



REGULATIONS OF THE AUDIT, COMPLIANCE, ETHICS AND RISK BOARD COMMITTEE

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REGULATIONS OF THE AUDIT, COMPLIANCE, ETHICS AND RISK BOARD COMMITTEE

In accordance with the corporate governance system of the company (the **Company**), the Board of Directors has set up and organized the Audit, Compliance, Ethics and Risk Board Committee (the **ACER Board Committee**), as a standing advisory and non-executive body, with powers to inform, advise and recommend within its scope of authority.

These regulations (the **Regulations**) are intended to define and delineate the role, duties, responsibilities and internal working procedures of the ACER Board Committee of the Company and its group.

The ACER Board Committee shall resolve any doubts that might arise regarding the interpretation of these Regulations.

1. ROLE AND PURPOSE OF THE ACER BOARD COMMITTEE

The main purpose of the ACER Board Committee is to provide advice and specialized assistance to the Board of Directors in all matters related to:

- risk management, internal control, compliance and internal audit systems;
- the monitoring of the preparation and reporting processes for the Company's financial and non-financial information, including sustainability information; and
- the relationship with the statutory auditor and sustainability information verifier.

2. COMPOSITION AND STRUCTURE OF THE ACER BOARD COMMITTEE

2.1 Composition of the ACER Board Committee

The ACER Board Committee shall comprise a minimum of three (3) and a maximum of five (5) Non-Executive Directors, at least one of whom shall be an Independent Director to hold the office of Chairperson. All the members of the ACER Board Committee shall be appointed by the Board of Directors, at the proposal of the Nomination, Compensation & Sustainability Board Committee.

The ACER Board Committee shall collectively have relevant accounting, auditing or verification, internal control, risk management (both as regards financial and non-financial risks), sustainability and IT background and expertise and professional experience in these areas, meaning that the members shall:

- a) understand accounting, sustainability, auditing and verification regulations and are able to assess and interpret them.
- b) have experience in preparing, auditing, reviewing, analyzing or assessing financial statements and non-financial and sustainability information.
- c) understand internal control mechanisms as related to the preparation of both financial and non-financial information.

- d) have sufficient understanding of information technology (IT) to be able to provide the appropriate oversight of internal control and risk management systems that typically use complex computer applications or be able to assess new emerging risks in this area.

Each ACER Board Committee member must be Financially Literate or must become Financially Literate within a reasonable period of time after his or her appointment to the ACER Board Committee. In addition, at least one ACER Board Committee member shall satisfy the definition of Financial Expert. For these purposes:

Financially Literate means able to read and understand financial statements; and

Financial Expert means someone who has:

- (a) an understanding of generally accepted accounting principles and financial statements.
- (b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves.
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities.
- (d) an understanding of internal control over financial reporting.
- (e) an understanding of finance and audit committee functions.

The Board of Directors will have the authority to appoint and remove ACER Board Committee members, at the proposal of the Nomination, Compensation & Sustainability Board Committee. The ACER Board Committee may present the Board of Directors with proposals to vary the number of its members, in order to ensure that it is the most suitable for its effective operation.

The ACER Board Committee members will be elected for a four-year period and may be re-elected for equal periods on one or several occasions if the Board of Directors deems it appropriate. The Directors that are part of the ACER Board Committee will hold their position for as long as their appointment as Company Directors remains in force. The ACER Board Committee members that are re-elected as Company Directors will continue to hold their positions in the ACER Board Committee unless the Board of Directors determines otherwise.

2.2 Chairperson

The Board of Directors will appoint an ACER Board Committee Chairperson from among the independent Directors, taking into consideration his or her abilities, qualifications, skills and expertise in accounting, audit, risk management and sustainability, as well as a willingness to devote the necessary time and commitment to perform the tasks and duties required of the office.

The ACER Board Committee Chairperson shall be elected for a maximum period of four (4) years and may be re-elected after one year has lapsed from the end of his or her last term. The Chairperson will be in charge of calling, chairing, and leading ACER Board Committee meetings, encouraging discussion and active participation of the ACER Board Committee members, and ensuring that members freely take part in deliberations without internal or third-party pressures, and he or she will act as the ACER Board Committee representative before the Company's Board of Directors. Furthermore, the Board Committee Chairperson will ensure that ACER Board Committee members receive sufficient information ahead of Committee meetings to enable them to give full and proper consideration to the items on the agenda.

