



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION DETAILS

Year-end date:

[31/12/2022]

TAX ID (CIF):

[A-28004026]

Company name:

[**DURO FELGUERA, S.A.**]

Registered office:

[ADA BYRON, 90 PARQUE CIENTIFICO Y TECNOLOGICO (GIJON) ASTURIAS]

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the share capital and allocated voting rights, including, if applicable, those corresponding to shares with loyalty voting rights, as of the closing date of the financial year:

Indicate whether the Company's bylaws contain a provision for double voting due to loyalty:

Yes
 No

Date of last change	Share capital (€)	Number of shares	Number of voting rights
31/05/2019	4,800,000.00	96,000,000	96,000,000

In 2022, the Company did not register any loyalty-attributed shares in accordance with article 527 ter et seq of the Corporate Enterprises Act

Indicate whether there are different classes of shares with different associated rights:

Yes
 No

A.2. List the direct and indirect holders of significant shareholdings as of the closing date of the financial year, including the directors who have a significant shareholding:

Name or company name of shareholder	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
UBS SWITZERLAND, AG	0.00	3.95	0.00	0.00	3.95
TSK ELECTRONICA Y ELECTRICIDAD, S.A.	3.12	0.00	0.00	0.00	3.12

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights
No data				

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements

There were no significant transactions in 2022.

- A.3.** List, regardless of the percentage, the shareholding at year-end of the members of the Board of Directors who hold voting rights attributed to shares of the Company or through financial instruments, excluding the directors identified in section A.2 above:

Name or company name of director	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
JOSÉ JULIÁN MASSA GUTIÉRREZ DEL ÁLAMO	0.02	0.00	0.00	0.00	0.02	0.00	0.00

Total percentage of voting rights held by the Board of Directors	0.02
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Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights	% voting rights that can be transmitted through financial instruments
No data					

List the total percentage of voting rights represented on the Board:

Total percentage of voting rights held by the Board of Directors	0.02
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Not applicable.

- A.4.** If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:

Name or company name of related party	Nature of relationship	Brief description
No data		

- A.5.** If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are insignificant or arise in the ordinary course of business:

Name or company name of related party	Nature of relationship	Brief description
No data		

- A.6.** Describe the relationships, unless insignificant for both parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of directors that are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
No data			

Not applicable, as there are no Directors appointed by significant shareholders. See section H.

- A.7.** Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes
 No

Parties to the shareholders' agreement	% of share capital concerned	Brief description of the agreement	Expiry date of the agreement, if any
MARIO DOMINGUEZ FERNANDEZ, MARIA ANGELES HERNANDEZ SANCHEZ, PEDRO REDONDO PERAL, JORGE ROMAN ESCUDERO, JOSE AURELIO SUAREZ DEVESA, FERNANDO BARANDIARAN GOÑI, MARIA BELEN MARTIN HERNANDO, JESUS MARIA BARRON RUIZ, IGNACIO LOPEZ DE ZUBIRIA FRANSOY, UNAI VAZ BRAVO, CLEMENTINA ESTEVEZ RIVAS, ANTONIO MARTINEZ HERNANDEZ, LUIS FERMIN BRANDES ELIZALDE, VICTOR MANUEL MARQUEZ LOPEZ, JUAN BENITEZ BUENO, RAUL GABARRON DIMAS, ALBERTO ARIAS ABAD, CARLOS ELIAS BARRO ROCES, EDUARDO BREÑA BREÑA, DIEGO SOBRINO LOPEZ, RAFAEL RUIZ SANABRIA, ROBERTO PEREZ LOPEZ, BRANDRES ELIZALDE S.L.	2.50	On 25 September 2021, a block-and-command minority shareholder association was created. At 31 December 2022, this association held shares representing 2.504% of share capital.	The association has a minimum duration of four months, with tacit renewal for four-month periods.

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes
 No

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

The company is not aware of any form of shareholder agreement or concerted action; hence there is no change to be reported.

A.8. Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

Yes
 No

A.9. Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
		0.00

Since total redemption of treasury shares in 2018, the Company has not carried out any transactions with treasury shares.

(*) Through:

Name or company name of direct shareholder	Number of direct shares
No data	

A.10. Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

At a General Meeting, the shareholders authorised the Board of Directors to carry out the derivative acquisition of treasury shares up to the maximum amount permitted by prevailing legislation for a period of five years from the date of the General Meeting, held on 22 June 2017.

A.11. Estimated floating capital:

	%
Estimated floating capital	92.93

A.12. Indicate whether there are any restrictions (articles of incorporation, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes
 No

A.13. Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

Yes
 No

If so, explain the measures approved and the terms under which such limitations would cease to apply:

A.14. Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes
 No

If so, indicate each share class and the rights and obligations conferred:

YES. Convertible bonds with financial institutions issued for the refinancing of 2018 and the refinancing of 2021.

B. GENERAL SHAREHOLDERS' MEETING

B.1. Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details:

Yes
 No

B.2. Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

Yes
 No

B.3. Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation.

[The applicable rules are those set forth in the Spanish Corporate Enterprises Act.]

