

Audit committee rules of procedure

Text adopted by the board of directors on 28 December 2020

The original text is in Spanish. In the event of any discrepancy between the original and the present English version, the Spanish version shall prevail.

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REGULATIONS OF THE AUDIT COMMITTEE

Article 1. Nature and purpose

1. This regulation has been drawn up taking into account the recommendations of good governance and follows the provisions of technical guide 3/2017 on audit committees of public-interest entities, approved by the National Securities Market Commission on 27 June 2017.
2. These regulations are part of the corporate governance system of Ercros, S.A. (hereinafter the Company).
3. The purpose of this regulation is to promote the independence of the audit committee and to determine its principles of action and the regime of its internal functioning.

Article 2. Main features

1. The audit committee shall exercise its functions independently. The main functions to be exercised by the committee will be the following:
 - a) To inform the general meeting about the issues that arise within its competence in matters within its competence.
 - b) In relation to information and internal control systems:
 - (i) Supervise the effectiveness of the Company's internal control, internal audit and risk management systems, including tax risks, as well as discuss with the auditor the significant weaknesses of the internal control system detected in the course of the audit.
 - (ii) To ensure the independence of the unit that assumes the internal audit function; to propose the selection, appointment, re-election and dismissal of the head of the internal audit service; propose the budget for this service; approve or propose approval to the Board of the guidance and annual audit work plan, ensuring that its activity is primarily focused on the Company's relevant risks, including reputational risks; report directly and regularly on the implementation of its activities, including any potential incidents and limitations to scope that may arise in the course of its activities; verify that senior management takes into account the conclusions and recommendations of its reports and submit an activity report at the end of each year.
 - (iii) Monitor and evaluate the process of preparation and the integrity of financial and non-financial information in coordination with the committee of appointments and remuneration, as well as the financial and non-financial risk control and management systems relating to the Company and, where applicable, to the Group, including operational, technological, legal, social, environmental, political and reputational or corruption-related risks, reviewing compliance with regulatory requirements, the appropriate

delimitation of the consolidation perimeter and the correct application of accounting criteria.

- (iv) To establish and supervise a mechanism that allows employees to report, confidentially and, if possible and considered appropriate, anonymously, irregularities of potential significance, especially financial and accounting, or of any other nature, related to the Company, that they notice within the Company or its Group.
 - (v) Generally, ensure that established internal control policies and systems are effectively implemented in practice.
- c) In relation to the auditor:
- (i) To submit to the board of directors the proposals for the selection, appointment, re-election and replacement of the auditor, as well as the conditions of his or her hiring and, in the event of his or her resignation, to examine the circumstances that have motivated it.
 - (ii) Regularly obtain from the auditor information on the audit plan and its execution.
 - (iii) In the event of the resignation of the auditor, examine the circumstances that would have motivated it.
 - (iv) To preserve the independence of the statutory auditor in the exercise of his or her duties and to ensure that the remuneration for his or her work does not compromise his or her quality or independence.
 - (v) To establish the appropriate relations with the auditor to receive information on those matters that may jeopardise the independence of the auditor, for examination by the committee, and any other related to the process of carrying out the audit of accounts, as well as those other communications provided for in the legislation on auditing of accounts and in the auditing standards. In any case, the audit committee must receive annually from the auditor the declaration of its independence in relation to the entity or entities related to it, directly or indirectly, as well as the information on the additional services of any kind provided and the corresponding fees received from these entities by the aforementioned auditor or by the persons or entities linked to it, in accordance with the provisions of the legislation on auditing of accounts.
 - (vi) Supervise that the Company communicates through the CNMV the change of auditor and accompanies it with a statement on the possible existence of disagreements with the outgoing auditor and, if any, their content.
 - (vii) Ensure that the auditor holds an annual meeting with the plenary of the board of directors to inform them of the work carried out and the evolution of the Company's accounting and risk situation.

- (viii) Ensure that the Company and the statutory auditor comply with the rules in force on the provision of services other than auditing, the limits on the concentration of the auditor's business and, in general, the other rules on auditors' independence.
 - (ix) Issue annually, prior to the issuance of the audit report, a report in which an opinion on the independence of the auditor will be expressed. This report must contain, in any case, the assessment of the provision of the additional services referred to in the previous section, considered individually and as a whole, other than statutory auditing and in relation to the independence regime or the regulations governing auditing.
- 2. The audit committee shall inform the board of directors, prior to its adoption, of decisions on the following matters:
 - a) Periodic public financial information.
 - b) The creation or acquisition of shares in special purpose entities or entities domiciled in countries or territories that are considered tax havens, as well as any other transactions or operations of a similar nature that, due to their complexity, could undermine the transparency of the Group.
 - c) Related party transactions.

