



TRANSPARENCY AND BUSINESS ETHICS PROGRAM MANUAL (PTEE)



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But to all who received him, who believed in his name, he gave the right to become children of God Jn 1:12


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1. INTRODUCTION

Corruption and transnational bribery are criminal phenomena that represent a significant threat to the stability and economic, social and political development of a country and of companies in particular. The materialization of these crimes prevents international transactions and businesses from developing under equal conditions among market participants, giving rise to imbalances in the supply and demand of goods and services.


Hence, International Organizations, Government Entities and Companies, demand the application of policies and standards to counteract these phenomena and safeguard the interests of countries, institutions and public and private companies. Aware of this reality and the challenge it represents in the development of our corporate purpose, the company MEGATEX SAS hereinafter "the company" or "the company"; includes the role, commitment and responsibility that is proper to it as a company legally constituted and supervised by the Superintendence of Companies. Therefore, MEGATEX SAS in its mission to contribute to the social development of the country with high levels of compliance and quality, as fundamental axes of its strategic direction, and in observance of the regulatory guidelines established in External Circular 100-000011 of 2021 of the Superintendence of Companies, the company develops a Transparency and Business Ethics Program (hereinafter "PTEE") that applies to the entire human team linked to the Company and to all related parties and interest groups, acting under a philosophy of zero tolerance with those acts that contravene the principles of the Company and the applicable regulations.

2. AIM

This Compliance Manual presents the Transparency and Business Ethics Program (hereinafter "the compliance manual") defined and approved by senior management, defines and articulates the policies, methodologies and procedures required by the company, to identify, detect, prevent and mitigate the risks of corruption and transnational bribery (hereinafter "C/ST") in all relationships, acts, operations, businesses and/or contracts carried out by MEGATEX SAS in the development of its corporate purpose.

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3. SPECIFIC OBJECTIVES

- Establish the policies, methodologies, guidelines, organizational structure, and procedures for the effective management of the risk of corruption, transnational bribery, and/or other corrupt practices.
- Promote in collaborators, suppliers, clients, shareholders a culture of Organizational legality, where acts of corruption are unacceptable.
- Ensure compliance with legal provisions in relation to the risk of corruption and transnational bribery in the company, in accordance with the legal framework of the Colombian State.
- Define each of the elements that are part of the PTEE in Megatex SAS
- Describe the methodology implemented for the C/ST Risk Matrix.
- Specify the Due Diligence and Intensified Due Diligence procedures developed in Megatex SAS for the knowledge of its clients and counterparties and other actions aimed at mitigating C/ST risks.


4. SCOPE

This compliance manual is part of the Transparency and Business Ethics Program, and applies to the actions of its Shareholders, Administrators and Employees in the fulfillment of their functions, roles and responsibilities, and the commercial and/or contractual relationships that they establish with Customers, Suppliers and other Counterparts. Its application in all areas of Megatex SAS, is mandatory disclosure, knowledge and application, without exception.

5. GLOSSARY

Senior managers: They are natural or legal persons, designated in accordance with the bylaws, to manage and direct the Legal Entity, whether they are members of collegiate bodies or individuals considered individually. That is to say, they are the Administrators and the main executives of the company, that is, Manager, Assistant Manager, Legal Representatives and Members of the Board of Directors, members of the advisory board, directors and Headquarters linked or not to the company.

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External Circular 100-000011: It is the guide intended to implement business ethics programs for the prevention of the conducts provided for in article 2 of Law 1778 of 2016. Issued by the Superintendency of Companies.

Conflict of Interest: Are those situations in which the judgment of a subject, in relation to a primary interest for him or her, and the integrity of his or her actions, tend to be unduly influenced by a secondary interest, which is frequently of economic or personal type


Contractor: Refers, in the context of a national or international business or transaction, to any third party that provides services to a Legal Entity or that has a contractual legal relationship of any nature with it. Contractors may include, among others, suppliers, intermediaries, agents, distributors, advisers, consultants and persons who are parties to collaboration or joint risk contracts with the Legal Entity.

Due diligence (DD): It is the process by which the Company adopts measures to learn about the Counterpart, its business, operations, and Products and the volume of its transactions.

National anti-corruption regulations: It is Law 1474 of 2011 (Anti-Corruption Statute) by which regulations are issued aimed at strengthening the mechanisms for prevention, investigation and punishment of acts of corruption or Transnational Bribery and the effectiveness of public management control, as well as as its regulatory decrees and the rules that modify, replace or complement it. In the same way, Law 1778 of 2016 is considered relevant through which regulations were issued on the liability of legal persons for acts of transnational corruption and likewise provisions were issued in the fight against corruption. Law 2195 of 2022 by means of which measures are adopted in terms of transparency, prevention and fight against corruption and other provisions are issued.

Compliance Officer: It is the natural person appointed by the board of directors or in case of not having this body, its designation will be made by the company's Shareholders' Meeting, in order to lead and manage the Bribery risk management system. Transnational or other acts of corruption.

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Facilitation payments: Payments made to government officials in order to secure, promote or expedite legal and routine procedures for the benefit of the company or its employees.

Principles: These are the principles whose purpose is the implementation of risk management systems for Transnational Bribery and other acts and behaviors that are considered illegal because they lack legitimacy and transparency.

Business Ethics Program: These are the specific procedures in charge of the Compliance Officer, aimed at putting compliance policies into operation, in order to identify, detect, prevent, manage and mitigate the risks of Transnational Bribery, as well as others that are related to any act of corruption that may affect the company.


Risk: Effect of uncertainty on the objectives, combination of the consequences of an event and the probability of its occurrence.

Foreign Public Servant: Has the scope provided in the First Paragraph of the second article of Law 1778 of 2016: "Any person who has a legislative, administrative or judicial position in a State, its political subdivisions or local authorities, or a foreign jurisdiction, regardless of whether the individual was appointed or elected. A foreign public servant is also considered any person who performs a public function for a State, its political subdivisions or local authorities, or in a foreign jurisdiction, whether within a public body, or a State company or an entity whose decision-making power is subject to the will of the State, its political subdivisions or local authorities, or a foreign jurisdiction. It will also be understood that any official or agent of an international public organization holds the aforementioned capacity."

Transnational Bribery: It is the act by virtue of which the Company, through its employees, senior managers, associates, contractors or subordinate companies, gives, offers or promises to a foreign public servant, directly or indirectly: (i) sums of money, (or) objects of pecuniary value or (iii) any benefit or utility in exchange for said public servant performing, omitting or delaying any act related to his functions and in relation to an international business or transaction.

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Bribery: It is the act of giving, offering, promising, requesting or receiving any gift or thing of value in exchange for a benefit or any other consideration, or in exchange for performing or omitting an act inherent to a public or private function, regardless of that the offer, promise, or request is for oneself or for a third party, or on behalf of that person or on behalf of a third party.

Corruption: It is any act, attempt or deliberate omission to obtain a benefit for oneself or for third parties to the detriment of organizational principles, regardless of the financial effects on companies. They are the actions that are presented under one of two modalities:

- **Internal:** Acceptance of bribes from third parties towards Company workers, so that their decisions, actions or omissions benefit that third party.
- **Corporate:** acceptance of bribes from Company employees to government officials or third parties, directly or through agents; in order that the decisions of the third party, their actions or omissions benefit the Company, or an employee of it.


Fraud: It is understood as the act or omission intentional and designed to deceive others, carried out by one or more people with the purpose of appropriating, taking advantage of or doing to another's property - whether material or intangible - improperly, in detriment of another and generally due to the lack of knowledge or malice of the affected party.

6. REGULATORY FRAMEWORK

a. International norms and standards:

- Convention to Combat Bribery of Foreign Public Officials in International Business Transactions.
- Inter-American Convention against Corruption of the Organization of American States -OAS.
- Penal Convention on corruption of the Council of Europe.