B.4. Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

Date of general meeting	Attendance data				
	% physically present	% present by proxy	% distance voting		Total
			Electronic voting	Other	
29/10/2020	3.40	10.29	0.00	0.00	13.69
Of which floating capital:	3.71	8.91	0.00	0.00	12.62
30/06/2021	9.54	15.88	0.00	0.00	25.42
Of which floating capital:	0.61	7.89	0.00	0.00	8.50
28/06/2022	3.73	7.89	0.00	0.00	11.62
Of which floating capital:	0.61	7.89	0.00	0.00	8.50

B.5. Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

Yes
 No

B.6. Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

Yes
 No

Number of shares required to attend General Meetings	400
Number of shares required for voting remotely	400

B.7. Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

Yes
 No

B.8. Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

www.durofelguera.com

The website includes an "Investor Area" The drop-down menu includes the section "Corporate Governance", on the corporate governance of the company. The section provides details to shareholders on how to attend general meetings and includes annual corporate governance reports for recent financial years.

C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the articles of incorporation and the number set by the general meeting:

Maximum number of directors	12
Minimum number of directors	6
Number of directors set by the general meeting	10

C.1.2 Complete the following table on Board members:

Name or company name of director	Representative	Category of director	Position on the Board	Date first appointed	Date of last appointment	Election procedure
Mr. VALERIANO GÓMEZ SÁNCHEZ		Independent	DIRECTOR	30/01/2020	30/01/2020	CO-OPTION
Ms. ROSA ISABEL AZA CONEJO		Independent	CHAIRWOMAN	30/09/2019	30/09/2019	CO-OPTION
Mr. JOSÉ JULIÁN MASSA GUTIÉRREZ DEL ÁLAMO		Independent	DIRECTOR	30/09/2019	30/09/2019	CO-OPTION
Mr. JORDI SEVILLA SEGURA		Independent	DIRECTOR	17/04/2020	17/04/2020	CO-OPTION
Mr. JOSÉ JAIME ARGÜELLES ÁLVAREZ		Executive	CHIEF EXECUTIVE OFFICER	30/04/2021	30/04/2021	CO-OPTION
Mr. CÉSAR HERNÁNDEZ BLANCO		Other External	DIRECTOR	30/04/2021	30/04/2021	CO-OPTION
Ms. MARIA JESUS ÁLVAREZ GONZÁLEZ		Other External	DIRECTOR	28/07/2021	28/07/2021	CO-OPTION

Total number of directors	7
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Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
No data					

C.1.3 Complete the following tables on the members of the Board and their categories:

EXECUTIVE DIRECTORS		
Name or company name of director	Post in organisation chart of the company	Profile
Mr. JOSÉ JAIME ARGÜELLES ÁLVAREZ	CHIEF EXECUTIVE OFFICER	Industrial engineer, with broad professional experience in the industrial engineering sector. He has chaired several committees and industry associations.

Total number of executive directors	1
Percentage of Board	14.29

He was appointed Chief Executive Officer on 30 April 2021 pursuant to the Management Agreements entered into with SEPI on 31 March 2021.

PROPRIETARY DIRECTORS		
Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
No data		

INDEPENDENT DIRECTORS	
Name or company name of director	Profile
ROSA ISABEL AZA CONEJO	Degree in Economics and Business Administration from the University of Santiago de Compostela and Professor of Business Administration at the Escuela Superior de Comercio de Gijón. From 1976 to 2000, she was a professor in the Economics Department of the University of Oviedo, teaching at the School of Business Studies and the School of Industrial Engineering. From 1998 to 2004, she was the Principal of the University School of Business Studies of Gijón of the University of Oviedo. During this period, she was also the Director of the master's degree in Transport and Logistics Management and the higher degree in Tourism at the University of Oviedo. From 2000 to 2010, she combined her university role with several directorships, holding positions such as: Member of the Board of Directors of Caja de Ahorros de Asturias. Member of the Board of Directors of SADEI (Sociedad Asturiana de Estudios Económicos e Industriales).

