

REPORT OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE ON DURO FELGUERA GROUP'S RELATED-PARTY TRANSACTIONS DURING THE 2022 FINANCIAL YEAR

I. Introduction

In accordance with Article 529 quaterdecies.4).g of the Consolidated Text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2020 of 2 July and Article 17.4.j) of the Regulations of the Board of Directors of Duro Felguera S.A. (hereinafter "Duro Felguera" or the "Company"), the Audit, Risk and Compliance Committee is responsible for informing the Board of Directors in advance about transactions between related entities and supervising the Company's internal procedure for related-party transactions the approval of which have been delegated.

Accordingly, in compliance with Recommendation 6 of the Unified Good Governance Code for Listed Companies adopted by the National Securities Market Commission, the Audit, Risk and Compliance Committee of Duro Felguera has drawn up this report which will be published on the Company's website together with the rest of the information made available for the Annual General Meeting.

II. Applicable regulations

The Audit, Risk and Compliance Committee has considered the following applicable regulations when drawing up this report:

- The Corporate Enterprises Act regulates the legal regime applicable to related-party transactions of listed companies in articles 529 vicies to 529 tervicies. The Duro Felguera Group expressly adopts this provision in its currently valid application and therefore deems the following to constitute related-party transactions:

"Transactions carried out by the company or its subsidiaries with directors, shareholders who control 10% or more of the voting rights or are represented on the company's Board of Directors or with any other persons who should be considered to constitute related parties in accordance with the International Accounting Standards adopted in compliance with Regulation (EC) 1606/2002 of the European Parliament and of the Council dated 19 July 2002 on the application of international accounting standards."

- Articles 229 and 230 of the Corporate Enterprises Act endows the Board of Directors with the non-delegable power to approve, following a report by the Audit, Risk and Compliance Committee, transactions carried out by the company or its group companies with directors or shareholders individually or in association with others holding a significant stake, including shareholders with representation on the company's Board of directors or with other companies belonging to the same group or with persons related to them. The provisions of the aforesaid articles form an integral part of the Regulations of the Board of Directors of Duro Felguera S.A. which specifically state in Article 5.d) viii):

"In compliance with the applicable legal provisions, the Board of Directors is responsible for regulating, analysing and deciding on any conflict of interest and/or related-party transaction carried out by the Company with its Directors, significant shareholders or senior executives and other persons associated with the same.

Based on a report by the Audit, Risk and Compliance Committee, approval of transactions carried out by the Company or its Group companies with directors or shareholders individually or in association with others who control a significant holding, including shareholders with representation on the Company's Board of Directors or with that of other companies belonging to the same group or with persons related to them.

However, Related-Party Transactions that simultaneously meet the following three conditions shall not require approval from the Board of Directors: 1. Those carried out under standardised adhesion contracts applied to a large number of clients. 2. Those conducted at market price or rate established by the supplier of the goods or services in question for general application. 3. When the value of the transaction does not exceed 0.25% of the Company's annual revenue."

- Furthermore, in relation to the above, Articles 227 et seq. of the Corporate Enterprises Act address related-party transactions, directors' duty of loyalty and conflicts of interest that may affect them and provide for the obligation of directors to disclose situations of conflict of interest and to abstain from participating in discussions and votes related to such conflicts. This premise is set forth in Article 32.2 of the Board's Regulations that lays down the duty to avoid conflicts of interest and states as follows:

"At all events, the Directors must inform the Board of Directors of any direct or indirect conflict with the Company's interests in which they, or persons related to them, may incur. Conflict of interest situations in which Directors have incurred shall be disclosed in the report."

Article 32.4 of the Board of Directors' Regulations also states:

"The Company's General Meeting may exempt a director or a related person from the prohibition against obtaining an advantage or remuneration from third parties or from transactions the value of which exceeds ten percent (10%) of the company's assets. The duty of non-competition with the Company may only be subject to exemption in cases where no harm to the Company can be expected or where any possible harm is offset by the potential benefits of the exemption. The exemption shall be granted by a separate, explicit resolution of the General Meeting."

- Article 260.7.c) of the Corporate Enterprises Act stipulates that the Annual Report must make reference to any "significant transactions between the company and related third parties, indicating the nature of the relationship, the amount involved and any other information required to determine the company's financial position." In compliance with the above, Duro Felguera Group includes the aforesaid information in its annual financial statements drawn up as at 30 April 2023.

III.- Analysis of the related-party transactions

In addition to the aforesaid controls provided for in the Board of Directors' Regulations, Duro Felguera Group has implemented specific procedures to monitor and supervise related-party transactions as a function of the Group's internal financial information monitoring system. Accordingly, the Company has set up the following control procedures with both preventive and detective functions to supervise these types of transaction. Specifically:

- The Group has implemented processes to identify individuals and companies that may potentially be considered to constitute related parties due to their association with members of the Board of Directors and to keep this information up to date. These processes include prior identification of natural and legal persons that may be involved in related-party transactions and provision of this information to the Group's procurement teams to identify the situations before they materialise.
- The Group has set up procedures for prior approval and analysis of movements that may be considered to constitute related-party transactions. Potential conflicts of interest in which Board members may incur are taken into account in the aforesaid processes and the directors involved abstain from taking part in decision-making if necessary.

However, transactions previously reported by the Audit, Risk and Compliance Committee the approval of which is the exclusive competence of other bodies within the Company shall not be considered to constitute related-party transactions. These transactions are confined exclusively to payment of dividends and remuneration for carrying out the duties expected of the office of Company Director.

III.- Conclusions

Pursuant to the above and consistent with the fact that no related-party transactions between the Company and its Group of companies involving directors or significant shareholders have been detected during the 2022 financial year, the Audit, Risk and Compliance Committee considers that the Company has complied with the legal framework, the Code of Good Governance and internal governance rules applicable to related-party transactions during the period under review.

In Gijón, 30 April 2023.