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- Civil convention on corruption of the Council of Europe.
- African Union Convention to prevent and combat corruption.
- United nations convention against corruption.

b. national standards

Article 23 of Law 1778 of 2016, establishes the duty of the Superintendence of Companies to promote in the companies subject to its surveillance, the adoption of programs related to transparency and business ethics, as well as internal audit standards and mechanisms to prevent Transnational Bribery.


Pursuant to the foregoing, the Superintendence of Companies in the exercise of its powers issued resolution 100-002657 of July 25, 2016, which establishes the criteria to determine which companies must adopt business ethics programs, and External Circular 100-000011 of August 9, 2021, containing a guide with administrative instructions related to the promotion of the aforementioned programs, as well as internal audit, anti-corruption and prevention of transnational bribery mechanisms, in the context of Law 1778 of 2016 and Law 2195 of 2022.

c. Administrative Sanctions

Penalty Regime: In accordance with the provisions of article 5 of Law 1778 of 2016, the Superintendency of Companies will impose one or more sanctions on legal entities that engage in the conduct set forth in article 2 of the aforementioned law. The imposition of the sanctions will be carried out by reasoned resolution, in accordance with the graduation criteria provided for in said law. The sanctions may be fines up to two hundred thousand (200,000) Current Legal Minimum Monthly Wages.

Sanctions Graduation Criteria: In accordance with article 7 of the aforementioned Law, the sanctions will be imposed by the Control Entity, according to the economic benefit obtained or intended by the offender with the conduct, the greater or lesser capacity patrimonial property of the offender, the reiteration of behaviors; resistance, refusal or obstruction to investigative or supervisory action and conduct, among others.

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Criminal Legislation: Transnational Bribery is classified as a crime in the Colombian Penal Code, in its article 433, generating a custodial sentence, disabilities and economic sanctions.


The representatives of the Company, Directors, Associates, Collaborators and especially the Compliance Officer, declare that they are aware of the provisions and administrative and criminal sanctions for non-compliance with the instructions issued by the Superintendency of Companies, in matters of Transparency and Business Ethics, according to the behaviors provided for in Article 2 of Law 1778 of 2016.

7. PRINCIPLES THAT MAKE UP THE PROGRAM

The PTEE Transparency and Business Ethics Program is established under the declaration of six (6) fundamental principles:

- a. **Principle of Good Faith:** This principle seeks that actions be carried out in good faith, with diligence and care, permanently ensuring respect for people and compliance with the law, and giving priority in their decisions to the principles and values of the Company above private interest.
- b. **Principle of Honesty:** To the extent that all workers are aware of their responsibilities and their labor, moral and legal obligations, existing duties with society, the company, the community and the country can be fulfilled. The foregoing will require that the commercial and business activities carried out by the Company be governed by standards of honesty, transparency and legitimacy.
- c. **Principle of Loyalty:** All employees, associates, contractors and individuals related to the above, as well as any person who has knowledge of conduct that constitutes foreign bribery or other corrupt practices related to the Company, must immediately report such violations to the Company Compliance Officer. For this purpose, the data of the person who has given notice of such conduct will be kept confidential, and the channels established

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in this Program will be followed.

- d. **Principle of Legality:** All persons related to the Company are committed to ensuring compliance not only with the letter but with the spirit of the Constitution and Colombian laws, as well as the provisions and regulations issued by the authorities and the norms and policies set by the Company.
- e. **Principle of General and Corporate Interest:** All actions must always be governed by the general interest and management at all levels must be devoid of any personal economic interest. Transparent conduct is exempt from payment or recognition to obtain or retain business or gain a business advantage.
- f. **Principle of Truth:** We say and accept the truth above any consideration. The information we issue to the general public is truthful.


In accordance with the foregoing, any person linked to the company by any means is co-responsible for the proper and correct application of the transparency and business ethics program and, in particular, has the full support of Senior Management to act in accordance with the principles declared in this document.

The Company, accepting good practices, adopts the implementation of systems, procedures, protocols, and control and reporting mechanisms, through the Transparency Line, among others, in order to ensure the prevention, identification, and treatment of acts and behaviors that are considered illegal because they lack legitimacy and transparency.

The Company prohibits any type of bribery or act of corruption, and requires compliance with all anti-corruption and anti-bribery Regulations, including External Circular 100-000011 of 2021 of the Superintendency of Companies.

It is imperative to put the observance of ethical principles and values before the achievement of the Company's goals, considering that it is essential to generate a culture aimed at applying and enforcing the policies that make up the Governance System, corporate compliance and business ethics.

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People linked to the Company must know and comply with all the policies and procedures that make up the Governance System, corporate compliance and business ethics.

IMPLEMENTATION OF RECOMMENDED PRINCIPLES

The Transparency and Business Ethics Program, in accordance with the provisions of current regulations, will apply the following principles:


- i. Commitment of Senior Managers in the prevention of Transnational Bribery;
- ii. Risk Assessment related to Transnational Bribery;
- iii. Launch of the Transparency, Business Ethics and Anti-Corruption Program.
- iv. Assignment of functions to the Compliance Officer;
- v. Application of Due Diligence Procedures;
- vi. Ensure the supply of economic, human and technological resources, as required by the Compliance Officer.
- vii. Control and Supervision of the Compliance Policies and the Business Ethics Program;
- viii. Disclosure of compliance policies and the Business Ethics program.
- ix. Communication channels to confidentially report violations of the Business Ethics program

8. ELEMENTS OF THE TRANSPARENCY AND BUSINESS ETHICS PROGRAM

A. Design and approval

The implementation of the Transparency and Business Ethics program was put to the consideration of the Company's Board of Directors by its Legal Representative, who in their commitment to contribute effectively in the fight against bribery, transnational bribery and corruption and In compliance with Colombian regulations, they reviewed and approved the PTEE in an extraordinary meeting of the Board of Directors dated April twenty-eight (28) of the year two thousand and twenty-two (2022) established in Minutes No.

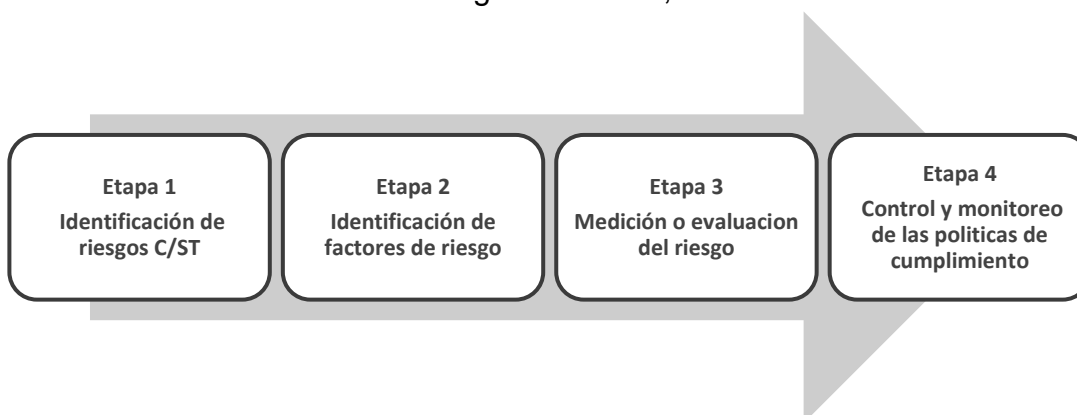
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47 authorizing the implementation of the program, requesting its Legal Representative, guarantee full compliance.