	<p>Member of the Board of Directors of TELECABLE.</p> <p>Member of the Governing Board of the Consorcio de la Feria Internacional de Muestras de Asturias.</p> <p>Chair of the Control Committee of Caja de Ahorros de Asturias.</p> <p>Chair of the Board of Directors of AUCALSA (Autopista Concesionaria Astur-Leonesa).</p> <p>Chair of the Board of Directors of VASTUR (Autopista Concesionaria Principado de Asturias).</p> <p>From 2010 to 2016, she held the positions of Chair of the National Commission of the Postal Sector and of the Port Authority of Gijón.</p> <p>In 2016, she returned to the University of Oviedo, taking part in teaching activities and speaking at master's degree lectures and conferences at several universities.</p> <p>She is currently a member of the Development Advisory Council of the Ministry of Development. As regards research, the most important lines of her work relate to economic analysis of tourism, transport and infrastructure; she is the author of several articles and books in these fields.</p>
JOSÉ JULIÁN MASSA GUTIÉRREZ DEL ÁLAMO	<p>Economist of the State, having achieved the highest score in the competitive examination among all appointees in his year. Doctorate in Economics, master's degree in International Economics and bachelor's degree in Economics and Business Administration from the University of Deusto.</p> <p>He has pursued a career in financial markets: he created the Spanish options and futures market and developed the IBEX 35 index. He is the former CEO of MEFF and chairman of Iberclear.</p> <p>He has extensive experience as a director of several companies, including Hunosa, Repsol Exploración, MexDer, AIAF, ECofex, Enusa, Bandesco and RegisTR.</p> <p>He also teaches finance at CUNEF, a university that focuses on economics, business, law and finance.</p>
JORDI SEVILLA SEGURA	<p>He took a degree in Economics from the University of Valencia and was later appointed, by competitive examination, to the Senior Corps of Trade Experts and Economists of the State.</p> <p>He has dedicated his entire career to public service. He held senior positions in several government departments, including the Ministry of Agriculture and the Ministry of Economy and Finance.</p> <p>From 2000 to 2004 he held the position of Secretary of Economic Policy and Employment on the Federal Executive Committee of the PSOE party.</p> <p>From 2004 to 2007, he was the Minister of Public Administration.</p> <p>He is a former Senior Counselor at PwC, and Vice President at Llorente y Cuenca.</p> <p>He is the Chairman of the Red Eléctrica Group and of the Board of Directors of Red Eléctrica Corporación, a listed company.</p> <p>He formerly taught at the Escuela de Organización Industrial (EOI) and at Instituto de Empresa (IE), where he was an associate professor of Economic Environment for an Executive Master's programme.</p>
VALERIANO GÓMEZ SÁNCHEZ	<p>Graduate in Economics from the University of Barcelona.</p> <p>He has dedicated his entire career to public service and held senior positions at government agencies and departments.</p> <p>He is a former Director General of the Employment Promotion Fund of the Integrated Iron and Steel Sector.</p> <p>From 1988 to 1994, he was an Executive Advisor to the Technical Office of the Minister of Labour and Social Security.</p> <p>He was a member of the Consejo Económico y Social (Economic and Social Council) of Spain from 2001 to 2003.</p> <p>He was the Secretary General of Employment at the Ministry of Labour and Social Affairs, and from 2010 to 2011 he was the Minister of Labour and Immigration.</p> <p>He is a former member of the Fiscal Committee of the Economic and Social Agreement and of the General Council of INEM, the Spanish state-controlled employment institute, and a former director of Izar and Navantia.</p>

Number of independent directors	4
Percentage of Board	57.14

[Not applicable.]

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
ROSA ISABEL AZA CONEJO	Not applicable	Not applicable
JOSÉ JULIÁN MASSA GUTIÉRREZ DEL ÁLAMO	Not applicable	Not applicable
JORDI SEVILLA SEGURA	Not applicable	Not applicable
VALERIANO GÓMEZ SÁNCHEZ	Not applicable	Not applicable

OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reasons	Company, manager or shareholder to which the director is related	Profile
MARÍA JESÚS ÁLVAREZ GONZÁLEZ	Appointed by Spain's Solvency Support Fund for Strategic Companies, Fondo de Apoyo a la Solvencia de Empresas Estratégicas (FASEE), pursuant to the financing agreement entered into between the Group and FASEE	SOLVENCY SUPPORT FUND FOR STRATEGIC COMPANIES	Degree in Law and in Economics and Business Administration (Universidad Pontificia de Comillas- ICADE). She has extensive experience at Sociedad Estatal de Participaciones Industriales (SEPI) and has been director at several companies, including Indra and Red Eléctrica.
CÉSAR HERNÁNCEZ BLANCO	Appointed by Spain's Solvency Support Fund for Strategic Companies, Fondo de Apoyo a la Solvencia de Empresas Estratégicas (FASEE), pursuant to the financing agreement entered into between the Group and FASEE	SOLVENCY SUPPORT FUND FOR STRATEGIC COMPANIES	Degree in Economics and Business Administration from University of Valladolid. He holds an international MBA. He is currently Director of Planning and Control Officer at SEPI. He has held several directorships at a range of companies, including Mercasa and SEPIDES.

Total number of other external directors	2
Percentage of Board	28.57

See section H.

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:

	Number of female directors				% of total directors for each category			
	2022	2021	2020	2019	2022	2021	2020	2019
Executive					0.00	0.00	0.00	0.00
Proprietary					0.00	0.00	0.00	0.00
Independent	1	1	1	2	25.00	25.00	25.00	33.33
Other External	1	1			50.00	50.00	0.00	0.00
Total	2	2	1	2	28.57	28.57	20.00	33.33

C.1.5 Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

- Yes
 No
 Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been applied, and results achieved

There are no provisions regarding selection that are, or could be, a barrier to the selection of women directors. When the Company seeks to appoint a director, it assesses each candidate's professional profile only on the basis of corporate interests. The candidate's gender is not considered, except to the extent that, faced with two objectively similar professional profiles, the Company selects the candidate of the gender that at that time the least represented on the Board.

The director selection policy seeks to intensify efforts to meet the target that female directors represent at least 40% of the total number of Board members by year-end 2023.

The Company does not operate a diversity policy or any other of the policies mentioned in this rubric because the principle that guides the Company in appointing directors is the corporate interest. To achieve this purpose, the Company searches for and selects candidates who provide the most suitable professional profile and track record to meet the Company's requirements, regardless of gender, age or ethnicity. The search for directors ensures that they have the training and profile that makes the right fit with the Company's aims. Subsequently, in the case of similar profiles, the candidate of the least represented gender is chosen

C.1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of measures:

There are no selection procedures that are, or could be, a barrier to the selection of women directors or senior executives. When searching for a certain profile, the Company specifically excludes CVs with the person's name. Headhunters are instructed to refer to merit and experience and exclude any personal data. Then, considering only these, they must only assess the profile that is most suitable for the corporate interest, without taking into account the candidate's gender.