Article 3. Composition and positions

- 1. The audit committee shall consist exclusively of non-executive directors, with a minimum of three and a maximum of five members, appointed by the board of directors, the majority of whom shall be independent directors.
- 2. The chairman of the audit committee shall be appointed by the board of directors from among the independent directors who are members of the committee.
- 3. The board of directors shall also appoint a secretary of the committee, who shall not be considered a director.

Article 4. Requirements for the appointment of its members

The members of the audit committee as a whole, and in particular its chairman, shall be appointed on the basis of their knowledge and experience in accounting, auditing or risk management, both financial and non-financial. As a whole, the members of the committee will have the relevant technical knowledge in relation to the sector of activity to which the Company belongs.

Article 5. Duration and termination

1. The members of the committee shall be elected for a maximum period of four years, and may be re-elected one or more times, for periods of the same maximum duration.
2. The president will also be elected for a maximum period of four years, and may be re-elected once a period of one year has elapsed since his or her dismissal.
3. The term of office of the secretary shall be indefinite, and his appointment may be revoked by agreement of the board of directors.
4. The members of the committee shall cease to hold office:
 - a) When they lose their status as directors of the Company.
 - b) When, even though they are directors, they cease to be non-executive directors.
 - c) When the term for which they were appointed has expired, without being re-elected.

Article 6. Operating rules

1. The audit committee will meet at least four times a year on the occasion of the publication of the annual and interim financial information, in order to review said information as well as the information that the board of directors must approve and include in its annual public documentation.
2. It will also meet to discuss the following topics: establishment of the annual audit plan; knowledge of the status of compliance with the plan and receipt of the audit report, and whenever deemed appropriate by the president or at the request of two of its members.
3. The call will be made at the request of the chairman of the committee or at the request of at least two members of the committee and employees of the Company may be invited.
4. In the performance of its functions and when expressly and occasionally agreed by its members, the committee may require the presence of other directors at its sessions; the auditor; the compliance committee; of directors or employees of the Company – even individually, without the presence of other employees or managers –; and of the experts it deems appropriate.
5. The head of the internal audit service, at the invitation of the chairman of the committee, may attend the meetings of the committee with voice but without vote, on a permanent basis.
6. The chairman of the committee will plan the meetings and keep the secretary informed of the meetings so that its members receive the documentation in due time.

Attendance at the meetings of the committee must be preceded by the sufficient dedication of its members and the analysis and evaluation of the information received.

Article 7. Responsibilities

1. The president is the person most responsible for the effective functioning of the committee and among the functions assigned to him are the following:
 - a) To convene and preside over the meetings of the committee, to set the agenda of the meetings and to direct the discussions and deliberations.
 - b) To prepare and submit to the committee a program of dates and matters to be discussed.
 - c) To ensure that the members of the committee receive sufficient information in advance to deliberate on the items on the agenda.
 - d) To stimulate debate and the active participation of the directors during the sessions, safeguarding their free taking of a position.
 - e) Ensure that all directors, including those who are not members of the audit committee, receive the minutes of the audit committee.
 - f) Coordinate with the chairman of the board the periodic evaluation of the audit committee.
 - g) To report to the board of directors and, where appropriate, to the general meeting of shareholders.
2. The secretary will perform, among others, the following functions:
 - a) Assist the chairman of the committee in planning their meetings.
 - b) To compile and distribute the information well in advance in accordance with the annual work plan established by the committee.
 - c) Write the documents and minutes of the meetings.
 - d) To have the minutes of the committee available to the members of the committee.

Article 8. Calling

- 1 The secretary will convene the meetings by order of the president, at least 7 calendar days in advance, except in urgent sessions.
- 2 The sessions will be convened by letter, telegram, fax, e-mail or any other electronic

or telematic means.

- 3 The call will include the agenda and the documentation that is expected to be made available to the members, or failing that, the date on which it will be sent.
- 4 The committee may meet without prior notice when, when all its members are in session, they unanimously accept its holding and the items on the agenda to be discussed.

Article 9. Venue

1. The meetings will generally be held at the Company's registered office or at any location previously designated by the chairman and indicated in the notice.
2. When circumstances so advise, meetings may be held electronically, provided that the participation of all members of the committee is ensured, and when the format of the meeting allows the objective of the meeting to be met.