B. C/ST Risk Identification and Assessment

The methodological framework adopted for the identification and evaluation of the C/ST risk in the Company, is based on the establishment and implementation of the risk management process involving the determination of the context and the identification, analysis, evaluation, treatment, communication and monitoring. of the risks, as follows:




STAGE 1: IDENTIFICATION OF TRANSNATIONAL CORRUPTION AND/OR BRIBERY RISKS

The team responsible for PTEE, the Compliance Officer and leaders of the processes meet every 6 months, with the aim of identifying the risks and events that may give rise to events of Corruption Risks and/or Transnational Bribery Risks. This identification is made by analyzing the risk factors inherent to the development of the Company's activities, in each process where the risk may arise, and they are recorded in the Risk Matrix, a document that is an integral part of this Manual.

Information sources:

- Interviews with each area leader: The people assigned for this purpose with appropriate knowledge must be involved in risk identification.

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- Alert signs: Reports of alert signs and/ or unusual operations carried out by company employees or that have been evidenced throughout the company's history.
- Expert opinion: opinions of the organization, external consultants and competent authorities.

Responsible for Risk Identification:

The Compliance Officer together with the process leaders will be responsible for the identification of risks, defined in a semi-annual monitoring for study and recognition or when necessary.

To identify risks, the following risk factors are taken into account:

- Country
- Economic Sector
- Third parties


Under the scenario that each country presents a different situation in terms of risk of corruption crimes and Transnational bribery depending on the political, economic, and social situations they are going through, the company adopts evaluation procedures in accordance with the operation and environment of the third party with whom the relationship will be established.

The identification stage is materialized in three elements:

1. Segmentation of C/ST risk factors.
2. Characterization of the defined segments.
3. Identification of the risks to which the company is exposed in relation to the C/ST risk for each of the defined segments.

Through segmentation, the usual characteristics of the transactions carried out by the company are determined and compared with those carried out by third parties in order to detect unusual and suspicious operations.

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For the segmentation, the risk factors established by the company in terms of the country, economic sector and third parties must be evaluated.

The Compliance Officer, together with the commercial area of the Company, will carry out at least once a year the review of the different established segments and if any change has been made with respect to the immediately previous year regarding the risk factors . , if it were positive, the risk matrix must be modified and the risk evaluated and measured again according to the established changes.

After establishing the segments of each one of the risk factors, the Compliance Officer, together with the leaders of the processes, will establish the main characteristics of said segments.

The methodology for the characterization of the segments for the establishment of ranges or ranges of possibilities according to the case for each risk factor, according to the experience of the Company or external information obtained for each of the identified variables.


After establishing the segments of each one of the risk factors, the Compliance Officer must list the existing typologies to which there is room to determine the incidence that these may have on each of the segmented factors.

STAGE 2: IDENTIFICATION OF RISK FACTORS

The following risk factors should be considered at all stages of the analysis:

- a. **Country Risk:** For Transnational Bribery Risks, it refers to nations with high levels of perception of corruption, which are characterized, among other circumstances, by the absence of an independent and efficient administration of justice, a high number of public officials questioned for corrupt practices, the lack of effective regulations to combat corruption and the lack of transparent policies regarding public procurement and international investment. In some countries, corruption perception indices may vary from one region to another, which may be the result of


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differences in the degree of economic development between different regions, the administrative political structure of each country, and the absence of state presence. effective in certain geographic areas, among other reasons. There is also a risk when the Obligated Entity carries out operations through Subsidiary Companies in countries that are considered tax havens according to the classification formulated by the National Tax and Customs Directorate - DIAN.

- b. **Economic sector risk:** there are economic sectors with higher C/ST Risk. Additionally, the degree of risk increases in countries with high rates of perception of corruption and, under certain circumstances, when there is frequent interaction between the Obligated Entity, its Employees, administrators, Associates or its Contractors with Foreign Public Servants or national public servants. . In this sense, when local regulations require a large number of permits, licenses and other regulatory requirements for the development of any economic activity, corrupt practices are also facilitated for the purpose of expediting a particular process.
- c. **Third party risks:** The most frequent cases of corruption include the participation of Contractors of high economic value, in which it is not easy to identify a legitimate object and its realization at market values is not appreciated. The risk increases in countries that require intermediaries to carry out an International Business or Transaction, in accordance with local customs and regulations. Consequently, authorities of other nations consider the participation of a company in collaboration or joint risk contracts with Contractors as high risk, or that the latter are closely related to high government officials of a particular country, in the context of a Business or International or local Transaction.
- d. **Company size:** Each type of company has different characteristics and responsibilities for its partners and/or shareholders. In capital companies, liability is limited to the contributions of each one of the shareholders, while in partnerships the partners are unlimitedly liable. It is important to consider these differences when segmenting and controlling a commercial company.

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e. Specific activities: The PTEE risk factors must be classified, as a minimum, in accordance with the economic activity of the obligated company and its materiality. These can be:


- Primary activities: the extraction of oil, coal, gold, emeralds, silver and platinum stands out in primary or extractive activities.
- Secondary activities: in secondary or industrial activities, the production of textiles, food and beverages, automobiles, chemicals, rubber, petroleum derivatives, and the metallurgy and cement industries stand out.
- Tertiary activities: Banking, process outsourcing, communications, health services, education, hospitality and tourism, transportation, security, and entertainment predominate in tertiary or service activities in Colombia.

STAGE 3: RISK MEASUREMENT OR ASSESSMENT

This stage seeks to measure the possibility or probability of occurrence of the inherent risk of PTEE, in relation to each one of the risk factors, as well as the impact in case it materializes in order to establish an inherent risk profile of PTEE of the company and the aggregate measurements in each Risk Factor with respect to its associated risks, which will be evidenced in the C/ST risk matrix.

C/ST risk management includes the preparation of the Risk Matrix, which is an integral part of this document, with the inherent and residual risk indicators.

- **Inherent Risk:** Defined as the level of risk inherent to each of the risk factors without taking into account the controls established to mitigate the identified risks. Therefore, within the evaluation carried out for each of the areas, a possible impact and a probability of occurrence will be determined, warning

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the participants that this qualification must be conceived without taking into account the current controls with which they are counted.


IMPACT	QUALIFICATION
HIGH	3
HALF	2
LOW	1

- **Residual risk:** Residual risk defined as a numerical approximation, based on a qualitative analysis of residual risk.

RESIDUAL RISK	QUALIFICATION
HIGH	3
HALF	2
LOW	1

Additionally, the measurement in the matrix includes severity or heat maps of Inherent and Residual Risk. Severity maps make it possible to establish the most relevant risks to which entities are exposed, taking into account the criteria of probability and impact. Colorimetry makes it possible to prioritize risks that require immediate attention, and their scales are consistent with the nature, complexity, and volume of the company's operations.

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(Example: severity or heat map)

Risks are measured once they are identified and subsequently when controls are applied:

- **Measurement of the inherent risk:** an analysis of the probability and impact of each cause associated with the risk was carried out, in case it materialized, without taking into account the controls. For the assessment of the impact, in each case this is broken down by each of the associated risks (legal, contagion, reputational and operational), for said measurement an impact matrix was created in which probable scenarios are proposed for each level of risk in the event of a risk materializing. Finally, the total Inherent Risk rating results from the average impact and probability rating of each of the causes associated with the risk, and its location on the severity map.
- **Residual risk measurement:** Once the controls have been defined and qualified, the residual risk is calculated. This calculation is made for each cause associated with the risk, assigning a weight of 80% to the residual probability and 20% to the residual impact. Thus, to calculate the residual probability, the inherent probability is multiplied by the average rating of each of the controls associated with each risk cause and multiplied by 80%. Regarding the impact, the same calculation is made, but multiplied by 20%. Finally, to calculate the residual risk for each risk, the residual probability and

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impact results of each cause associated with the risk are averaged and the resulting combination is located on the severity map.

Once the inherent risk profile is defined, the controls are identified to prevent and/or detect each of the causes associated with the risks and the controls that, when implemented, reduce the impact identified and associated with each risk, in order to subsequently evaluate the quality of the controls associated with the risks identified and measured.