The Company's Corporate Governance Policy provides that the Company should ensure that the procedures for selecting directors and senior executives favour a diversity of gender, experience and knowledge and have no implicit bias whatsoever and that, in particular, they favour the selection of women directors and senior executives. Accordingly, the Nomination and Remuneration Committee's policy, in line with the doctrine enshrined in the Spanish case-law regarding "positive discrimination", states that in the search for candidates that best adapt to the corporate interest, the profile that contributes most professionally to the Company shall be considered. However, where two profiles are objectively similar, priority will be given to the least represented gender.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reason for this:

Explanation of reasons

The procedures for selecting directors and senior executives do not have any implicit bias against women candidates, as professional profiles are chosen anonymously and in accordance with needs of the Company.

C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

The Nomination Committee will re-evaluate its selection policy to continue increasing the number of women Directors on the Board with the objective of achieving compliance with the recommendation in 2023, while balancing this objective with fulfilment of the Management Agreements with FASEE..

C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or company name of shareholder	Reason
No data	

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

- Yes
- No

C.1.9 Indicate the powers, if any, delegated by the Board of Directors to directors or Board committees:

Name or company name of director or committee	Brief description
JOSÉ JAIME ARGÜELLES ÁLVAREZ	The Board of Directors has delegated all powers, except those that cannot be delegated by law, the bylaws or the agreements with FASEE and financial institutions, to the Chief Executive Officer.

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group entity	Position	Does the director have executive powers?
JOSÉ JAIME ARGÜELLES ÁLVAREZ	DURO FELGUERA INVESTMENT, S.A.U.	Representative of the sole director, Duro Felguera, S.A.	YES
JOSÉ JAIME ARGÜELLES ÁLVAREZ	DURO FELGUERA CALDERERIA PESADA, S.A.U.	Representative of the sole director, Duro Felguera, S.A.	YES
JOSÉ JAIME ARGÜELLES ÁLVAREZ	DURO FELGUERA OIL & GAS, S.A.U.	Representative of the sole director, Duro Felguera, S.A.	YES
JOSÉ JAIME ARGÜELLES ÁLVAREZ	DURO FELGUERA GREEN TECH, S.A.U.	Representative of the joint director, Duro Felguera, S.A.	YES
JOSÉ JAIME ARGÜELLES ÁLVAREZ	FELGUERA ENERGY STORAGE, S.A.U	Representative of the joint director, Duro Felguera, S.A.	YES
JOSÉ JAIME ARGÜELLES ÁLVAREZ	DURO FELGUERA INTELLIGENT SYSTEMS, S.A.U	Representative of the sole director, Duro Felguera, S.A.	YES
JOSÉ JAIME ARGÜELLES ÁLVAREZ	DF MOMPRESA, S.A.U.	Sole Director	YES
JOSÉ JAIME ARGÜELLES ÁLVAREZ	DFOM NETHERLANDS B.V.	Sole Director	YES

C.1.11 List any directors or representatives of legal-person directors of your company who are members of the Board of Directors or representatives of legal-person directors of other companies listed on regulated markets other than group companies of which the company has been informed:

Name or company name of director	Company name of the listed entity	Position
CÉSAR HERNÁNDEZ BLANCO	MERCASA	DIRECTOR
VALERIANO GÓMEZ SÁNCHEZ	EL MARMAREL ESCUELAS, S.L.	DIRECTOR

Miss María Jesus Alvarez Gonzalez is member of the Settlement Committee of Radio y Televisión Española, S.A. and member of the Technical Investment Committee of Spain's Recapitalisation Fund for Companies Affected by Covid-19.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
JOSÉ JULIÁN MASSA GUTIÉRREZ DEL ÁLAMO	<ul style="list-style-type: none"> .- Lecturer at CUNEF Universidad .- External consultant of the IMF
VALERIANO GÓMEZ SÁNCHEZ	<ul style="list-style-type: none"> .- Economist at A25 Abogados&Economistas .- Consultant and advisor in Grupo Corres Sociedad Estatal .- Consultant and advisor in Fertiberia, S.A. .- Consultant and advisor in INEO Corporate Madrid .- Strategic consultant and advisor of Caja Rural del Sur .- Advisor of Fundación CRS
JORDI SEVILLA SEGURA	<ul style="list-style-type: none"> - Senior external advisor of Neinor, Candian Solar and FACSA. - President of the Corporate Board of UNIR - Advisor of Fundación Conexus
MARÍA JESÚS ÁLVAREZ GONZÁLEZ	Head of Finance at Sociedad Estatal de Participaciones Industriales (SEPI) and member of its Management Committee.
CÉSAR HERNÁNDEZ BLANCO	Head of Area and Planning at Sociedad Estatal de Participaciones Industriales (SEPI).

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

Yes
 No

Explanation of the rules and identification of the document where this is regulated

Under article 7.6. of the Regulations of the Board, a director may not serve on the boards of more than five companies listed on domestic or foreign markets.

