



## **REPORT OF THE SUSTAINABILITY COMMITTEE ON ITS COMPOSITION AND OPERATION DURING THE 2022 FINANCIAL YEAR**

### **1.- REGULATION OF THE SUSTAINABILITY COMMITTEE**

At its meeting held on 18 January 2022, the Board of Directors of Duro Felguera, S.A. (hereinafter, "Duro Felguera" or the "Company") decided to set up a Sustainability Committee, the mission of which is to oversee compliance with the environmental, social and corporate governance policies and rules and the internal codes of conduct in line with Recommendations 53 and 54 of the Unified Good Governance Code (UGGC) of Listed Companies issued by the National Securities Market Committee (CNMV).

The internal regulation of the Sustainability Committee is set forth in Article 19, "The Sustainability Committee", of the Board of Directors' Regulations.

The Board of Directors' Regulations can be accessed on the Company's website ([www.durofelguera.com](http://www.durofelguera.com)).

Duro Felguera's Sustainability Committee (hereinafter the "Committee") is an internal body of the Board of Directors. It operates on a permanent basis providing information, advice and recommendations but does not have executive functions, being empowered to gather information, provide guidance and make proposals within its scope of action.

The Committee is governed by the rules set forth in the Board of Directors' Regulations (hereinafter the "Regulations"), the applicable legal provisions and the internal corporate regulations.

These Regulations aim to foster the Committee's independence and establish the action criteria and basic rules for its organisation, internal operation and the rules of conduct for its members.

Pursuant to the above, in its meeting held on 22 May 2023, Duro Felguera's Sustainability Committee drew up this Report on its composition and operation during the 2022 financial year to be submitted to the Board of Directors in accordance with Article 5.8 of the Board of Directors' Regulations and Recommendation 36 of the UGC and will be published on the corporate website with sufficient advance notice before the Annual General Meeting in accordance with UGC Recommendation 6.



## **2.- COMPOSITION OF THE SUSTAINABILITY COMMITTEE**

### **2.1 Composition of the Sustainability Committee**

The Sustainability Committee was made up of the following Directors as at **31 December 2022**:

<b>DIRECTOR</b>	<b>OFFICE</b>	<b>CATEGORY</b>
Jordi Sevilla Segura	Chairperson	Independent
Rosa Isabel Aza Conejo	Member	Independent
José J. Massa Gutiérrez del Álamo	Member	Independent
Jesús Sánchez Lambás	Non-member Secretary and Legal Counsel	

The Committee shall consist of a minimum of three (3) and a maximum of five (5) members selected from among the non-executive directors, at least the majority of whom must be independent directors. They will be appointed taking their knowledge, skills and experience and the Committee's responsibilities into account.

Its composition shall prioritise diversity, particularly in terms of gender, professional experience, sectoral competencies and knowledge.

The Board of Directors shall determine the number of members on its own initiative or by acting on the Committee's proposal.

The members of the Committee shall be appointed and dismissed by the Board of Directors.

They shall be appointed for a maximum of four years and may be re-elected one or more times for equal periods. Members of the Committee who are reappointed as Company directors shall continue to hold their positions on the Committee unless decided otherwise by the Board of Directors.

The Chairperson of the Committee shall be appointed by the Board of Directors from among the independent directors. The office of Chairperson of the Committee shall be held for a maximum of four (4) years, after which the director who has held the position may not be re-elected as Chairperson – without prejudice to their continued service as a member of the Committee – until one (1) year has elapsed after leaving office.



The following are the professional profiles of the current members of the Sustainability Committee:

**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 and the candidate for the Presidency of the Government.
  - PSOE (Spanish Socialist Workers' Party). 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.



## **ROSA ISABEL AZA CONEJO**

### ○ **QUALIFICATIONS:**

- Bachelor's degree in Economics and Business Administration from the University of Santiago de Compostela.

### ○ **PROFESSIONAL EXPERIENCE:**

- Lecturer in Business at the Higher School of Commerce of Gijón.
- From 1976 to 2000, she was a professor in the Department of Economics at the University of Oviedo, teaching at the School of Business Studies and the School of Industrial Engineers.
- From 1998 to 2004, she was the Director of the University School of Business Studies in Gijón at the University of Oviedo. During this period, she was also the director of the Master's program in Transport and Logistics Management and the Higher Title in Tourism at the University of Oviedo.
- From 2000 to 2010, she combined her university activity with participation in various Boards of Directors, holding positions such as:
  - Board member of the Caja de Ahorros de Asturias.
  - Board member of SADEI (Asturian Society for Economic and Industrial Studies).
  - Board member of TELECABLE.
  - Member of the Governing Board of the International Trade Fair of Asturias.
  - President of the Control Committee of the Caja de Ahorros de Asturias.
  - Chairperson of the Board of Directors of AUCALSA (Asturian-Leonese concessionary highway).
  - Chairperson of the Board of Directors of VIASTUR (Asturian concessionary highway).
- From 2010 to 2016, she held the positions of President of the National Postal Sector Committee and the Port Authority of Gijón.
- In 2016 she returned to the University of Oviedo to take up a teaching position, during which time she was a speaker in masters courses and conferences at various universities.
- She is currently a member of the Advisory Council for Development of the Ministry of Development. Her most important lines of research work are related to the economic analysis of tourism, transport and infrastructures and she has written various articles and books in these fields.



