

REPORT OF THE APPOINTMENTS AND REMUNERATION COMMISSION ON ITS COMPOSITION AND OPERATION DURING THE 2022 FINANCIAL YEAR

1. INTRODUCTION

In accordance with Article 529 nonies of the Corporate Enterprises Act, the Board of Directors shall assess its own operation and that of its committees and commissions on an annual basis and propose an action plan based on the results to rectify any deficiencies detected during said assessment.

This report on the activity of the Appointments and Remuneration Commission is drawn up in accordance with Recommendation 6 of the Unified Good Governance Code (UGGC) of Listed Companies, with Section 11 of the National Securities Market Commission's Technical Guide 1/2019 on Appointments and Remuneration Commissions and with Article 18 of Duro Felguera's Board Regulations. This report will be submitted to the Board of Directors pursuant to the provisions of Articles 5.8.c) and 18 of the Board of Directors' Regulations and with Recommendation 36 of the UGGC and will be published on the corporate website with sufficient advance prior to the Annual General Meeting in accordance with Recommendation 6 of the UGGC.

2. Composition of the Appointments and Remuneration Commission

The following was the composition of the Appointments and Remunerations Commission at 31 December 2022:

Member	Office	Category	Date of first appointment to the Board
Valeriano Gómez Sánchez	Chairman	Independent	30/01/2020
Jordi Sevilla Segura	Member	Independent	17/04/2020
José Julián Massa Gutiérrez del Álamo	Member	Independent	30/12/2019
Jesús Sánchez Lambas	Non-member Secretary and Legal Counsel to the Board	-	09/02/2022

The following are the professional profiles of the members of this commission:

VALERIANO GÓMEZ SÁNCHEZ

○ **QUALIFICATIONS:**

Degree in Economics (Complutense University, Madrid).

○ **PROFESSIONAL EXPERIENCE:**

- Economist in the Technical Cabinet of the Confederal Executive Committee of UGT (responsible for the employment, wages and collective bargaining areas).
- General Manager of the Employment Promotion Fund of the Steelmaking Sector.
- Executive Advisor in the Technical Cabinet of the Minister of Labour and Social Security (employment policy, unemployment protection and vocational training areas).
- Head of the Labour Studies and Analysis Office of the National Employment Institute (INEM).
- Sole Director of PSV.
- Member of the Economic and Social Council of Spain.
- Secretary General of Employment in the Ministry of Labour and Social Affairs.
- Jose Ortega y Gasset University Research Institute.
- Minister of Labour and Immigration.
- Member of the Parliament. Socialist Parliamentary Group spokesperson for economic issues.
- Researcher, Vice-President of the Instituto Coordinadas and economist at A25 Abogados & Economistas.
- Member of the Supervisory Technical Commission on Prices.
- Member of the Inspection Commission of the Economic and Social Agreement (AES).
- Member of the General Council of INEM (representing the Ministry of Labour and Social Security).
- Member of the Board of Directors of Izar and Navantia.

JORDI SEVILLA SEGURA

○ **QUALIFICATIONS:**

- Degree in Economics from the University of Valencia.
- Supervisory Board of State Business Technicians and Economists.

○ **PROFESSIONAL EXPERIENCE:**

- Teacher at the School of Industrial Organisation (EOI) and at the Instituto de Empresa (IE) where he was an associate professor of Economic Environment in an Executive Master.

- Deputy regional director in Valencia. Member of the Management Committee for citrus exports and of the Executive Committee of the Chamber of Commerce.
- Advisor for international economic relations in the Office of the President of the Government of Spain, taking part in negotiation of the Maastricht Treaty.
- Chief of Staff to the Minister of Agriculture, Pedro Solbes, participating in the MacSharry reform of the Common Agricultural Policy (CAP).
- Office Manager at the Minister of Economy and Finance, participating in management of the European Monetary System crisis and the economic crisis associated with German reunification.
- Member of the Socialist Parliamentary Group in the Spanish Congress. Economic advisor providing special assistance to the Secretary General of the Spanish Socialist Workers' Party (PSOE) and the candidate for the Presidency of the Government.
- Secretary of Economic Policy and Employment on the Federal Executive Committee.
- Member of the Spanish Parliament. Representative for the province of Castellón, spokesperson for economy of the Socialist Group and Chair of the Joint Committee on Climate Change.
- PwC. Senior Counsellor.
- Pedro Sánchez's Expert Committee. Chief economist of the electoral programme of the Socialist candidate for the Presidency of the Government in two electoral campaigns (2015 and 2016).
- Llorente y Cuenca. Vice-President.
- Red Eléctrica de España. President of the Red Eléctrica Group (National Grid) and of the Board of Directors of Red Eléctrica Corporación.