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	893
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	
Pension rights accumulated by former directors (thousands of euros)	

The remuneration pertaining to directors appointed by the Spanish Solvency Support Fund for Strategic Companies (FASEE), M^a Jesús Álvarez González, César Hernández Blanco and Miguel Santiago Mesa, is integrated into the Public Treasury, in accordance with Article 2.3 of Royal Decree-Law 25/2020 of 3 July, on urgent measures to support economic recovery and employment.

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position(s)
JOSÉ OLASO AYESTA	Industrial Plants Business Unit Director (until 15-11-22)
ÁNGEL LUIS PÉREZ GONZÁLEZ	Corporate Production Director (until 11-02-22)
MARIA CAMINO SÁNCHEZ RODRÍGUEZ	Conventional Energy Business Unit Director
RAFAEL BERMEJO GONZÁLEZ	Chief Financial Officer (until 04-09-22)
FERNANDO RIBEIRO SIMOES	Corporate Marketing Director (until 11-02-22)
JUAN JOSÉ HERRERO RODRÍGUEZ	Corporate General Director
IVÁN FEDERICO FERNÁNDEZ SUÁREZ	Services Business Unit Director
LUIS FERNANDO RIAÑO GARCÍA	Digital Intelligence Systems Business Unit Director
EMILIO MARTÍN RODRÍGUEZ	DF Green Tech General Director (until 30-04-22)
CÁRMEN CABALLERO DÍAZ	Communication, Marketing & Public Affairs Director
GEMMA FDEZ-NESPRAL AMADO	People and Organisation Director
LEANDRO MENESES OBIOL	Legal Counsel
VÍCTOR JAVIER MARTÍN GÓMEZ	Contractual Management Director (until 18-09-22)

Number of women in senior management	3
Percentage of total senior management	42.85

Total remuneration of senior management (thousands of euros)	2,111
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All the executives who formed part of the Management Committee during 2022 are within the scope of the disclosure, even though some of them are no longer at the company.

Total senior management remuneration is the total received by all senior management members, including those who have ceased to be senior management staff. In the latter case, remuneration for senior managers who stepped down during the period is calculated pro rata their time within the period as senior managers.

C.1.15 Indicate whether the Board regulations were amended during the year:

Yes
 No

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

In 2015, the Board of Directors approved a "Director Nomination and Selection Policy" which, in general, establishes a subjective scope of application for natural person directors and, in the case of legal person candidates, the natural persons that will represent them. The process and the procedure is summarised as follows: The Company's Nomination and Remuneration Committee proposes the nomination or re-election of independent directors, while the Board of Directors is responsible for nominating or re-electing proprietary, executive and other external directors.

Within the framework of the process of selecting prospective candidates for seats on the Board of Directors, and notwithstanding the competencies of the General Meeting, the Nomination and Remuneration Committee will have the following authorities:

- Evaluate the competencies, knowledge and experience necessary for the Board of Directors. To this end, the Committee shall define the duties and capabilities necessary in candidates who shall fill each vacancy and evaluate the time and dedication necessary in order to efficiently fulfil their commitment.
- Submit to the Board of Directors, proposals for the appointment of independent directors for their nomination through co-option or for their submission to the General Meeting's decision, in addition to proposals for the re-election or dismissal of said directors by the General Meeting;
- Inform of any proposals for appointment of all other directors for their nomination by co-option or for their submission to the General Meeting's decision, in addition to proposals for the re-election or dismissal of said directors, by the General Meeting;
- Set a target for representation for the least represented gender on the Board, in accordance with the most authoritative case-law on so-called "Positive Discrimination", and draw up guidelines on how to achieve this objective.

As regards director removal, the only body authorised to make such decision is the General Meeting. However, the Board regulations provide for certain situations in which directors should resign or place their position at the disposal of the Board of Directors (see C.1.19).

C.1.17 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:

Description of amendment(s)

The annual evaluation did not give rise to any changes.

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and areas evaluated

The evaluation process is based on the recommendations of the CNMV in Technical Guide 1/2019, Nomination and Remuneration Committee (Guia Técnica 1/2019 Comisión de Nombramientos y Remuneraciones).

For the 2022 evaluation, we shall hold at least two individual sessions with each director involving in-depth analysis of strengths and areas for improvement, among other assessment steps, to enable us to judge his or her contribution of value to the Board and the Company.

The following criteria, among others, apply:

- Contribution of knowledge, decision-making skills and experience.
- Fit and complementarity with other Directors.
- Knowledge about the company, its business performance, the industry and the political, economic and social settings.
- Integrity: Trustworthiness and ability to create confidence among shareholders.
- Maturity, ethical attitude, responsibility and discretion.
- Own judgement and ability to argue effectively in a constructive debate.
- Dedication: Availability of time and dedication as required to carry out duties and responsibilities.
- Awareness of and appropriate response to the potential civil, criminal and tax liabilities attaching to a Board role.
- Spirit of cooperation and teamwork, empathy and results-oriented attitude.
- Independence: No professional, business or family ties to the company, its majority or significant shareholders or company subsidiaries. Potential conflicts of interest.

Individual working sessions are supported by a self-assessment questionnaire to be completed by each project participant. In this questionnaire he or she states views on the governing bodies.

C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

In 2022, the annual evaluation of the Board was assisted by an external consultant with whom we have in place a contract for specific executive search and selection services.