Controls were identified and qualified for each cause associated with risk, for design qualification the following variables were assigned:

- Responsible: There is a responsible, There is no responsible
- Form of Execution: Automatic, Semiautomatic, Manual, Non-existent
- Execution Frequency: Permanent, Periodic, Occasional, Non-existent
- Type of control: Preventive, Corrective, Non-existent.

And they were defined for each of the rating scales as follows:


- Optimum
- Appropriate
- Relevant
- Inappropriate

For the effectiveness rating, the following classification and rating was assigned:

- Green: Effective Control
- Yellow: Control requires adjustments
- Red: Ineffective Control

For the rating of each control, the rating was multiplied by the weighting of each design variable and by the effectiveness rating, this for each control associated with the cause and finally the rating of all the controls of the different causes associated with the control was averaged. risk to obtain the qualification of the controls by identified risk.

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Control rating for each cause: multiplication of the rating of each variable by the design weighting and by the effectiveness rating.

Control rating for each risk : averaged the rating of all the controls for the different causes associated with the risk.

STAGE 4: CONTROL AND MONITORING OF COMPLIANCE POLICIES AND PTEE.

The monitoring stage allows the company, through the Compliance Officer, to carry out adequate monitoring of the risk profile and, in general, of the program, as well as carry out the detection of corruption and transnational bribery activities that could be evidence in the company, the Compliance Officer must take into account the following to monitor the risk of C / ST.


- a) Develop an effective monitoring process that facilitates the rapid detection and correction of deficiencies in the Program. Said follow-up will have a periodicity in accordance with the residual risk profile of C/ST of the company, but in any case it must be carried out with a minimum periodicity of 6 months.
- b) Monitor and compare the inherent and residual risk of each risk factor and the associated risks.
- c) Ensure that risk controls are working in a timely, effective and efficient manner.
- d) Ensure that the residual risks are within the acceptance levels established by the entity.
- e) Generate reports that allow establishing the evolution of the risk of C / ST in the entity.

Monitoring must allow the Company to compare the evolution of the inherent risk profile with the residual risk profile of C/ST.

- **Monitoring Procedures.**

Monitoring procedures cover the following:

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- a) Knowledge of third parties.
- b) Knowledge of economic sector and country.
- c) Identification and analysis of warning signs.
- d) Determination and reporting of suspicious transactions and reporting to the officer.

- ***Compliance with obligations related to national and international lists.***

To ensure the Company's strict compliance with the obligations related to national and international lists in accordance with national and international law, the following policy is established:

No director or employee of the Company may authorize any operation, service, support or contract of any kind with the people and companies that appear on the national and international restrictive lists or that present investigations and criminal proceedings that represent a risk of corruption, bribery and fraud, without the prior authorization of the compliance officer.


The foregoing within the framework of the autonomy of the private will that for objective and reasonable reasons justifies the refusal to negotiate with the Company, with the sole purpose of safeguarding its integrity.

- ***Sanctions for non-compliance with the rules related to PTTE, as well as the processes for their imposition.***

Any non-compliance with the rules related to the program will be considered a serious misconduct, which gives rise to the unilateral termination of the employment contract or the provision of services, regardless of the process of reporting to the competent authorities and the criminal, civil and administrative sanctions to which there is room

From the point of view of the employees, the sanctions are contemplated in the internal work regulations.

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- ***Adoption of controls and other preventive measures***


Consolidation of operations and due diligence

The analysis carried out determines the relevant aspects for the operation and the personnel involved, being a prior control that protects the interests of its shareholders, collaborators and third parties, minimizing risks and generating traceability of the negotiation in favor of transparency and compliance with the policy. It is established that due diligence will be carried out annually, unless there is an important change that requires immediate analysis, as deemed by the Compliance Officer.

Likewise, the due diligence procedure will be carried out in all operations that imply a negotiation or contractual or commercial relationship, carrying out an exhaustive evaluation, recording the evaluation of the legal, accounting and financial aspects related to the transaction to identify and evaluate the Corruption and Transnational Bribery risks that may affect THE COMPANIES, their collaborators, shareholders and contractors, leaving support from the analysis carried out.

The organization considers it important that a review is carried out periodically and a report is issued on the state of compliance with all legal provisions to which the company is subject.

This mechanism reduces the possibility of an event or contingency that puts the company at risk or implies unforeseen costs and provides shareholders with certainty about the legal situation of the company. It is convenient for the compliance officer to be aware of all legal disputes that are pending resolution and represent a possible risk to society. It is recommended that, at least once a year, you be presented with the necessary information so that you are aware of all pending legal disputes that the company has and its possible risk.

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The scope of the Due Diligence will be variable due to the object and complexity of the contracts, the amount of the remuneration of the Contractors and the geographical areas where they carry out their activities.

The Compliance Officer will carry out annual reviews of compliance with the Program in order to adjust the components of the System for an effective mitigation of the risks of transnational Bribery and other corrupt practices.

This Due Diligence Policy includes:

- As far as possible, visits to the facilities of the contractor or third party with whom a commercial relationship is to be initiated.
- Supplier linking format and request for attached documents. The relationship with the Company will not advance until this requirement is fully complied with.
- Check on public restrictive lists and information reported by the technological tool hired by the company.
- Verification of PEP'S so that, in case of having this quality, carry out the extended due diligence procedure
- Analysis of the risk of corruption of the counterparty that is being evaluated.
- Signature of contract or purchase/service order with the fullness of all the requirements.
- Once a year, all the data will be updated and the lists validated.


9. GENERAL POLICIES OF THE PTEE

To combat the risk of S/ST, the company defined the following policies regarding actions that constitute a source of high risk in terms of S/ST acts, which are mandatory for all employees and shareholders.

9.1 BONUSES AND BENEFITS POLICY

"But to all who received him, to those who believed in his name, he gave the right to become children of God" Jn 1:12

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The offering and receiving of gifts, gratuities and hospitality in the field of business is a common way to strengthen business relationships and, with certain restrictions, is a legitimate practice, provided they are in accordance with internal ethical standards and principles and legislation. .


Under this scenario, Megatex SAS, designs this policy that serves as a guide for employees and shareholders so that they know the guidelines established in the company in relation to the acceptance or delivery of gifts, courtesies, attention and invitations from a current supplier or third party. or potential, in order to avoid the occurrence of situations of conflict of interest or favoring third parties, current or potential.

Allowed Gratuities and Benefits: Commercial gratuity acts are permitted only for the legal representatives, administrators, directors, partners and collaborators of the Company; those acts of commercial courtesy, such as details of thanks, bonuses or others, which, in any case, may not exceed One Current Legal Minimum Wage, per person or entity with which such gratification is made. Such gratuities and benefits must be reported to the compliance officer via email pteemegatex@outlook.com, who will review the feasibility of accepting the detail and grant approval.

Gifts or gratuities must:

1. Have a legitimate business purpose.
2. Be infrequent.
3. Not knowingly conflict with the recipient's policies.
4. Be consulted and approved by their area leader or representative of the organization.
5. Never create a feeling of obligation, compromise your judgment, or appear to inappropriately influence yourself or the recipient.
6. Never be cash or an equivalent, such as a gift card, check, loan, or stock.

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Gratuities and Benefits NOT Allowed: All legal representatives, collaborators, associates, members of the Board of Directors, directors, and in general any representative of the Company, are prohibited from:

-Commissions or tips : Any practice that could potentially be considered corrupt is not permissible, that is, that intends to grant commissions or tips in contravention of the requirements established in the preceding numeral.


-Give or promise (or receive/accept), directly or indirectly, money, gifts or benefits: Be these of any kind, personally or to third parties, (public administration, associations, other similar organizations, customers, suppliers, and private third parties), with the purpose of obtaining an undue advantage, of a personal nature or for the company, seeking to influence the recipient.