To properly fulfil the duties inherent to the position, the ACER Board Committee Chairperson will encourage the establishment of an effective and regular communication channel with the usual intermediaries, mainly, with the management of the Company, and in particular, with the Financial Management, the sustainability and risk control area, the head of the internal audit activity (Chief Audit Executive or **CAE**) the Statutory Auditor and the sustainability information verifier (both referred to hereinafter as the "**External Auditor**"). For these purposes, **External Auditor** means an independent third party who carries out a periodic examination of the accounting books and records of the Company as well as an independent third party in charge of verifying sustainability information.

In absence of the ACER Board Committee Chairperson, the Committee may designate another ACER Board Committee member to chair the meeting.

2.3 Secretary

The offices of Secretary and Deputy Secretary of the ACER Board Committee shall be held by the same persons who hold such offices on the Board of Directors.

The main duties of the Secretary will be to: (i) assist the Chairperson in his or her duties; (ii) draft the minutes of meetings, and circulate them together with the rest of the documents; and (iii) keep custody of the ACER Board Committee documents, recording any decisions or resolutions adopted and ensuring the formal and material legality of all actions taken by ACER Board Committee.

2.4 Resignation or Removal

Without prejudice to the applicable legal provisions, ACER Board Committee members shall resign from office in any of the following circumstances:

- (a) They cease to be Company Directors.
- (b) Their status as Non-Executive or Independent Directors (the latter in the case of the Chairperson) has changed even though they continue to be Company Directors.
- (c) They have been asked to resign or are removed by a Board of Directors' resolution.
- (d) They are not reappointed at the end of their term of office.

3. WORKING PROCEDURES AND OPERATING PRINCIPLES OF THE ACER BOARD COMMITTEE

3.1 ACER Board Committee meetings

The ACER Board Committee will meet as often as required to fulfil its duties and responsibilities and at least four times a year before Board meetings. Moreover, the ACER Board Committee shall meet every time any annual or interim financial and sustainability information is published, in the presence of the Internal Auditor, and, if any revision report is published, the External Auditor will be asked to attend for the discussion of the relevant issue included in the agenda. At least some of these meetings with the Internal Auditor and/or the External Auditor must take place without the presence of the Company's Management, so that specific matters arising from the revisions or adjustments can be discussed privately and separately with them.

The ACER Board Committee will prepare, before the start of each financial year, a calendar of ordinary meetings which may be amended by resolution of the ACER Board Committee or by a decision of the ACER Board Committee Chairperson.

ACER Board Committee meetings will be called at the Chairperson's request, sending out a written notice for each meeting, along with the agenda, to the other members, at least seven (7) days in advance, except if there are justifiable reasons for giving shorter notice. Any ACER Board Committee member may suggest changes to the agenda or new items for consideration. ACER Board Committee members will be provided with relevant documents for the meeting as far in advance as possible.

Meetings will be held in the Company's registered office or in any other venue indicated in the convening notice, whether in Spain or abroad.

ACER Board Committee members may participate in the meetings from different locations, both in Spain and abroad, connecting via video conference, conference call, or any other similar system that allows attendees to directly and simultaneously take part in the meeting and its discussions. Those ACER Board Committee members who attend the meeting, regardless of their location, will be regarded, for all purposes, as attending such a meeting. The meeting will be regarded as having taken place and resolutions as having been adopted in the venue from where the ACER Board Committee Chairperson, or acting Chair, attends.

Waiver of notice shall apply if all the ACER Board Committee members are present and unanimously resolve to hold a meeting.

The ACER Board Committee may request the presence of any Directors, managers, or employees of the Company or its Group, depending on the matters to be discussed. The ACER Board Committee may also request the attendance of the External Auditor at its meetings.

3.2 Quorum for meetings of the ACER Board Committee

Meetings of the ACER Board Committee will be quorate when the majority of its members are present in person or by proxy.

ACER Board Committee members may authorize another attending member to act as his or her proxy by means of written communication, addressed to the ACER Board Committee Secretary, and providing any relevant instructions.

3.3 ACER Board Committee Resolutions

The ACER Board Committee may deliberate and adopt resolutions on any matter coming under its authority and purview.

ACER Board Committee resolutions will be adopted by an absolute majority of the Directors attending the meeting. In the event of a tie, the Chairperson will have the casting vote.