C.1.19 Indicate the cases in which directors are obliged to resign.

Directors must tender their resignation in the circumstances provided for by law. They must also tender their resignation from the Board and, as appropriate, resign in accordance with article 24.2 of the Board Regulations in the following situations:

1. Directors shall formally tender their resignation in the following cases:

- a) When due to supervening circumstances they engage in one of the grounds for disqualification or prohibition established in law, the Articles of Association, or these Regulations.
- b) When they lose the honour, suitability, solvency, competence, availability or the commitment to their position necessary for being a Board Member of the Company.
- c) When their presence on the Board may jeopardise for any reason, and directly, indirectly or through their affiliates, the loyal and diligent discharge of their duties in accordance with the corporate interest.
- d) When the reasons for which they were appointed cease to exist and, in particular, when the shareholder or shareholders that proposed, required or determined their appointment, dispose, in part or in full, of their shareholding, resulting in the loss of their status as a significant or sufficient shareholder to justify the appointment.
- e) When an independent director comes under any of the impediments provided in Article 8.1.c) of the Board of Directors' Regulations.
- f) When circumstances arise that could harm the Company's name and reputation, in particular when directors are investigated for any crime, they must resign if the Board, after a report from the Nomination and Remuneration Committee, deems it appropriate. Similarly, if, once the investigation has been completed, an oral trial is ordered to commence, the Director must again place his or her position at the disposal of the Board and resign if the Board, following a report by the Nomination and Remuneration Committee, deems it appropriate.

C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?

- Yes
- No

If so, describe the differences.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

- Yes
- No

C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:

- Yes
- No

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

- Yes
- No

C.1.24 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

[No.]

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of Board meetings	20
Number of board meetings held without the chairman's presence	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0
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Indicate the number of meetings held by each Board committee during the year:

Number of meetings held by the Audit, Risk and Compliance Committee	13
Number of meetings held by the sustainability committee	2
Number of meetings held by the Nomination and Remuneration Committee	5

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data.

Number of meetings in which at least 80% of directors were present in person	20
Attendance in person as a % of total votes during the year	100.00
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	0.00

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

[] Yes
[√] No

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

The Audit Committee's duties include analysing any incidents and ensuring that the financial statements present fairly the Company and its subsidiaries (consolidated) and holding meetings with the external auditors and the Company's executives. The Chairman of the Audit Committee reports all resolutions and decisions to the Board of Directors, which is the ultimate decision-making body. Throughout the year, the Audit Committee and the Director of Internal Audit hold regular meetings with the auditors to assist them in acquiring a better understanding. The Management Control Department and the Project Risk Control Department have been operating since 2019, with the latter reporting to the Audit, Risk and Compliance Committee. The Company has also been implementing initiatives to improve the ICFR system developed in 2019.

C.1.29 Is the Secretary to the Board also a director?

- Yes
 No

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
JESÚS PLÁCIDO SÁNCHEZ LAMBÁS	

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

The Audit Committee requests written confirmation each year from the auditors of their independence as regards the entity or directly or indirectly related entities, and information on additional services of any kind provided to these entities by the aforesaid auditors, as provided for in Spain's Audit Act 22/2015, of 20 July. To exercise better control over auditor independence, any engagement, other than the statutory audit, requested of the auditors requires approval by the Audit Committee.

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

- Yes
 No

If there were any disagreements with the outgoing auditor, explain their content:

- Yes
 No

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

- Yes
 No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand euros)	33	2	35
Amount invoiced for non-audit services/Amount for audit work (in %)	6.43	0.01	6.44

C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes
 No

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	3	3
	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (%)	9.00	9.00

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

Yes
 No

Details of the procedure

During its last meeting of the year, the Board of Directors approves a meeting schedule for the following year and establishes the monthly meeting dates.

Before each monthly Board meeting, management endeavours to provide the secretary, for forwarding to each director, along with the call notice and agenda and at least four days in advance, except for meetings called urgently in accordance with article 17 of the Board regulations, with: financial information on the Company, including the parent company and all subsidiaries (consolidated) as at the end of the immediately preceding month, together with detailed information regarding each agenda item and the proposals to be submitted under each. The monthly information includes at least the following: The separate income statement of the parent company and the consolidated income statement of the group, with comparative data for the year before and the budget; contracting data and a comparison with the budget; cash report and projections, with a detail of net cash; information regarding the number of employees, changes, distribution by area, equality, etc.; events and incidents that may have an impact on the results of the Company and the Group, monitoring of corporate social responsibility and sustainability, and a report on any other matters related to agenda items for which a decision must be taken.

C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

- Yes
 No

Explain the rules

Directors must tender their resignation in the circumstances provided for by law. When circumstances arise that could harm the Company's name and reputation, in particular when directors are investigated for any crime, they must resign if the Board, after a report from the Nomination and Remuneration Committee, deems it appropriate. Similarly, if, once the investigation has been completed, an oral trial is ordered to commence, the Director must again place his or her position at the disposal of the Board and resign if the Board, following a report by the Nomination and Remuneration Committee, deems it appropriate.

C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

- Yes
 No

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

The financial aid agreement with FASEE includes a fully mandatory prepayment clause in the event of a non-permitted change of control.