## 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.



## **2.2 Operation of the Sustainability Committee**

The Committee shall meet whenever its Chairperson convenes it or when requested by the majority of its members or when the Board of Directors requires it to do so. At all events, it must meet at least three (3) times a year. Members of the Committee may request the Chair to include items on the agenda and the Chair may not refuse to do so.

Meetings of the Committee shall be quorate when the majority of its members attend the meeting in person or by proxy and the decisions will be taken by a majority of the attendees.

The provisions of the Articles of Association and the Board of Directors' Regulations regarding the option of casting written votes without a face-to-face session and holding sessions by video- or tele-conference shall be applicable to the Committee's meetings.

The Company shall provide the members of the Committee with the required material means to perform their work and they shall have access to all the Company's information that has a bearing on their scope of action.

The Committee may draw up its own regulations which must be approved by the Board of Directors and propose amendments to the same which must also be submitted to the governing body for approval.

## **2.3 Competences of the Committee**

The competences set forth in the Board of Directors' Regulations and any others assigned to it by law, internal regulations or the Board of Directors shall fall within the competence of the Sustainability Committee.

The following shall be the main functions of the Committee:

- a) a.1) To supervise application of and compliance with the Internal Codes of Conduct and regulatory compliance that is not expressly assigned to other Committees or the Company's Board of Directors.
- a.2) To supervise compliance with the internal rules and procedures that ensure observance of the rules of conduct and regulatory compliance in all areas of the Company's activities and to table proposals for their improvement and development.
- b) To supervise compliance with the Company's corporate governance rules. Accordingly, the Committee shall be responsible for the following:
  - b.1) Supervising compliance with transparency in corporate activity.
  - b.2) Regular assessment of the suitability of the corporate governance system to fulfil its mission of fostering the Company's interests and taking the legitimate interests of other stakeholders into account as required.



b.3) Informing and, as required, making the resultant proposals to the Board of Directors regarding development of the Company's and its Group's corporate governance rules on the basis of the ground rules set in the Articles of Association and in accordance with the applicable regulations at any given time.

c) To supervise compliance with the Company's Sustainability policy. Consequently:

c.1) Reviewing and evaluating the Company's Sustainability policy and ensuring that it is oriented to the creation of value.

c.2) In particular, the Committee shall ensure that the Sustainability policy elucidates at least the following aspects:

- Its goals and the development of a supporting apparatus.
- The corporate strategy concerning the environment, social questions and good corporate governance.
- Specific practices related to: employees, clients, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal conduct.
- The methods or systems for monitoring the results of application of the specific practices mentioned in the previous point, the associated risks and their management.
- The channels of communication, participation and dialogue with stakeholders.
- Responsible communication practices that eschew dissemination of biased information and protect integrity and honour.

d) To supervise application of the general policy that governs communication of the information disseminated by the Company and in relation to shareholders, investors, voting advisors and other stakeholders.

Any other tasks entrusted to it by the Board of Directors.

### **3.- COMMITTEE MEETINGS IN 2022**

The Committee held a total of 5 meetings.

### **4.- MAIN ACTIVITIES DURING THE 2022 FINANCIAL YEAR**

The Committee commenced its work in 2022 with the aim of endowing this newly-established body of the Board of Directors with institutional value. It defined the frequency of its meetings, how it will interact with the Group's operations and articulated its institutional functions, recognising the need to address adaptation of the regulatory framework to accommodate the most up-to-date dimension of Sustainability: environmental, social and governance-related aspects.

The main task was to draw up, approve and submit the Sustainability Policy to the Board of Directors. The Policy sets the underlying principles and general framework of action that will form the basis of the Group's sustainability strategy and practices in accordance with the currently applicable regulations, internal management rules and best corporate governance practices.



In view of the Group's commitment to sustainability and its concern and interest in understanding not only the consequences of our activities on environmental, social and governance-related issues but also how these issues impact the Company itself, especially its value, the Committee has set the goal of adapting its materiality analysis model to international reference standards; i.e., compliance with GRI3 that proposes calculating impact materiality and double materiality based on the considerations put forward by the European Financial Reporting Advisory Group (EFRAG).

During the 2022 financial year the Committee has collected information concerning the steps taken to adapt Duro Felguera's methodology to calculation of the materiality of impacts.

The following were the Committee's main ESG-related lines of action in 2022:

#### **4.1 Activities related to the Environmental area**

Duro Felguera's activities depend on the environment. For that reason, the Group works to minimise the environmental impact of its activities by integrating the environmental variable into its strategic business management.

As a global group, Duro Felguera carries out a wide range of processes from EPC project management through provision of services to manufacture of capital goods in its DF Calderería Pesada workshop, not forgetting the engineering activity itself performed at the head office.