In exceptional cases, if circumstances require it and with the express consent of all its members, resolutions may be approved in writing, without a meeting. These resolutions shall be confirmed in the following ACER Board Committee meeting.

When the topics to be discussed in ACER Board Committee meetings directly affect any of its members or related persons, and in general, when any member is involved in a conflict of interest, the conflicted or affected member shall leave the meeting until the resolution is approved, and shall be excluded from the number of ACER Board Committee members for quorum and majority calculation purposes regarding the matter in question.

3.4 Minutes of ACER Board Committee meetings

All ACER Board Committee resolutions, together with the details of any dissenting votes, will be recorded in the minutes of the relevant meeting drafted by the Secretary. These minutes will be approved by the ACER Board Committee during such a meeting or in the following meeting. Once they are approved, and subsequently signed by the Secretary and countersigned by the Chairperson, the minutes will be entered in the Company's Minute Book.

4. DUTIES AND RESPONSIBILITIES OF THE ACER BOARD COMMITTEE

The ACER Board Committee is mainly an advisory body to the Board of Directors and is entrusted with the duties of monitoring risk, interacting with the External Auditor, safeguarding internal controls, and overseeing compliance programs and Management commitments in this regard.

The ACER Board Committee's key duties and responsibilities, together with the tasks it carries out, are the following:

4.1 Duties related to the External Auditor

The External Auditor will appear before the ACER Board Committee at least twice a year, in order to report on the audit plan and work team, the progress and outcome of their work, together with their fees and declaration of independence.

The ACER Board Committee will establish guidelines for and be duly informed of staff recruitments coming from the audit firm, as well as any Company personnel that join the audit firm, which must comply with applicable laws.

The ACER Board Committee's main duties regarding the External Auditor will be the following:

- (i) Proposals for appointment of the External Auditor:
 - (A) Proposing the selection, appointment, reappointment, and replacement of the External Auditor to the Board of Directors for subsequent approval by the General Shareholders' Meeting.
 - (B) Proposing the terms of engagement, including the scope of the audit engagement and fees, to the Board of Directors.
 - (C) Examining the reasons and circumstances for the resignation of any given External Auditor.
- (ii) Oversight of the External Auditor's independence.

The ACER Board Committee duties regarding the interactions with the External Auditor and their independence will include the following:

- (A) Engaging and interacting with the External Auditor to be appropriately informed on any matter that may compromise their independence, to be examined by the ACER Board Committee, and any other matter relating to the process of auditing the accounts or non-financial information, including sustainability information, in addition to any other notifications provided for in statutory audit laws and technical auditing standards.
- (B) Ensuring that the remuneration of the External Auditor for their work does not compromise the quality and independence of their work.
- (C) Receiving from the External Auditor, on a yearly basis, written confirmation of their independence (both from the audit firm as a whole and from the individual members of the engagement team), with respect to directly or indirectly related entity or entities, as well as detailed and itemized information about the additional services of any kind and the fees received from these entities by said External Auditor, or by the related persons or entities as established in the auditing regulations.
- (D) Assessing, if applicable, whether the provision of non-audit services by the External Auditor in addition to their audit work is compatible with their independence and pre-approve and authorize non-audit services to be provided by the External Auditor, insofar as the provision of such services is permissible by Law and is aligned with ethical guidelines and corporate governance requirements.
- (E) Ensuring that the rotation and remuneration requirements established in applicable laws are met.
- (F) Submitting a yearly report to the Board of Directors, prior to the issuance of the External Auditor's final report, stating the ACER Board Committee's opinion on whether the independence of the External

Auditor or audit firms may be compromised or impaired. In particular, the report shall specifically assess each of the non-audit services provided by the External Auditor, or any company of its group, within the previous three years starting January 1st of the first year of their appointment, assessing their independence individually and collectively.

- (iii) Evaluating the External Auditor's technical proficiency: after reviewing the External Auditor's report and work throughout the year, the ACER Board Committee will be in a position to assess the External Auditor's qualifications, performance, and independence.
- (iv) Communicating with the External Auditor.