Article 10. Constitution

1. The audit committee will be validly constituted when the majority of the members attend the meeting, present or represented.
2. The members of the committee must attend the sessions held in person. Notwithstanding the foregoing, in the event of impossibility of attendance, they may be represented by another member of said committee. Representation will be conferred in writing addressed to the chairman of the committee and on a special basis for each meeting.
3. In the event of a vacancy or absence of the chairman or secretary, the absent person will be replaced by a member of the committee who has the status of independent and, in the event that there is more than one, the one with the most seniority on the board.

Article 11. Adoption of agreements

1. Resolutions shall be adopted by an absolute majority of the directors attending the meeting, present or represented. In the event of a tie in the votes, the president, or whoever exercises his functions, will have a casting vote.
2. Voting in writing and without a meeting will only be admitted when no director opposes this procedure.
3. In the event of a conflict of interest, the member of the committee concerned shall refrain from participating in the deliberation and decision-making or voting on agreements in which he or one of his or her related persons is involved. The votes of directors affected by a conflict of interest who abstain from voting will be deducted

from the required majority of votes.

4. The discussions and agreements of the audit committee shall be recorded in minutes, which shall be signed by the chairman and the secretary, or by those who have replaced them. The minutes must be approved by the committee itself at the end of the meeting or at the following meeting, and copies of them will be sent to all directors, whether or not they are members of said committee.
5. The certifications of the minutes of the agreements of the audit committee will be issued by the secretary and will be approved by the president.

Article 12. Means and resources

1. The Company shall provide the necessary resources to enable the audit committee to effectively perform the functions entrusted to it and shall provide the means to engage external advisory services when deemed necessary.

Article 13. Committee 's interaction with the board of directors and shareholders

1. The chairman of the audit committee shall act as its spokesperson at the meetings of the board of directors and, where appropriate, of the general meeting of shareholders of the Company.
2. The audit committee shall review the periodic public information and the statement of non-financial information prior to its public issuance. If after the review of the committee shall not be satisfied with any aspect of the aforementioned information and shall communicate its opinion to the board of directors.

Article 14. Rules on communication with the auditor

1. The auditor shall appear before the audit committee at least twice a year to report on the preliminary stage of his work and its development, and the presentation of the results of the audit.
2. Communication between the audit committee and the auditor must be fluid, continuous, in accordance with the regulations governing the activity of auditing accounts and must not undermine the independence of the auditor or the efficiency with which the audit is carried out or the audit procedures are carried out.

Article 15. Interaction with the compliance committee and the internal audit service

1. The compliance committee and the internal audit service report functionally to the audit committee.
2. The audit committee, and in particular its chairman, shall establish an effective and

regular channel of communication with the head of the internal audit service and the compliance committee.

Article 16. Relationship with the management of the Company

1. The audit committee, through its chairman or its secretary by delegation of the president, may convene its meetings, gather information and require the collaboration of any officer or employee of the Company. For this reason, managers and employees are obliged to attend the committee sessions to which they are summoned and to provide collaboration and access to information when required.
2. The chairman of the committee must previously notify the chairman of the board and the CEO of the requirements to attend the committee of directors and employees of the Company.

Article 17. Committee evaluations

1. The audit committee will report on its activity at the first plenary session of the board of directors following its meetings.
2. The committee will carry out a self-assessment, at least once a year, on the quality and efficiency of its operation, within the framework of the annual self-assessment of the board of directors.
3. As part of the supervision process, the committee will evaluate the functioning of the internal audit service and the performance of its manager, as well as the delegation to the compliance committee of the management of complaints received through the ethics channel on possible violations of the code of ethics.
4. To complete its supervisory tasks, the committee will carry out a final evaluation of the performance of the auditor and its contribution to the quality of the audit and the integrity of the financial information. If, after this assessment, the committee considers that there are worrying or unresolved aspects regarding the quality of the audit, it will report to the board of directors.

The committee and the auditor shall also assess whether the reciprocal relations have been adequate and, if necessary, whether the committee should take measures to improve them.

Article 18. Reports to be issued

Regardless of the reports mentioned in these regulations, the committee will prepare an annual report on its operation that will be published on the Company's website prior to the holding of the ordinary general meeting of shareholders.

Article 19. Approval and prevalence

1. These regulations of the audit committee shall be approved by the board of directors at the proposal of said committee.
2. Its modification must be approved by the board of directors.
3. These regulations develop and complement the bylaws and the regulations of the board of directors with regard to the audit committee. In the event of contradiction with said regulations, the provisions of the statutes and the regulations of the board shall prevail.

Article 20. Compliance

The members of the audit committee are obliged to know and comply with these regulations, for which purpose the secretary will give them a printed copy and require the corresponding acknowledgement of receipt.

Article 21. Advertising

The secretary will issue the appropriate orders for said regulations to be incorporated into the Company's corporate website.