-Illegal or Reprehensible Conduct: All collaborators, representatives, board members, managers or associates will avoid undertaking any reprehensible conduct or that includes corrupt practices, to achieve economic objectives or benefits for the company.

-It is prohibited to give/promise, receive/accept, directly or indirectly , any kind of compensation: That is, any type of gift, economic advantage or any other benefit from, or for, a public or private party and/or directly represented entity or indirectly by that party (including through family members). Therefore, it will not be possible to receive, payments in money, gifts, tips, goods in exchange for obtaining, doing, or not doing something, for the benefit of the third party, to achieve an agreement, payment, credit, income, concealment or supply of information or purchase-sale of goods, in a business or transaction that benefits a client or supplier and is related to the Company.

9.2 REMUNERATION POLICY AND PAYMENT OF COMMISSIONS TO EMPLOYEES, ASSOCIATES AND CONTRACTORS.

"But to all who received him, to those who believed in his name, he gave the right to become children of God" Jn 1:12

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I) Remuneration and payment of commissions to employees: The remuneration and commissions that may be generated in favor of the Employees are regulated by the provisions of the employment contract and the other signed between the parties.


Payments will be made through a bank transaction to the account of the employee who registered in the linking process and who is registered in the payroll. Any payment made without complying with this policy and/or conditions agreed in the employment contract is prohibited.

II) Remuneration and payment of commissions to associates: Associates of Megatex SAS companies will receive dividends in accordance with the Bylaws and Shareholder Agreements registered with the company. Megatex SAS will not pay commissions to Associates other than such dividends unless approved by the Board of Directors or the advisory board, which must be recorded in writing in the respective Minutes of the meeting.

III) Remuneration and payment of commissions to Contractors and suppliers: All international negotiations or transactions must be recorded in writing through a contract, purchase order or commercial offer and will be analyzed as established in the Due Diligence policy as part of the controls defined to minimize the risk of Corruption and Transnational Bribery. If in the framework of the negotiation the parties establish the recognition and payment of commissions, there should be no doubt about the nature of the same and it will be necessary that the way in which the generating event and the payment of the same are agreed upon, be clear . and do not give rise to interpretations. The foregoing will prevent disguised payments from being made through commissions, a practice that is expressly prohibited.

Payments for these concepts will be made through bank transactions, being duly supported by invoices, collection accounts prepared according to the terms established in the contract or purchase order, in such a way that they are consigned in the bank account registered by the contractor and / or provider at the time of supplying the linking process.

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No payment to third parties other than those involved in the contractual relationship is allowed.


9.3 ENTERTAINMENT, FOOD, LODGING AND TRAVEL EXPENSES POLICY.

Megatex SAS is a company specialized in the import and commercialization of Denim in Colombia, which represents the continuous need for its employees and associates to travel in Colombian territory and abroad, especially to countries such as China and India, or where the operation requires it, to comply with the face-to-face visits required for evaluation and monitoring of the development of its projects and the continuous knowledge of its Contractors and suppliers. The periodicity of the trips is due to the needs of each area, the expenses for food, lodging and travel will be authorized by the General Manager, and will be supported with the per diem form, which automatically defines the providers that will provide the service to the employee to make the trip. Once the trip is over, all employees and associates must submit the list of expenses in the format established for this purpose. It is mandatory for all employees and administrators who make national and international trips and/or visits to clients and suppliers to report and inform when legalizing the expenses.

As a corporate policy, these expenses have a certain figure, so it is not recommended to accept invitations from a client, supplier or third parties that can be understood to be expected to carry out an action or promise to carry out or not carry out an action. or make you think you should return it. All employees are prohibited from offering gifts or meals and hospitality to third parties in situations where using group resources to carry out such actions would be prohibited.

Additionally, the expenses related to food, lodging and travel paid by third parties to Collaborators that are necessary within the framework of a contractual relationship, should preferably be agreed upon in advance and in accordance with the conditions of the specific market. In any case, the payment of these concepts cannot be used to obtain an improper commercial advantage or to influence in a corrupt and illegitimate way the way a person

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acts or makes decisions. Rather, these expenses must always be tied to a legitimate business purpose.

9.4 POLITICAL CONTRIBUTIONS AND SPONSORSHIP POLICY.

The Company, in compliance with its values and ethical principles, is aware that making any type of political contribution may lead to a risk of corrupt conduct. Due to the foregoing, all its employees and Senior Management are expressly prohibited from acting on behalf and/or representation of Megatex SAS to:


- ✓ Using Company resources to make payments in cash or offer goods of value or benefits of any kind, directly or indirectly to political parties or political candidates.
- ✓ Participate in or support any type of activity that has a political component.
- ✓ Make contributions to finance political campaigns for both candidates, parties or political movements.
- ✓ Make contributions to political parties or movements.

On the other hand, The Company may make contributions and sign sponsorships, to support projects proposed by public or private entities, or by non-profit organizations, duly established in compliance with the law, that promote values consistent with those contained in this Program.

Such sponsorships and contributions may be provided for events of a social, cultural, sporting or artistic nature. They may also have the purpose of conducting studies, research, conventions or seminars on matters of interest to the Company.

The Company will evaluate, based on reasonableness and the principles established in this Program, any real link between the potential sponsorship and its commercial objectives, and will guarantee compliance with the specific registration, authorization and documentation requirement process, as well as the limits specific economics.

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All contributions and sponsorships will be disclosed in accordance with internal procedures and must be transparent, traceable, verifiable, and adequately justified. All of these will require the approval of the Principal Legal Representative of the Company.

9.5 DONATIONS POLICY

All donations delivered by Megatex SAS must strictly comply with the following guidelines:

1. Donations constitute a source of risk against illegal activities, however, in developing our support plans for social causes, we consider that donations are an essential part of the solidarity commitment that Megatex SAS has with the country. Therefore, the company will always ensure compliance with all LAFT and ANTI-BRIBERY AND ANTICORRUPTION risk prevention regulations, as well as guarantee that our sources of collection do not affect our independence or endanger our integrity, reputation and impartiality.
2. All donations and contributions made by Megatex SAS must have a lawful purpose and will be made following the legal procedures for their formalization.
3. Any donation must be adjusted to the legal system of each country, both for its delivery and for any tax benefit that Megatex SAS could exercise.
4. No donations will be made to legal entities, institutions or natural persons that have public knowledge links to any of the ML/FT/FPADM or C/ST crimes.
5. Megatex SAS will not make contributions or donations, direct or indirect, to Government Entities, organizations, Government officials or individuals involved in politics.
6. It corresponds to the General Management to authorize the donations that it considers pertinent, both in amount, beneficiary and frequency.
7. Megatex SAS will only make donations to non-profit legal persons (institution or organization) that are duly registered with the competent authorities.

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8. VoBo must be obtained from the Compliance Officer, the donation request and its annexes must be presented to the General Manager, so that he can issue the corresponding authorization.
9. Only donations by electronic transfer or consignments will be approved, for no reason will they be accepted in tangible money.
10. The maximum value of donation for each natural person will be 5 legal monthly minimum wages in force per year.
11. Once the amounts corresponding to statutory or occasional reserves have been allocated; and other obligations established in the bylaws, the company will allocate up to 10% of net profits to charitable causes, in particular, to Christian churches and/or foundations that spread the gospel, that develop social works in favor of children, adolescents and older adults who are in a state of vulnerability due to social, economic and cultural factors

DONATION DELIVERY

Donor

- In the case of a donation, approval of the expense (amount to be donated) will be requested according to what is authorized by the General Management, attaching all the documentation supporting the donation.
- In the case of a donation in kind, it will carry out the necessary actions and coordinate with the beneficiary to make the physical delivery of the donation (leaving evidence of receipt of the donation by the beneficiary).


Beneficiary

- You must deliver a certificate of donations to the donor area (when applicable) and this in turn must send it to the Accounting area.