The ACER Board Committee shall oversee the relationship between the Company and the External Auditor to the broadest extent. Accordingly, it is incumbent on the ACER Board Committee to ensure that such interaction is ongoing, candid and constructive. In particular, the ACER Board Committee's functions will be the following:

- (A) Acting as a communication channel between the Board of Directors and the External Auditor, ensuring that the Board of Directors has a yearly meeting with the External Auditor in order to be informed about the work performed, the assessment of the Company's accounting practices and policies, sustainability information and any risks that have been identified.
- (B) Monitoring the financial and non-financial reporting process and submitting recommendations or proposals to the Board of Directors to safeguard its integrity.
- (C) Reviewing the External Auditors' proposed audit scope and approach, including the review of internal controls over financial and non-financial reporting and coordination of audit efforts with Internal Audit, and approving the annual audit plan, ensuring that it is consistent with the scope of the audit engagement.
- (D) Receiving information from the External Auditor prior to the start of the audit regarding all the accounting standards and practices that the Accounts and Financial Reporting Management has decided to use in the preparation of financial information.
- (E) Regularly obtaining from the External Auditor information about the Audit work plan and its implementation, about any other matters related to the progress of the audit, and any other notifications provided for in statutory audit laws.
- (F) Assessing the outcome of each audit and Management's responsiveness to the findings and recommendations of the External Auditor and its implementation of corrective action plans.

- (G) Periodically, and at least once a year, requesting the External Auditor's assessment regarding the quality of the Group's internal control procedures and systems, including those related to sustainability, and discussing with the External Auditor any significant weaknesses identified during the audit.
- (H) Ensuring that the External Auditor meets on a yearly basis with the Board of Directors to report on the work carried out and the progress of the accounting, sustainability and risk status of the Company.
- (I) Reviewing the content of the audit reports before they are issued, and, where applicable, of the limited review reports on the interim statements, ensuring that the contents and opinions on the financial and non-financial statements and Integrated Management Report are drafted in a clear and accurate manner, with no qualifications or disclaimers by the External Auditor. In the case of any exceptions, both the Chairperson of the ACER Board Committee and the auditors will clearly explain to the Shareholders, as applicable, the content and scope of those limitations or reserves.
- (J) Submitting recommendations to the Board of Directors regarding the approval, amendment or replacement of a policy governing the provision of non-audit services by the External Auditor, to ensure that the provision of such services does not impair the External Auditor's independence and objectivity.
- (K) Ensuring that the Company and the External Auditor comply with the applicable Laws regarding audit services, the restrictions applicable to the auditors and auditor independence rules and standards.
- (L) Informing the General Shareholders' Meeting regarding issues raised by the External Auditor in relation to matters coming under the purview of the ACER Board Committee and, in particular, the results of the external audit, explaining how it has contributed to the integrity of financial and non-financial information and the role that the ACER Board Committee has played in that process.

4.2 Duties regarding the oversight of the Internal Audit function

The Internal Audit Unit, headed by the CAE, is part of the Assurance (Internal Audit, Compliance and Risk) Division. As an independent body, this Division reports functionally to the ACER Board Committee and interacts with this Board Committee through the CAE.

The ACER Board Committee shall establish, approve and support the mandate of the Internal Audit function, safeguard its independence and qualifications and oversee and monitor the work performed by Internal Audit, ensuring that it has the budget, resources and access required to fulfil its duties.

Internal Audit shall monitor the effectiveness of the corporate governance, internal control and risk management processes of the Company, as well as the reporting systems underpinning these processes.

The ACER Board Committee's duties and responsibilities regarding the Internal Audit function are the following:

(I) Authorization of the Internal Audit Function:

The ACER Board Committee establishes, approves and supports the mandate of the Internal Audit Function and in doing so, shall meet the following duties:

- A. Discuss with Management and the CAE the appropriate authority, role and responsibilities of the Internal Audit Function with a view to establishing the Internal Audit Mandate.
- B. At least annually, review and approve, together with Management and the CAE, the Internal Audit Charter, specifying the Internal Audit Mandate and the scope and type of internal audit services to be provided; discuss with Management and the CAE other topics that should be included in the Charter to enable an effective Internal Audit Function, considering changes affecting the organization, such as the hiring of a new CAE or changes in the type, severity, and interdependencies of risks to the organization.
- C. At least annually, review and approve the risk-based yearly Internal Audit Plan, the envisaged budget, resource plan and performance indicators of the Internal Audit Function, ensuring that it has the appropriate resources and qualified personnel to guarantee the best performance of its duties and responsibilities.
- D. Ensure that Internal Audit has full and unrestricted access to all data, records, information, personnel and physical properties of the Company (including its subsidiaries and joint ventures where there is ownership control) as may be necessary to fulfill its duties. In the event of any interference regarding Internal Audit's scope, access or communication of results, the appropriate inquiries to Management should be made to determine whether any restrictions have been placed on Internal Audit that limit the function's ability to effectively carry out its responsibilities.
- E. Oversee and monitor the independence and effectiveness of the Internal Audit function, ensuring that it is positioned within the organization in such a manner as to enable it to have full and unfettered access to the ACER Board Committee and, ultimately, to the Board of Directors, including private meetings at least once a year without Management being present.
- F. Consider any reports it receives where the CAE has concluded that Management has accepted a level of risk that may be unacceptable to the organization.