The syndicated financing agreement entered into by the company with its main bank creditors provides for the right of any of the signatory bank creditors to demand prepayment of the related financing and the cancellation and release of any guarantees issued by that credit in the event of a non-permitted change of control.

C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries	4
Type of beneficiary	Description of the agreement
Senior Management	<p>The agreement with the current Chief Executive Officer, José Jaime Argüelles Álvarez, contains an indemnity clause in the event of unilateral termination without just cause of the contract for an amount of one-and-a-half year's fixed salary. An amount is also payable under a post-contractual non-compete agreement to directors so that they refrain from, directly or indirectly, carrying out activities that are in competition with the activities actually carried out by the Company. In this case, the director shall be paid an indemnification of nine (9) months of their fixed salary and upon receipt of such indemnity shall refrain from carrying out such activities for a period of nine (9) months. The Company may extend the non-compete period to a maximum of eighteen (18) months and pay indemnification in accordance with the duration of the non-competition period, subject to consent of the FASEE. The indemnities under the senior management contracts are as follows:</p> <p>i) During the first year of the senior manager's contract, in the case of unilateral termination by the Company (with the exception of dismissal with a statement of just cause), the senior manager shall be entitled to receive an indemnity equal to one year's fixed salary plus 80% of variable salary.</p> <p>As of the second year of the contract, in the case of unilateral termination by the Company or dismissal without just cause, the senior manager shall be entitled to receive an indemnity equal to 25 days of salary per year of service, up to a limit of 18 months of salary. For these purposes, the sum of the fixed salary accrued as at the time of termination and the variable salary accrued in the calendar year prior to the date of termination shall serve as the salary module.</p> <p>ii) During the first year of the senior manager's contract, in the case of unilateral termination by the Company (with the exception of dismissal with a statement of just cause), the senior manager shall be entitled to receive an indemnity equal to one full year of committed salary (fixed + variable) and always above the legal several to which the manager would be entitled at the date of termination of the employment relationship.</p> <p>ii) During the first year of the senior manager's contract, in the case of unilateral termination by the Company (with the exception of dismissal with a statement of just cause), the senior manager shall be entitled to receive the amount of salary pending to reach the committed gross annual remuneration. All of these are within the restrictions established by the FASEE.</p>

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General shareholders' meeting
Body authorising the clauses	√	

	Yes	No
Are these clauses notified to the General Shareholders' Meeting?		√

C.2. Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

Audit, Risk and Compliance Committee		
Name	Position	Category
JOSÉ JULIÁN MASSA GUTIÉRREZ DEL ÁLAMO	CHAIRMAN	Independent
JORDI SEVILLA SEGURA	MEMBER	Independent
VALERIANO GÓMEZ SÁNCHEZ	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external directors	0.00

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The The Audit, Risk and Compliance Committee is regulated by the Corporate Enterprises Act, the Articles of Incorporation, the Regulations of the Board of Directors and its own regulations, the latest amendment of which was approved by the Board of Directors on 21 June 2019.

Its members, particularly the Chairman, are appointed with regard to their knowledge and experience in accounting, auditing, or risk management matters.

The members of the Audit Committee resign voluntarily if not re-elected to the position of director or when so decided by the Board of Directors. In accordance with the Internal Board Regulations, the Chairman of the Audit Committee shall be appointed by the Board of Directors from among independent Directors. The Chairman must be replaced every four (4) years and may be re-elected after one (1) year has elapsed since removal.

On 1 April 2020, the Board of Directors resolved to appoint the independent director José Julián Massa Gutiérrez del Álamo as member and Chairman of the Audit, Risk and Compliance Committee based on his proven professional experience in auditing and accounting matters.

The Audit, Risk and Compliance Committee meets whenever called by the Chairman or requested by two of its members and, in any event, at least four times per year, within fifteen days following the end of each calendar quarter. One of the meetings is called to debate all matters that must be submitted to the Annual General Meeting, regarding both the appointment of the external auditor and the evaluation of the information that the Board of Directors must approve and include in its annual public documentation, including the Audit Report.

Continued in section H.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Name of directors with experience	JOSÉ JULIÁN MASSA GUTIÉRREZ DEL ÁLAMO
Date of appointment of the chairperson	01/04/2020

Nomination and Remuneration Committee		
Name	Position	Category
VALERIANO GÓMEZ SÁNCHEZ	CHAIRMAN	Independent
JORDI SEVILLA SEGURA	MEMBER	Independent
JOSÉ JULIÁN MASSA GUTIÉRREZ DEL ÁLAMO	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external directors	0.00

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Nomination and Remuneration Committee ("the Committee") is regulated by the provisions of the Corporate Enterprises Act, the Articles of Incorporation and the Internal Board Regulations, the latest amendment of which was approved by the Board of Directors on 21 June 2019, and by the Committee's own Regulations.

The Nomination and Remuneration Committee does not have executive duties, but has authority to inform, advise and make mandatory proposals within its area of competency. It is formed by a minimum of three (3) and a maximum of five (5) non-executive directors, with a majority of independent directors.

Currently, the Committee comprises three members, based on a report issued by the Nomination and Remuneration Committee, to adapt the number of members of the Committee to the current size of the Board of Directors. All committee members are independent directors.