REGISTRATION AND DOCUMENTATION

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- Invoice in case of donations of goods
- Accounting record of the donation in the correct accounting accounts according to the instruction given by the Accounting area.

9.6 DUE DILIGENCE POLICY FOR COUNTERPARTIES.

The company establishes within its guidelines the need to know the parties with whom it conducts business or maintains labor and/or commercial relationships. For this reason, through the Due Diligence process, real and exhaustive knowledge of the counterparties and their final beneficiaries is obtained. This process must be applied prior to the start of any contractual, labor or commercial relationship, and when an international transaction or negotiation of any type and amount is carried out. Thus, Due Diligence in light of the PTEE, verifies the conditions of the negotiation through an evaluation of the legal, accounting and financial aspects related to the transaction, to identify the existence of possible risks of Transnational Bribery and other practices associated with corruption that may affect the Company.


The scope of due diligence will vary based on the object and complexity of the contracts, the amount of compensation of the counterparties and the countries where the activities are carried out; In order to carry out adequate knowledge, any relationship or contract with natural or legal persons is carried out under the guidelines of due diligence. Due Diligence activities must be recorded in writing, in such a way that it can be easily accessed and understood by the Compliance Officer.

Natural persons will be requested, at least, the following documentation:

- Counterpart knowledge form
- Copy of the Unique Tax Registry RUT (applies to suppliers, contractors and associates).
- Signed identification document.
- Last valid income statement (applies to suppliers, contractors and associates).
- Updated resume (applies to collaborators).

Legal persons will be requested, at least, the following documentation:

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- Counterpart knowledge form duly completed in its entirety.
- Chamber of Commerce certificate not less than 60 days.
- Copy of the updated Single Tax Registry RUT.
- Financial Statements last period.
- Copy of identification document Legal representative.
- Two commercial references
- Shareholding structure
- Bank Certification

The due diligence process for all counterparties is detailed below:

1. Due diligence for the hiring of administrators and collaborators:


Prior to the hiring of new administrators, collaborators, the linking process will be carried out through which the following will be carried out:

- Documentation request.
- Completion of the Collaborator Linking Format.
- Verification of PEP'S so that, in case of having this quality, carry out the extended due diligence procedure, filling out the format designated for this purpose.
- Review of binding and restrictive control lists, news in public media that reports the technological tool hired by the Company in order to have exhaustive knowledge of the counterparties. If it is linked in any of the lists, the linking process is immediately terminated and therefore its selection is discarded.
- Included in labor contracts and in the Internal Work Regulations are clauses by means of which they are obliged to strictly comply with the Transparency and Business Ethics Program and the respective sanctions in case of non-compliance.

2. Shareholder admission

Prior to the admission of new shareholders, the established due diligence procedure will be carried out, in which the following will be carried out:

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- Documentation request.
- Completion of the Form of knowledge of shareholders and members of the Board of Directors and/or advisory board.
- Verification of PEP'S to, in case of having this quality, carry out the due diligence procedure.
- Review of binding and restrictive control lists, news in public media that reports the technological tool hired by the Company in order to have exhaustive knowledge of the counterparties.
- In case of being linked to any of the lists, the admission or appointment process is immediately terminated, as the case may be.
- In the knowledge formats, a declaration of compliance with the Transparency and Business Ethics Program, anti-bribery and anti-corruption commitment, declaration of origin and the respective sanctions in case of non-compliance are included.

3. Contracting of contractors and suppliers:

Prior to the hiring of contractors and/or suppliers, the linking process will be carried out through which the following will be carried out:

- Documentation request.
- Completion of the Counterpart Linking Format.
- Verification of PEP'S so that, in case of having this quality, carry out the extended due diligence procedure.
- Review of binding and restrictive control lists, news in public media that reports the technological tool hired by the Company in order to have exhaustive knowledge of the counterparties.
- Signature of contract or purchase/service order with the fullness of all the requirements.
- If it is linked to any of the lists, the linking process is immediately terminated and therefore its selection is discarded.
- As far as possible, visits to the facilities of the contractor or third party with whom a commercial relationship is to be initiated.

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- Business Ethics Program, anti-bribery and anti-corruption commitment clause, declaration of origin and the respective sanctions in case of non-compliance are included .

9.7 CONTRACTS OR AGREEMENTS WITH THIRD PARTIES

All contracts or agreements signed by the Company must contain clauses, declarations or guarantees that regulate the prevention of conducts that constitute Transnational Bribery or in general any practice or act that may be considered corrupt, in accordance with the provisions of this Program.

In addition, compliance with this Program must be declared and guaranteed, within the framework of applicable anti-bribery and anti-corruption laws and regulations, including the right to terminate the contract when a violation of this program or any applicable anti-corruption law or regulation occurs. .


In any case, the person in charge of the negotiation must ensure that the clauses are included before signing the contracts or agreements.

9.8 POLICY ON FILING PROCEDURES AND DOCUMENT PRESERVATION

The Compliance Officer will guarantee the integrity and conservation of the documents generated for the Transparency and Business Ethics Program in order to demonstrate compliance and effectiveness in case the supervisor requires it. They are part of the file:

- Act of approval of the PTEE.
- This Handbook.
- Reports submitted to manager.
- Training carried out for collaborators.
- Communication of the Manual for collaborators, shareholders, contractors.
- The due diligence evaluation carried out on contractors, employees and other associates.

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- The procedures that start the PTEE.
- The reports delivered by the Statutory Auditor, together with the respective response and the activities they support.
- Risk matrix, with their respective updates.
- Supports compliance with established policies.


The archiving area will determine the custody and archiving methodology of the information, which may be supported in physical or digital format.

10. PRACTICES CONSIDERED CORRUPT IN THE DEVELOPMENT OF NATIONAL AND INTERNATIONAL BUSINESSES:

Employees, managers or representatives who travel abroad for business reasons on behalf of the Company or on its behalf, may not:

- I.** Offer, give, promise, authorize, money or any tangible asset (cash, gifts, loans, meals, travel, lodging) to any public servant, or natural person or legal entity, in order to obtain, retain, or address business to anyone, to gain an advantage.
- II.** The granting of gifts, trips, hospitality, gift cards (bonuses) is prohibited, even if they are not of material value, if it is considered a corrupt act, to obtain an inappropriate advantage or obtain a favor, a favorable concept towards the Company or its representative with the person's own money.
- III.** Payments may not be made, gifts, benefits or unauthorized commissions may be granted through intermediaries; such gratuities and benefits must have the prior approval of the manager who leads the corresponding area, notifying the accounting area and the Compliance Officer.
- IV.** Concealment of unauthorized bonuses, gifts, or commissions through recording other expenses is prohibited.
- V.** They cannot give gifts, trips, hospitality, gift cards (bonuses), even if they are not of material value, if it is considered a corrupt act, to obtain an inappropriate advantage or obtain a favor, a favorable concept towards the company or its representative, with expenses

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borne by the company.

- VI.** Contributions, contributions to political campaigns, on behalf of the company directly or indirectly, through payments, advertising, or to any entity related to a political position, must not be made without prior authorization from Management and/or Assistant Management.
- VII.** Advances for expenses of public employees, charged to the company, are not authorized.
- VIII.** If it is a former public servant, contracted with the Company, in no case may he use the confidential information of the company or the government entity or influence peddling due to the position he held.

11. CONFLICTS OF INTEREST

All legal representatives, members of the Board of Directors, executives and employees will ensure that all decisions made in the course of their activity are in the interest of the Company. Conflicts of interest must be reported to the Compliance Officer in order to adopt the conduct necessary to retain independence of judgment and alternative.

The existence of this type of situation does not imply that it is ruled out that the Company may have a relationship in commercial, professional or any other capacity with a third party. On the contrary, what is sought is that the collaborators proceed to review the information in order to evaluate and ensure that there are no events that could cause damage to the Company.