- G. Ensure that Management takes into consideration the conclusions and recommendations of the reports prepared by the Internal Audit function (those that include significant risk exposures and control issues, including Fraud risks, and other matters as may be required or requested by the ACER Board Committee).

(II) Position the Internal Audit Function independently:

The ACER Board Committee establishes and safeguards the independence and qualifications of the Internal Audit Function through the following duties:

- A. Establish a direct reporting relationship with the CAE and the Internal Audit Function that enables the Internal Audit Function to fulfill its mandate.
- B. Decide on the selection, appointment, reappointment and removal, where applicable, of the CAE and work with Management to determine the qualifications, experience and competencies that the organization believes are required to manage the Internal Audit Function effectively and ensure the quality of the services performed. In this respect, it should approve the roles and responsibilities of the CAE.
- C. At least annually, receive confirmation from the CAE that Internal Audit continues to be organizationally independent.
- D. Review any instances reported to it by the CAE, where Internal Audit's independence or objectivity in the performance of its duties has been impaired in fact or appearance.
- E. Whenever the CAE has other assurance responsibilities in the organization, acknowledge any actual or potential impairments to Internal Audit's independence and engage with Management and the CAE to establish appropriate safeguards.
- F. Be actively engaged in the establishment and analysis of objectives and the yearly performance evaluation of the CAE for purposes of determining his or her variable compensation (bonus), and report to the Board of Directors on the results of such an evaluation.

(III) Oversight of the Internal Audit Function

The ACER Board Committee will oversee and monitor the Internal Audit Function to ensure its effectiveness through the following duties:

- A. Set expectations and communicate with the CAE to establish the criteria for determining which topics and issues should be escalated to the Board Committee, the level of significance, the frequency with which the Board Committee wishes to receive reports from the CAE and the process for escalating matters of importance.
- B. Oversee the budget allocated to Internal Audit, ensuring that it has the appropriate resources and qualified personnel to guarantee the best performance of its duties and responsibilities. As required, engage with

Management and the CAE to remedy the situation if additional and relevant resources are needed due to extraordinary and unforeseen circumstances and it is determined that existing resources are insufficient, either in numbers or capabilities.

- C. Review periodic information on the results of the work performed by Internal Audit, and specifically, on the fulfillment of the yearly work plan and any incidents encountered in its execution, with a view to understanding the efficiency and effectiveness of governance, risk management and control processes. Likewise, periodically review any proposed adjustments to the Internal Audit work plan due to changing circumstances throughout the year and ensure that the work of Internal Audit is mainly focused on addressing the material risks of the Company.
- D. Evaluate the effectiveness of the Internal Audit function by reviewing and approving the key performance indicators for Internal Audit and review and validate progress reports on the performance against these indicators.
- E. Ensure that the Internal Audit team is given ongoing professional development training to enhance their skills, knowledge and other competencies.
- F. At least annually, review the report from the CAE on the results of the assessment of Internal Audit's quality assurance and improvement program.
- G. Discuss with the CAE and review and approve the plan to conduct an external quality assurance assessment on the Internal Audit function by a qualified and independent third party outside the organization, considering that this assessment must be conducted at least once every five years, as required by the Global Internal Audit Standards.
- H. At least annually, review the performance of any third-party providers of outsourced or co-sourced Internal Audit services and their fees.
- I. Ensure that there is an adequate relationship between Internal Audit and other assurance functions.
- J. Foster and encourage coordination and synergies between the work of Internal Audit and that of the External Auditor.

For these purposes:

Internal Auditors means employees of the Company who have responsibility over Internal Audit.

Internal Audit means independent and objective assurance and advisory services designed to add value and improve the Company's operations. It is intended to help the Company accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management (as defined below) and Control processes.