All environmental risks associated with performance of these activities are controlled by implementation of a certified Environmental Management System and are identified and assessed for all projects in which the Group is involved.

The Committee reported on management and fulfilment of the following strategic milestones that the Company achieved during the 2022 financial year and which are aligned with the Sustainable Development Goals (SDGs):

- SDG 12: RESPONSIBLE PRODUCTION AND CONSUMPTION:

- Improvement in supply chain management
  - EcoVadis rating: bronze medal obtained
  - Implementation of a pre-qualification questionnaire for suppliers based on ESG criteria
- Increased presence of DF in specialised forums: sustainability and the circular economy

- SDG 13: CLIMATE ACTION:

- Implementation of carbon footprint verification (reference year 2021) and registration in the national registry of the Ministry for Ecological Transition and Demographic Challenge.
- Sustainable mobility: electric charger implementation project in head office.
- ISO 50.001 energy efficiency implementation project.





- SDG 7: AFFORDABLE AND CLEAN ENERGY:

- Implementation of a new renewable energy business line: DF Green Tech, framework contract for 100% renewable electricity.

- SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE:

- Award of the "green hydrogen pilot production plant" project at the Galp refinery in Sines, Portugal.

#### **4.2 Activities related to the Social area**

People management at Duro Felguera aims to lay the foundations for orderly, robust, sustainable growth by managing and developing its human capital and the strong commitment of its highly-qualified employees.

Providing competitive working and remuneration conditions to achieve the Group's objectives is a top priority. Being equipped with a structure that meets the needs and requirements of the business and its activities at all times is also a key factor.

Duro Felguera is unconditionally committed to its team of highly motivated, skilled workers who are the driving force behind our growth and international expansion.

In 2022:

- The Committee has collected information on the work performed to design and lay the foundations on which Duro Felguera will build its transformation process during which the People and Organisation Department will play a fundamental role as guarantor of cultural and organisational change.
- The Committee is fully informed on the work carried out to foster communication with stakeholders and has monitored the measures to increase the Group's presence on social media. It has also been informed about the update of the Company website and creation of a page devoted to communication with shareholders. Furthermore, the Committee has kept abreast of measures aimed at enhancing internal communications with company employees through a series of different channels.
- It has reviewed Duro Felguera's health and safety-related performance: the Company has retained its V-safe Certification and has implemented a new Action and Safety Commitment Plan in DF Servicios to integrate preventive activity at all levels of the organisation.

It has compiled information on the recognition obtained from the Asturian Institute of Occupational Risk Prevention (IAPRL) and the Asturian Quality Club for Duro Felguera's work on implementation of ISO 45001 certification.

#### **4.3 Activities related to Corporate Governance and Compliance**

The following are the main measures implemented by the Sustainability Committee in the Governance field during 2022:



- The Committee has monitored improvement of Duro Felguera's corporate governance practices with special reference to the Group's joining on 20 June the IBEX Gender Equality index, a watchdog that measures the presence of women in the decision-making bodies of Spanish listed companies.
- The Committee supervised a review and update of various internal rules and policies during the 2022 financial year. It approved and monitored dissemination and awareness campaigns in the Group, followed up regulatory initiatives that could affect Duro Felguera and submitted the required proposals to the Board of Directors for approval.
- In 2022 it also reviewed Duro Felguera's performance in compliance matters, culminating in award of the ISO 37001 Anti-Bribery Management System Certificate and the UNE 16901 Criminal Compliance Management System Certificate issued by AENOR that certifies the robustness of the Group's Compliance systems and its commitment to Compliance.
- It reviewed and monitored areas for improvement and held regular meetings with various Company departments to verify the progress of work plans.
- During the year under study the Committee also took the initiative to compile information on the main regulatory updates in the field of Sustainability by organising a monographic session led by its external consultancy on Sustainability.
- It has regularly monitored the Company's degree of compliance with respect to the recommendations of the UGGC and with existing corporate governance standards and best practices.

It should also be noted that the information on sustainability presented in the Non-Financial Reporting Statement for the year 2022 – which, as provided for in the applicable regulations includes financial and non-financial information – has been fully verified. All this, in accordance with the provisions of Act 11/2018 and the applicable regulatory frameworks: GRI (Global Reporting Initiative).

#### **5.- ASSESSMENT OF THE PERFORMANCE OF THE SUSTAINABILITY COMMITTEE**

- (i) Taking the main requirements and functions of the Sustainability Committee set forth in the Board of Directors' Regulations as a reference, the Committee has assessed its own performance and effectiveness during the 2022 financial year in line with the recommendations of the Unified Code of Good Governance for Listed Companies. At its meeting on 22 May it concluded that the Committee's performance is satisfactory and that both the Committee and its Chairperson perform their functions in a suitable manner as entrusted under the applicable positive law and internal rules. This same conclusion was subsequently endorsed by the full Board of Directors at its meeting on 23 May.
- (ii) The Committee is working on internal improvement and, following a report by the Secretary, it requests the Board of Directors to update its statement of competence for reasons of efficiency to avoid duplication with other delegated bodies of the Board.