12. COMMUNICATION CHANNELS


The company has easily accessible mechanisms for Employees, administrators, Associates, Contractors, allies, advisers and any person to express their concerns regarding possible breaches of the PTEE and any corrupt practice.

For this, the following channels are enabled:

to. Transparency and Integrity Line (LTI)

"But to all who received him, to those who believed in his name, he gave the right to become children of God" Jn 1:12

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In its preventive approach, the company has the following email: pteemegatex@outlook.com and the following telephone numbers 5249194 - Ext 117, to which all employees, regardless of their position, and other stakeholders can communicate doubts or needs for advice in relation to compliance with the transparency and business ethics program, as well as to report conduct that is found in any of the modalities of bribery or corruption. The consultation is received in detail, guaranteeing the confidentiality of the information and of the person, protecting them against any type of retaliation. For the use of this tool, the following recommendations must be followed:

- i. This email is different from customer service.
- ii. It is not a tool for complaints and claims, but for reporting behaviors that go against the Transparency and Integrity of the company .
- iii. It is not for suggestions, or attention to labor or personal issues.
- iv. It must be used responsibly. The facts reported must be real and verifiable.

False complaints or in bad faith will not be tolerated, which will be considered a violation of this code, and the respective sanctioning measures will be taken.


13. REPORTS

Internal reports:

The Compliance Officer will have a direct communication channel through the email account pteemegatex@outlook.com to attend to any concern, unusualness or contribution from the different Company officials who need to speak out on the subject, for this the “C/ST operations report” format must be completed, which is an integral part of this manual.

Additionally, the Compliance Officer must submit a report to the General Management at least once a year, which must contain at least:

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- The results of the management carried out.
- Evaluation and analysis of the efficiency and effectiveness of the Transparency and Ethics risk management system.
- The compliance that has been given with the sending of reports to the different authorities.
- The status of implementation of controls contemplated in the treatment plans resulting from the Transparency and Ethics risk assessment.
- The effectiveness of the mechanisms and instruments established to correct the failures of the Transparency and Ethics risk management system.
- Summary of the requirements and responses given to control entities.
- Critical and moderate alerts on Transparency and ethics.

External reports:

1. The report of complaints of Transnational Bribery to the Superintendence of Companies and of acts of Corruption to the Secretariat of Transparency is made in the channels of Complaints for Transnational Bribery provided in the following link:


https://www.supersociedades.gov.co/delegatura_aec/Paginas/Canal-de-Denuncias-Soborno-Internacional.aspx

Likewise, the channels for Complaints for acts of Corruption provided in the following link:

<http://www.secretariatransparencia.gov.co/observatorio-anticorrupcion/portal-anticorrupcion>

2. Report 52 superintendence of companies: SuperSociedades indicated that Business Entities that meet the criteria set forth in Resolution No. 100-006261 of October 2, 2020 are obliged to fill it out, to be considered obligated subjects to adopt a Transparency Program and Business Ethics. The delivery date of the report is according to the last two digits of the NIT and will be determined by the Superintendency annually.

"But to all who received him, to those who believed in his name, he gave the right to become children of God" Jn 1:12

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https://www.supersociedades.gov.co/delegatura_aec/informes_empresa_riales/Paginas/storm.aspx

14. ROLES AND RESPONSIBILITIES

The main functions and responsibilities of the Manager - Legal Representative, the Compliance Officer, the Statutory Auditor, the Internal Audit and the employees are listed below, taking into account that these responsibilities complement their assignments and are added to the formal obligations derived from the legal requirements of their respective functions.

14.1 INVESTORS ASSEMBLY


The Shareholders Assembly is in charge of promoting, through example, a culture of transparency and integrity in which Transnational Bribery and other corrupt practices are unacceptable.

Their functions are:

- a) Issue the Compliance Policies of the Transparency and Business Ethics Program.
- b) Promote a culture of transparency and integrity in which Transnational Bribery and corruption in general are considered unacceptable.
- c) Approve the Compliance Manual of the Transparency and Business Ethics Program and its updates and start its operation.
- d) Define and approve the Policies and mechanisms for the prevention of Transnational Bribery and other corrupt practices.
- e) Assume a commitment aimed at the prevention of Transnational Bribery, as well as any other corrupt practice, in such a way that the Legal Entity can carry out its business in an ethical, transparent and honest manner.
- f) Ensure the supply of economic, human and technological resources required by the Compliance Officer to carry out his work.

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- g) Order the pertinent actions against administrators and Associates who have management and administration functions in the Legal Entity, when any of the above infringes the provisions of the Transparency and Business Ethics Program.
- h) Lead an adequate communication strategy to guarantee the effective dissemination of the Compliance Policies and the Transparency and Business Ethics Program among collaborators, administrators, shareholders, members of Employees, Associates, Contractors and the general public.
- i) Appoint the Compliance Officer as responsible for monitoring the system of self-control and risk management of Transnational Bribery and Corruption. This must have management, trust and management functions, who must have the suitability and leadership for risk management in Transnational Bribery.


PARAGRAPH: In the event that the Board of Directors is formed in the company, this collegiate body will assume the functions of the Shareholders' Assembly in relation to the transparency and business ethics program, and therefore, will be in charge of establishing and defining the policies compliance with the PTEE and guarantee its effectiveness

14.2 MANAGER - LEGAL REPRESENTATIVE

The Legal representative, having management and administration functions, is in charge of promoting, through example, a culture of transparency and integrity in which Transnational Bribery and other corrupt practices are unacceptable, for which they must establish and define the Compliance Policies, which includes the instructions that must be given regarding the design, structuring, implementation, execution and verification of actions aimed at the prevention and effective mitigation of any corrupt practice, not only in the Company. In accordance with the foregoing, the legal representative undertakes to carry out the following actions:

- a. Issue the Compliance Policies of the Transparency and Business Ethics


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Program.

- b. Promote a culture of transparency and integrity in which Transnational Bribery and corruption in general are considered unacceptable.
- c. Approve the Compliance Manual of the Transparency and Business Ethics Program and its updates and start its operation
- d. Define and approve the Policies and mechanisms for the prevention of Transnational Bribery and other corrupt practices
- e. Assume a commitment aimed at the prevention of Transnational Bribery, as well as any other corrupt practice, in such a way that the Legal Entity can carry out its business in an ethical, transparent and honest manner.
- f. Ensure the supply of economic, human and technological resources required by the Compliance Officer to carry out his work.
- g. Order the pertinent actions against administrators and Associates who have management and administration functions in the Legal Entity, when any of the above infringes the provisions of the Transparency and Business Ethics Program.
- h. Lead an adequate communication strategy to guarantee the effective dissemination of the Compliance Policies and the Transparency and Business Ethics Program among collaborators, administrators, shareholders, members of Employees, Associates, Contractors and the general public.
- i. Appoint the Compliance Officer as responsible for monitoring the system of self-control and risk management of Transnational Bribery and Corruption. This must have management, trust and management functions, who must have the suitability and leadership for risk management in Transnational Bribery.
- j. Define the profile of the Compliance Officer in accordance with the Compliance Policy, without prejudice to the provisions of this Chapter.
- k. Approve the document contemplated by the PTEE.
- l. Assume a commitment aimed at the prevention of C/ST Risks, in such a way that the Obligated Entity can carry out its business in an ethical, transparent and honest manner.
- m. Ensure the supply of economic, human and technological resources required by the Compliance Officer to carry out his work.
- n. Order the pertinent actions against Business Associates, who have

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management and administration functions in the Obligated Entity, Employees, and administrators, when any of the above infringes the provisions of the PTEE.