Internal Audit Charter means the document that defines the purpose, authority, role and responsibilities of the Internal Audit function of the Company, in accordance with the mission of Internal Audit and the mandatory requirements of the International Professional Practices Framework for Internal Auditors (Global Internal Audit Standards and its individual subject requirements).

Fraud means any unlawful act characterized by deceit, concealment or violation of trust.

Risk Management means processes to identify, assess, manage and control potential events or situations and to provide reasonable assurance regarding the achievement of the Company's objectives.

4.3 Duties related to enterprise risk management systems

The Risks and Corporate Continuity Unit is positioned within the Assurance Division, which reports functionally to the ACER Board Committee. The ACER Board Committee shall ensure that this unit has the resources required to fulfil its duties and shall oversee and monitor its activity plan.

The Assurance Division will be the usual body for communication between the ACER Board Committee and the rest of the organization on specific risk topics and will be in charge of preparing the information required in meetings on those matters and providing advice and assistance whenever the ACER Board Committee deems it appropriate.

The ACER Board Committee's main duties regarding enterprise risk management will be the following:

- (i) Reviewing on a regular basis the Risk Policies and making recommendations to the Board of Directors to amend and update them, as required.
- (ii) Ensuring that the Group's risk management system:
 - (A) identifies and analyzes different types of risks (financial, operational, strategic, legal and compliance) faced by the Company, including, among others, financial or economic risks, sustainability-related risks, climate change-related risks, human rights-related risks, contingent liabilities and off-balance sheet risks, together with their risk assessment;
 - (B) determines and reviews the risk map, and the risk levels that the Company deems acceptable or unacceptable;
 - (C) monitors the responses and measures in place to mitigate the impact of identified risks; and
 - (D) takes into consideration the information and internal control systems to be used to control and manage such risks, including contingent liabilities and off-balance sheet risks.

- (iii) Ensuring that the Assurance Division takes part in the definition of the risk strategy, in the proper functioning of the risk control and management systems, and in particular, that all the significant risks faced by the Company are appropriately identified, managed and quantified.
- (iv) Being actively involved in the development of a risk strategy and the decision-making process over its management.
- (v) Continuously reviewing the risk control systems to identify and manage key risks and effectively report on them. This identification, management and reporting of key risks should include climate change-related risks and the timeframe required for a proper qualitative and quantitative (financial) assessment, according to regulatory guidelines and best practices.
- (vi) Ensuring that a risk-based culture is established in the Company and that risk considerations are firmly embedded into all decision-making processes and at all levels of the organization.
- (vii) Identifying and assessing emerging risks, in particular risks related to technology and information security, including cybersecurity and data privacy, and the company's strategy to effectively address and mitigate such risks, ensuring that control mechanisms and red flags for such risks are in place and working as intended.
- (viii) Ensuring that risks remain within the tolerance levels set by the Board of Directors through the Corporate Risk Policy, in order to propose their adjustment on the basis of the information provided by the Management and the Assurance Division.
- (ix) Requesting, based on the relevance of the risks, that the persons in charge of managing the Group's most critical risks report to the ACER Board Committee on the risk response and mitigation plans in place, in order to ensure that the Committee members are appropriately informed about the business and its risks, and to reinforce the idea that the individuals in charge of the business units and cross-functional areas are ultimately responsible for effectively managing risks.
- (x) Preparing a report on Group risks and submitting the conclusions of their analysis to the Board of Directors for assessment.

4.4 Duties regarding the oversight of the reporting processes for financial information and related non-financial information

The ACER Board Committee is tasked with supervising the process of preparing and reporting financial and non-financial information, including sustainability information, and submitting recommendations or proposals to the Board of Directors, in order to safeguard their integrity. Specifically, the ACER Board Committee will have the following duties:

- (i) Reviewing the consolidation scope of the Group to ensure its adequacy.

