the business relationship.

ESG Risk Analysis by Country

Tubacex conducts a systematic analysis of the inherent ESG risk associated with each country and purchasing category, based on various data sources and indices from leading institutions. This evaluation allows us to understand the environmental, social, and governance characteristics of both the geographies and the types of goods and services acquired.

This combined analysis enables the identification and prioritization of geographic areas and supply categories with high ESG risk, which informs our strategic decisions and mitigation actions in a more precise and effective manner.

Supplier Segmentation

- Basic Suppliers: Limited assessment based on automated alerts and simple "Yes/No" validations.
- Standard Suppliers: Full assessment through ESG questionnaires and analysis of external sources (public databases, compliance lists, etc.).
- Critical Suppliers: Comprehensive assessment including documentary evidence, stakeholder validation, and on-site audits when necessary.

Continuous Improvement and Risk Management

Tubacex adopts a preventive, data-driven approach to identify, mitigate, and monitor ESG risks within its supply chain.

Main lines of action:

- Periodic reassessments through ESG scoring, compliance, cybersecurity, financial performance, etc.

- Regular digital and on-site audits, especially for critical suppliers.
- Corrective action plans with structured follow-up.
- Real-time alerts and ongoing reassessments.

This continuous evaluation allows for verification of ESG compliance, promotes improvement, and supports the sustainable development of suppliers by identifying concrete opportunities.

PROMOTION OF ESG EXCELLENCE PRACTICES

Promoting excellence in sustainability practices requires the active commitment of the entire value chain.

We will actively encourage the adoption of sound environmental, social, and governance (ESG) practices through the following initiatives:

Training and Capacity Building

Specific training programs will be developed for business partners, including:

- Webinars and hands-on workshops on sustainability.
- Technical materials and industry-specific guides.
- Access to specialized external training resources.

Recognition and Incentives

Mechanisms will be implemented to recognize and reward suppliers demonstrating outstanding ESG performance, fostering continuous improvement, transparency, and responsible innovation.

Collaborative Innovation

Strategic partnerships will be promoted to co-develop sustainable solutions focused on:

- Decarbonization and energy efficiency.
- Circular economy and materials recycling.
- ESG process digitalization.
- Development of new sustainable materials.

Priority will be given to scalable initiatives with a positive environmental impact, aligned with Net Zero 2050 goals and waste reduction targets.

Local Development

We believe that social sustainability largely depends on strengthening the local economic and productive fabric. Therefore, one of the strategic pillars of our Sustainable Procurement Standard is the active promotion of local development, understood as a way to foster resilient, inclusive, and economically sustainable communities.

This approach is implemented through the following lines of action:

- **Promotion of Responsible Local Purchasing**

Prioritization of local and regional suppliers, provided they meet the required ESG standards, with the aim of reducing the carbon footprint associated with transportation, improving response times, and strengthening the local economy.

Geographic segmentation in tendering processes, incorporating proximity criteria as an additional evaluation factor, especially for non-strategic goods and services.

Reduction of dependence on high-risk third countries with high ESG risk, favoring business relationships with companies operating in regulatory environments aligned with human rights, sustainability, and compliance commitments.

- **Partnerships for Community Development**

In collaboration with the Tubacex Foundation, local economic development programs will be deployed in the areas where we operate, such as:

- Technical training plans in sustainability, quality, and business management for potential suppliers.
- Creation of resilient local supplier networks, with special attention to the value chain in emerging countries or regions with low industrial development.
- Industrial mentoring and co-development initiatives with suppliers to accelerate their operational and sustainable maturity.

Success Indicators

To assess the impact of these actions, the following metrics will be established:

- % of suppliers with high ESG performance.
- Number of suppliers who completed training programs.
- % of improvement plans successfully implemented.

STAKEHOLDER INTEGRATION

Stakeholder	Description
Suppliers	Provision of clear ESG requirements and facilitation of participation in assessments and training. Feedback will be collected through satisfaction surveys, digital collaboration platforms, and similar tools to inform improvements in the standard and processes.
Internal Areas	Collaboration among Procurement, Sustainability, Compliance, Quality, Legal, and Finance to ensure a holistic approach in the implementation of the standard.
ESG Governance	The Sustainability and Good Governance Committee oversees the implementation of the standard, ensures alignment with corporate strategy, and conducts periodic reviews to guarantee its effectiveness and updates.

APPROVAL AND REVIEW

The Corporate Procurement team will oversee periodic reviews of this standard, incorporating stakeholder feedback as well as updates from industry experts, regulatory frameworks, and international best practices.

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