- o. Lead an adequate communication and pedagogy strategy to guarantee the dissemination and effective knowledge of the Compliance Policies and the PTEE to Employees, Associates, Contractors (according to the Risk Factors and Risk Matrix) and other identified interested parties.
- p. Ensure that the PTEE is articulated with the Compliance Policies adopted by the board of directors or the highest corporate body.
- q. Certify before the Superintendency of Companies compliance with the provisions of this Chapter, when required by this Superintendency, REPORT 52.


14.3 COMPLIANCE OFFICER

MINIMUM REQUIREMENTS TO BE APPOINTED AS A COMPLIANCE OFFICER

The natural person designated as Compliance Officer must meet at least the following requirements:

- i) Enjoy the ability to make decisions to manage the Risk and have direct communication with, and depend directly on, the board of directors or the highest corporate body;
- ii) Have sufficient knowledge in C/ST Risk management and understand the ordinary course of activities;
- iii) Have the support of a human and technical work team, according to the C/ST Risk and the size of the Obligated Entity;
- iv) Not belong to the administration, corporate bodies or belong to the fiscal auditing body;
- v) Not serve as Compliance Officer, principal or substitute, in more than 10 Companies.
- vi) When there is a business group or a situation of declared control, the Compliance Officer of the parent company or parent may be the same person for all the companies that make up the group or

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conglomerate, regardless of the number of companies that make it up.

vii) Be domiciled in Colombia.

The following functions are required by the Compliance Officer:

- a. Present with the legal representative, for approval of the board of directors, the proposal of the PTEE.
- b. Submit, at least once a year, reports to the board of directors or, failing that, to the highest corporate body. As a minimum, the reports must contain an evaluation and analysis of the efficiency and effectiveness of the PTEE and, if applicable, propose the respective improvements. Likewise, demonstrate the results of the management of the Compliance Officer and the administration of the Obligated Entity, in general, in compliance with the PTEE.
- c. Ensure that the PTEE is articulated with the Compliance Policies adopted by the board of directors or the highest corporate body.
- d. Ensure effective, efficient and timely compliance with the PTEE.
- e. Implement a Risk Matrix and update it according to the needs of the Obligated Entity, its Risk Factors, the materiality of the C/ST Risk and in accordance with the Compliance Policy.
- f. Define, adopt and monitor actions and tools for the detection of C/ST Risk, in accordance with the Compliance Policy to prevent C/ST Risk and the Risk Matrix.
- g. Guarantee the implementation of appropriate channels to allow anyone to report, in a confidential and secure manner, breaches of the PTEE and possible suspicious activities related to Corruption.
- h. Verify the proper application of the whistleblower protection policy that the Obligated Entity has established and, with respect to employees, the workplace harassment prevention policy in accordance with the law.
- i. Establish internal investigation procedures in the Obligated Entity to detect breaches of the PTEE and acts of Corruption;
- j. Coordinate the development of internal training programs.
- k. Verify compliance with the Due Diligence procedures applicable to the Obligated Entity.

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- l. Ensure the adequate filing of documentary supports and other information related to the management and prevention of C/ST Risk.
- m. Design the C/ST Risk classification, identification, measurement and control methodologies that will form part of the PTEE.
- n. Carry out the evaluation of compliance with the PTEE and the C/ST Risk to which the Obligated Entity is exposed.

14.4 TAX INSPECTION

The fiscal inspector must report before the competent authorities any act of Corruption that he becomes aware of in the development of his duties. In fact, article 32 of Law 1778 of 2016, which adds numeral 5 of article 26 of Law 43 of 1990, imposes on tax auditors the express obligation to report to the criminal, disciplinary and administrative authorities, for the presumed commission of crimes, that he detects in the exercise of his position, even, despite the professional secrecy. In compliance with his duty, the tax auditor must pay special attention to alerts that may give rise to suspicion of an act related to a possible act of Corruption.


14.5 PROCESS LEADERS

The leaders of the processes that are exposed to a greater degree to risks of Corruption and Transnational Bribery, must ensure the correct implementation and start-up of the controls to mitigate risks and comply with the procedures established in their areas. Similarly, they may request the Compliance Officer to review, modify or update existing controls when they deem it necessary, in order to mitigate risks and comply with the policies determined in the Compliance Manual. The Compliance Officer, when deemed necessary, may conduct training on the prevention of Transnational Bribery to Contractors and their relevant officials.

15. DISSEMINATION AND TRAINING

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The disclosure of the Transparency, Business Ethics and Anti-Corruption Program must be done by publishing it on the Company's website, guaranteeing its access and knowledge to all stakeholders. Additionally, the Compliance Officer will periodically train all company employees on this matter.

16. SANCTIONS FOR VIOLATION OF THE TRANSPARENCY AND BUSINESS ETHICS PROGRAM.

The sanctions that the company will apply, in the event of violations of the Business Ethics and Anti-Corruption regulations, may result in serious misconduct for direct employees and/or their representatives, including dismissal for just cause, in accordance with the provisions of the Substantive Code of Job. Sanctions or disciplinary measures will be imposed on employees involved in corrupt practices or violations of the provisions contained in the Transparency, Business Ethics and Anti-Corruption Policy.


It is the obligation of the Legal Representative and the Compliance Officer to notify the competent authority of the violations of the rules on acts considered as corruption. The Company will not cover expenses associated with the defense of employees or their representatives, for sanctions imposed for the violation of Business Ethics and Anti-Corruption regulations.

17. WARNING SIGNS

There is no exhaustive list that makes it possible to clearly identify all the warning signs, since Megatex SAS periodically identifies its Risk Factors, evaluates and builds its mitigation controls and, as a consequence, prepares its own warning signs. In the same way, the signs to be taken into account are presented:

- a.** Legal entities that have won several of the largest tenders from different authorities.
- b.** The counterparty is a legal entity with little or no experience in contracting with State companies, but which receives government contracts.
- c.** The counterparty that requires the inclusion of unreasonable clauses for the execution of the contract, such as restrictions for the location of the

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contractor, deadlines that cannot be met according to logic or very tight compliance deadlines, etc.)

- d. Make deposits or transfers to political party accounts.
- e. Public information that links the counterparty to corruption or other financial crimes.
- f. Request by a counterparty, for the company to generate false invoices or any false document.
- g. Presenting a report of gifts, attentions, courtesies, donations, charitable contributions, invitations to have breakfast, lunch, dinner, etc., invitations to conferences or academic or professional events, invitations to entertainment events (sports, artistic, etc.) not clear or poorly documented.
- h. In counterparty or transaction due diligence, they appear as justification for the unusualness of words and phrases that are often used as euphemisms for kickbacks (eg, commissions, marketing fees, surcharges, etc.).
- i. The counterparty is unwilling or unable to explain any of the following: its activity, the history of its business, the identity of the beneficial owner, the origin of the resources, the counterparties with which it carries out transactions, the foreign counterparties with which it has links.
- j. The counterparty is a Politically Exposed Person (PEP).
- k. The counterpart is prosecuted for links to criminals.
- l. The transactions carried out with the counterparty are not consistent with its economic activity.
- m. The counterparty abruptly increased its activity after long periods of inactivity.
- n. The counterparty comes from a jurisdiction with low or no taxation (Tax Havens)
- o. The counterparty performs many transactions whose individual amount is low.
- p. The counterparty maintains a bank balance close to zero despite having a large volume of transactions.

18. MANUAL UPDATE

Updates to the Compliance Policy and the PTEE will be made every time there are changes in the company's activity that alter or may alter the degree of C/ST Risk, or at least every two (2) years.

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19. PRESERVATION OF FILES

All information related to the PTEE must be kept and specifically, what is related to international business or transactions in which Megatex SAS is involved for at least ten (10) years in accordance with the provisions of article 28 of Law 962 of 2005 , or the norm that modifies or replaces it, on the conservation of books and commercial papers.

GUSTAVO LOPEZ OSORIO

Legal Representative – MEGATEX SAS

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