- (ii) Ensuring that interim financial statements or periodic financial disclosures are prepared using the same accounting principles as those used for preparing annual financial information and statements and accordingly, recommend, where applicable, to the Board of Directors, that the External Auditor conduct a limited review of such interim financial statements.
- (iii) Reviewing, analyzing, and commenting on the financial statements and any other material financial and non-financial information with Management, the Assurance Division, and the External Auditor to confirm that they are reliable, understandable and relevant, and conform to applicable legal requirements and generally accepted accounting principles, and informing the Board of Directors on any significant changes or developments in legal reporting requirements or accounting standards and criteria.
- (iv) Overseeing Management decisions regarding the adjustments or restatements proposed by the External Auditor, as well as being aware of and, if applicable, taking steps to resolve any discrepancies or disagreements between them.
- (v) Overseeing the process conducted by Management with regard to material judgements, appraisals and estimates and their impact on the financial statements.
- (vi) Reviewing and discussing with Management and the External Auditor the impact of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.
- (vii) Overseeing and ensuring that the Company has suitable Fraud detection and deterrence programs and policies in place.
- (viii) Approving the annual work plan for the evaluation of internal control over financial and non-financial reporting and receiving regular information about its outcome, as well as about the action plan to correct any deficiencies or weaknesses identified.
- (ix) Overseeing non-financial and diversity reporting processes, pursuant to applicable regulations and relevant international benchmarks.

4.5 Duties pertaining to Compliance and Control Systems and Business Ethics

The Ethics & Compliance Office is positioned within the Assurance Division which functionally reports to the ACER Board Committee. The ACER Board Committee will ensure that this unit has the necessary resources to fulfill its duties and responsibilities, overseeing and monitoring its activity plan.

The person ultimately in charge of Compliance-related functions and control systems as well as the company's ethics program is the Chief Compliance Officer who is generally responsible for implementing and monitoring the compliance programs and control systems intended to help the organization manage compliance risks.

The ACER Board Committee's main duties in this regard will be the following:

- (i) Promoting a culture in which compliance and business ethics are taken into consideration in all decision-making processes and at all levels of the organization.
- (ii) Reviewing the Group's Code of Ethics and Conduct and Suppliers Code of Conduct, and submitting proposals on amendments, where applicable, for approval of the Board of Directors.
- (iii) Approving the annual Compliance Work Plan.
- (iv) Reviewing the key performance indicators for the Ethics and Compliance functions and reviewing and validating progress reports on the achievement of these indicators, ensuring compliance with and enforcement of the Code of Ethics and Conduct and related policies.
- (v) Reviewing the staffing and organizational structure of the Ethics and Compliance functions.
- (vi) Ensuring there are no unreasonable restrictions or limitations on budget or resources of the Ethics & Compliance Office.
- (vii) Overseeing the design and effectiveness of compliance programs, as well as discussing with the External Auditor any significant weaknesses of the internal control systems identified throughout the audit, without compromising its independence; and to this end, and where appropriate, submitting recommendations and proposals, as well as the corresponding timeframe for follow-up activities, to the Board of Directors.
- (viii) Overseeing a corporate criminal risk prevention program that includes suitable controls to prevent criminal offenses, and taking appropriate measures as required if these are identified.
- (ix) Designating the individual or body in charge of the internal whistleblowing channel (hereinafter, the "Integrity Channel").
- (x) Overseeing the Integrity Channel, the mechanism whereby employees, managers, executives and directors as well as any other stakeholders (customers, suppliers, shareholders, etc.) can immediately, confidentially and, if the complainant so decides, anonymously report any actual or potential violations of the Group's Code of Ethics and Conduct, internal regulations or applicable laws that they may have identified within the Company and its group, ensuring compliance with applicable personal data protection and privacy laws and other legal rights of the parties involved.
- (xi) Monitoring the breaches and violations identified in the Company and the resolution of any complaints submitted through the Integrity Channel that have been examined by the Integrity Channel Manager.
- (xii) Providing the Integrity Channel Manager with guidance and advice on the investigation and resolution of relevant cases submitted through the Channel.

- (xiii) Proposing to the Board of Directors any actions or measures aimed at improving the Channel's performance and reducing the risk of misconduct in the future.
- (xiv) Reviewing and monitoring transactions with a high-impact compliance risk, particularly those with an impact on the yearly financial statements.
- (xv) Reporting to the Board of Directors, based on the information received from the person in charge of tax matters and prior to the approval of the yearly financial statements, with regard to the fiscal policies and criteria implemented by the Company, and, in the case of transactions or matters that are subject to approval by the Board of Directors, on their tax consequences when a significant risk factor is involved.