JOSÉ JULIÁN MASSA GUTIÉRREZ DEL ÁLAMO

○ **QUALIFICATIONS:**

- Degree in Economics and Business Administration from the University of Deusto.
- Master's degree in International Economics.
- Ph.D. in Economics.
- State Economist.
- Finance lecturer at CUNEF.

○ **PROFESSIONAL EXPERIENCE:**

- He has devoted his professional life to the financial markets, creating the Spanish options and futures market and developing the IBEX 35 index.
- Director of HUNOSA.
- Director of REPSOL exploration.
- Director of MexDer.
- Director of AIAF.
- Director of ECOFEX.
- Director of ENUSA.
- Director of Bandesco.
- Director of RegisTR.

Jesús Sánchez Lambás was appointed as Non-member Secretary and Legal Counsel to the Board and the Delegated Committees during the 2022 financial year.

The composition of the Appointments and Remuneration Commission shall take the basic action principles set forth in the Technical Guidelines of the National Securities Market Commission into account. Furthermore, article 18 of the Board's Regulation provides as follows:

The Appointments and Remuneration Commission – a non-executive body the mission of which is to inform, advise and propose measures within its scope of action – shall be composed of a minimum of three (3) and a maximum of five (5) non-executive directors, the majority of whom shall be independent.

In accordance with the above, the Appointments and Remuneration Commission considers that its composition meets the requirements with respect to category, qualifications and aptitude for satisfactory performance of its assigned functions.

2.1. Competences of the Appointments and Remuneration Commission

The Appointments and Remuneration Commission has the following competences, among others, in accordance with the law and the Company's corporate procedures.

1. The competences set forth in this chapter and any others assigned to it by law, internal regulations or the Board of Directors shall fall within the competence of the Commission.
2. Regardless of any other tasks assigned to it by the Board of Directors, the Commission shall have the following main functions, within which it may submit proposals to the consideration of the Board of Directors for approval, as appropriate.

2.1 On the Directors and the Board of Directors:

- a) To assess the competences, knowledge and experience required on the Board of Directors. For these purposes, it shall define the functions and aptitudes required for candidates to fill vacancies, assess the time and dedication required for them to effectively carry out their duties and verify compliance with the director recruitment policy on an annual basis.
- b) To set the parity target for the under-represented gender on the Board of Directors and develop guidelines on how to achieve it.
- c) To submit proposals for the appointment of independent directors to the Board of Directors for co-option or submit candidates to the decision of the General Meeting in addition to proposals for re-election or dismissal of said directors by the General Meeting.
- d) To report on the proposals for appointment of other directors for co-option or submission to the decision of the General Meeting in addition to proposals for re-election or dismissal of said directors by the General Meeting.

- e) To examine and organise the succession to the Chairperson of the Board of Directors and, as appropriate, the Company's Chief Executive Officer by making proposals to the Board of Directors to ensure that the substitution takes place in a planned, orderly manner.
- f) To propose the remuneration policy to the Board of Directors in addition to the executive directors' individual remuneration and other contractual conditions and to ensure their compliance.
- g) To conduct regular reviews of the remuneration policy applied to the Directors including remuneration systems involving shares and application of the same. To ensure that the directors' individual remuneration is proportionate to that paid to the Company's other directors and senior executives.
- h) To check the information on directors' remuneration contained in the corporate documentation, including the Annual Report on Directors' Remuneration.
- i) To ensure that no conflict of interest compromises the independence of the external consultancy provided to the Commission.
- j) To inform the Board of Directors concerning proposals for dismissal due to non-compliance with the duties of a director as stipulated in the currently applicable legislation and the Company's internal regulations at any given time or for newly-incurred reasons for dismissal or resignation as provided for in the applicable regulations.

2.2 On the Senior Management and executives remuneration policies:

- a) To inform the Board of Directors of proposals to appoint and dismiss senior managers and propose the basic conditions of their contracts. For these purposes, the Commission shall receive – from Management, the Board of Directors or their respective committees, as appropriate, – the job description, descriptive proposals of the candidates, the recruitment proposal and the contractual conditions to be offered to fill the position, all of which must comply with the remuneration policy applied to senior managers. If deemed appropriate, the Commission is authorised to interview the candidates, request additional information and take any measures it deems necessary to draw up its proposal.
- b) To inform the Board of Directors of proposals for the remuneration policy applied to managing directors or those who perform senior management missions under the direct authority of the Board, the Executive Committee or the Chief Executive Officers and to ensure compliance with the same.
- c) To conduct regular reviews of the remuneration policy applied to senior management including remuneration systems involving shares and application of the same and to ensure that their individual remuneration is proportionate to that paid to the Company's other senior managers.