4.6 Duties regarding corporate governance and sustainable development

The ACER Board Committee's main duties regarding corporate governance and sustainable development will be the following:

- (i) Regularly assessing the adequacy of the Company's corporate governance system to ensure that it fulfils its mission of promoting corporate interests and taking into consideration, where appropriate, the legitimate interests of stakeholders.
- (ii) Reviewing, and submitting for approval to the Board of Directors, stakeholder engagement policies, and monitoring the ESG strategy, practices and policies, in particular with regard to Climate Change, and the level of progress of the commitments undertaken.
- (iii) Monitoring the Company's Human Rights policies, practices and due diligence procedures, in accordance with applicable laws, to ensure that there are effective processes in place to identify, assess, prevent, mitigate, and remedy actual and potential adverse human rights impacts associated with its operations, products and services and those related to its value chains.
- (iv) Reporting to the Board of Directors on any legal or regulatory developments or changes in corporate governance standards.
- (v) Ensuring that the Company reports, in a separate document or in the Integrated Management Report, on ESG issues, particularly on Climate Change and environmental matters, in accordance with best practices and using for this purpose an internationally accepted methodology.

4.7 Other duties

The ACER Board Committee will also have the following duties:

- (i) Overseeing, at least every two years, the analysis of the reserve classification and estimation process for the Exploration and Production business.
- (ii) Overseeing the work and activities of the Company's Foundation.

- (iii) Previously analyzing and reporting to the Board of Directors on any transactions that the Company or its group of companies have performed with any Directors, in the terms established in applicable laws, or with shareholders holding, individually or collectively, a significant stake, including shareholders represented on the Company's Board of Directors or of other companies that are part of the same group or with related parties, for approval by the Board of Directors.
- (iv) Analyzing beforehand and reporting to the Board of Directors on the financial conditions and accounting impact of any key structural and corporate changes that the Company intends to pursue, and particularly, if applicable, on the exchange ratio proposed.
- (v) Informing the Board of Directors beforehand on all matters required by Law, the Articles of Association and the Regulations of the Board of Directors, and particularly on:
 - (A) the financial, non-financial and sustainability disclosures that the Company makes on a regular basis; and
 - (B) the creation or acquisition of shares in special-purpose vehicles or companies with registered offices in countries or territories regarded as tax havens.
- (vi) Reporting, at least on an annual basis, to the Board of Directors on its performance and the level of fulfilment of its duties and responsibilities as outlined herein. To this end, it will use the ACER Board Committee's Self-Assessment Questionnaire. In addition, an annual report on the activities of the ACER Board Committee during the relevant year shall be drafted and submitted to the Board of Directors at the first Board meeting held in the following financial year.
- (vii) Performing such other duties, within the scope of its responsibilities, as may be entrusted to it by the Board of Directors.

5. POWERS AND RESOURCES OF THE ACER BOARD COMMITTEE

In furtherance of its duties, the ACER Board Committee shall have authority to obtain any kind of information or documents held by the Company regarding matters that fall within the ACER Board Committee's scope, as well as to seek advice and assistance from internal or external legal, accounting or other experts, as it deems appropriate, to perform its duties and obligations.

If advice from external experts is requested, such experts will be engaged by the Company. The decision to engage these services will be notified to the Board of Directors and will be implemented through the Secretary of the Board. The Board of Directors may decline to provide authorization to hire such services if the Board considers that they are not necessary for the proper performance of the entrusted duties; that the cost is unreasonable in view of the extent of the problem; or that the technical assistance sought can be adequately provided by technical experts within the Company.

6. ONBOARDING AND PROFESSIONAL DEVELOPMENT

The ACER Board Committee shall design an induction and onboarding program to provide new members, in a timely manner, with relevant information and briefings on the Company and its business and on their duties and responsibilities on the ACER Board Committee.

Outside experts on accounting, audit, the regulatory framework specifically related to the activities of the Company, risk management, internal control, relevant IT developments or related matters may from time to time be invited to attend Committee meetings, to provide specialized expertise to the Committee members.

The continuing professional development program of the ACER Board Committee will be evaluated on a yearly basis to determine whether any changes are required, based on new regulatory or financial developments.

7. AMENDMENT OF THE REGULATIONS

The ACER Board Committee shall review and reassess the adequacy of these Regulations at least on an annual basis and recommend any proposed changes to the Board of Directors.

Any amendments hereto shall be approved by the Board of Directors at its own behest, at the behest of its Chairperson, the Chairperson of the ACER Board Committee or the ACER Board Committee itself.

8. EFFECTIVE DATE

These Regulations were first approved by the Company's Board of Directors on 20 November 2018 and amended by resolution of the Board of Directors on June 25, 2020, July 28, 2021, November 8, 2022, and December 5, 2024, respectively, and are valid and binding with effect as of the date of their approval.