- d) To check the information on senior managers' remuneration contained in the corporate documentation, including the Annual Report on Directors' Remuneration.
- e) Whenever substantial changes occur in the employment contracts or changes are planned in the policies, to check that the terms and conditions of senior management contracts are consistent with the current remuneration policies.
- f) To conduct annual checks to ensure that the remuneration policies for senior managers are appropriately applied, that no unauthorised payments are made and to propose appropriate measures, if required, to recover any improperly paid amounts.
- g) To regularly review the Group's overall personnel remuneration programmes, assessing their suitability and effectiveness.

2.3 To review and assess the Corporate Governance Policies to ensure that they are constantly updated and in compliance with the currently applicable regulations. To submit proposals for review, amendment and improvement that the Commission deems appropriate.

2.4 To draw up the associated annual report on directors' remuneration (IARC, as per the Spanish acronym) to be submitted to the Board of Directors and which must be reported in compliance with the currently applicable legislation.

3. ACTIVITIES OF THE APPOINTMENTS AND REMUNERATION COMMISSION

The Appointments and Remuneration Commission met five times during the 2022 financial year. In brief, and without prejudice to all the functions with which it is attributed by law or by the Board's Regulations, the following are the main activities performed by the Commission:

I. On assessment of the Board and its Committees

During the 2022 financial year the Appointments and Remuneration Commission assessed the activity of the Board of Directors and its delegated committees in accordance with Recommendation 36 of the Good Governance Code:

1.1. On operation of the Board of Directors

The Appointments and Remuneration Commission considers that the Board of Directors' performance during the 2022 financial year was consistent with the requirements set forth in the internal regulations and the applicable legislation. Accordingly, the Commission considers that the Directors have fulfilled their duties with due diligence.

1.2. On the Board of Directors' Committees

The Appointments and Remuneration Commission assessed operation of the Board of Directors' delegated committees, namely the Audit, Risk and Compliance Committee, the Sustainability Committee and its own committee, coming to the conclusion that all said committees have complied with the required criteria of composition, competence and operation. The qualification and skills of their members were also assessed on the basis of the functions attributed to them by the Board's Regulations and the Articles of Association and found to be suitable.

1.3. On the Chair of the Board of Directors

The Chairperson of the Board of Directors convened Board meetings with sufficient advance notice, set the agenda and ensured that the Directors received the required information in advance, thus enabling them to consider and arrive at decisions on the various items on the agenda. She presided over and directed the Board meetings, fostered debates and the participation of the Directors while safeguarding the free adoption of positions and expression of opinions within the Board. She also invited people who could contribute to enhancing the Directors' information or decision-making to attend Board meetings or to be present during consideration of specific items on the agenda. The Chairperson also presided over the Annual General Meeting held in 2022 and the Extraordinary General Meeting held in April 2023. Together with the Board Secretary, she co-signed the minutes of all the meetings held by the Board of Directors.

Taking the above into consideration, the Commission considers that the Chairperson has satisfactorily fulfilled the functions assigned to her as Chairperson of the Board of Directors in the Articles of Association and the Board's Regulations, contributing her experience, knowledge and participation to the effective operation of the governing body.

1.4. On the Chief Executive Officer in 2022

The Chief Executive Officer aligned his activity with the Board of Directors' priorities and made significant efforts to manage the main risks to which the Company is exposed. He led monitoring of the viability plan and achievement of the goals set by the Group.

II. The Commission's activity with respect to appointment of the Board Secretary

Prior to approval by the Board of Directors on 9 February 2022, the Appointments and Remuneration Commission issued a favourable report on appointment of Jesús Sánchez Lambás as Secretary of the Board of Directors and its delegated committees.

III. The Commission's activity regarding appointment and re-election of Directors

Prior to the approval by the Board of Directors on 26 April 2022, the Appointments and Remuneration Commission issued a favourable report on appointment of José Massa Gutiérrez del Álamo as Vice-Chairperson of the Board.

IV. The Commission's activity regarding the appointment of new members of the Management Committee

Duro Felguera Group strengthened its management team by appointing new members of the Management Committee of Duro Felguera, S.A. during the 2022 financial year. Consequently, in accordance with the functions assigned to it in the Board's Regulations, the Appointments and Remuneration Commission reported on proposals for appointment of senior managers and proposed the main terms and conditions of their contracts to the Board of Directors.

V. Activities with respect to the remuneration of Directors and members of the Management Committee

With respect to the Directors' remuneration policy, the Appointments and Remuneration Commission analysed the current remuneration of the Board of Directors, that of the Company's senior managers and other issues related to its remuneration policy in various meetings.

The Commission will submit the proposal for the Directors' remuneration policy for the 2024, 2025 and 2026 financial years to the Board of Directors for approval by the Annual General Meeting.

4. CONCLUSIONS

Based on the above, the Appointments and Remuneration Commission considers that both its composition and operating rules are in line with the relevant provisions of the law and with the Company's corporate governance texts and that it has effectively exercised its assigned competences in the best interest of the Company.

Gijón, 19 May 2023.