Continued in section H

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	2022		2021		2020		2019	
	Number	%	Number	%	Number	%	Number	%
Audit, Risk and Compliance Committee	0	0.00	0	0.00	0	0.00	0	0.00
Nomination and Remuneration Committee	0	0.00	0	0.00	0	0.00	1	33.33
Sustainability Committee	1	33.33	0	0.00	0	0.00	0	0.00

C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

Board Committees are regulated by the Regulations of the Board of Directors, available on the Company's website in the Corporate Governance section under the Investors Area. The most relevant duties and actions falling to both committees are also set out in detail in Section H, Appendix I.

Reports on the membership and functioning of each committee were produced in 2022.

D. RELATED PARTY AND INTRAGROUP TRANSACTIONS

D.1. Explain, if applicable, the procedure and competent bodies for the approval of related-party and intragroup transactions, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected directors or shareholders and detailing the internal reporting and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

[The procedure to be followed for transactions with related parties is provided for in the Board Regulations.]

D.2. Individually list those transactions that are significant due to their amount or relevant due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10 % or more of the voting rights or represented on the board of directors of the company, indicating which was the competent body for their approval and whether any shareholder or director affected abstained. In the event that the competence has been of the board, indicate whether the proposed resolution has been approved by the board without the vote against of the majority of the independent directors:

	Name or corporate name of the shareholder or of any of its subsidiaries	% Stake	Name or corporate name of the company or subsidiary	Amount (€ thousand)	Approving body	Identification of the significant shareholder or director who abstained.	The proposal to the board, if any, has been approved by the board without a majority of independent directors voting against it.
No data							

	Name or corporate name of the shareholder or of any of its subsidiaries	Nature of the relationship	Type of transaction and other information required for its evaluation
No data			

[Not applicable.]

D.3. Individually list any transactions that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the company's directors or managers, including those transactions carried out with entities that the director or manager controls or jointly controls, and indicating the competent body for their approval and whether any shareholder or director affected abstained. In the event that the competence has been of the board, indicate whether the proposed resolution has been approved by the board without the vote against of the majority of the independent directors:

Name or corporate name of the directors or managers or of their controlled or jointly controlled entities	Name or corporate name of the company or subsidiary	Link	Amount (€ thousand)	Approving body	Identification of the significant shareholder or director who abstained.	The proposal to the board, if so, has been approved by the board without a majority of independent directors voting against it.
No data						

Name or corporate name of the shareholder or of any of its subsidiaries	Nature of the relationship	Type of transaction and other information required for its evaluation
No data		

[Not applicable.]

- D.4.** Individually report on intra-group transactions that are significant due to their amount or relevant due to their subject matter carried out by the company with its parent company or with other entities belonging to the parent company's group, including the listed company's own subsidiaries, unless no other related party of the listed company has an interest in such subsidiaries or such subsidiaries are wholly owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the transaction and other information required for its evaluation	Amount (thousands of euros)
No data		N/A

[Not applicable.]

- D.5.** Individually list the significant transactions due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties that are so in accordance with the International Accounting Standards adopted by the EU, which have not been reported under the previous headings.

Company name of the related party	Brief description of the transaction and other information necessary for its evaluation	Amount (thousands of euros)
No data		N/A

[Not applicable.]

- D.6.** List the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders or other related parties.

The Board Regulations establish the mechanisms and procedures in the event of a conflict of interest between the Company, its directors, the natural person representatives of legal person directors, significant shareholders, and managers.

These mechanisms require the aforementioned persons to inform the Board of Directors, via various means, of their interest in competing companies or those with similar corporate purposes, and in the event of a conflict of interest, the affected person may not participate in the Company's decisions regarding any matters involving the conflict of interest.

Moreover, the Internal Rules of Conduct in Securities Markets and the treatment of confidential and/or inside information set out the circumstances in which there is a conflict of interest involving employees and managers and determines the procedures to avoid conflicts of interest and a mechanism from resolving conflicts, delegating this power in the Nomination and Remuneration Committee. There is also a principle of abstention by the director, employee or manager in the process for resolving conflicts of interest.

- D.7.** Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether it is listed or not, and has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

Yes
 No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax risk.

The Board of Directors of Duro Felguera, S.A. ("Duro Felguera", "DF" or the "Company"), in accordance with the Regulations of the Board of Directors approved by the Board of Directors of Duro Felguera, S.A. at its meeting held on 18 January 2022, has the power to determine the policy for the identification, control and management of risks, including tax risks, and supervision of the international information and control systems.

In application of these powers, DF is reviewing its Risk Management and Control Policy to adapt it to Company's new situation and operating environment. This Policy is expected to be approved by the Board of Directors during the third quarter of 2023, after its review and verification by the Risk Department and the Audit, Risk and Compliance Committee. It will then effectively become part of Duro Felguera's corporate policies.

According to the review of the Risk Control and Management Policy:

The Company has adopted an integrated risk management and control system, which considers all material risks, of any kind, to which Duro Felguera may be exposed. Specifically, it covers risks that could affect the Company's sustained growth, business performance, respect for the environment, quality, occupational health and safety, and responsibility to its stakeholders.

In general, Duro Felguera makes the following distinctions:

Corporate risks: those that affect senior-level objectives directly related to implementation of DF's strategic plan and corporate governance policies and regulations.

Operational risks: those that affect business-related objectives for the activities carried out by DF in the ongoing management of its businesses, materialising primarily in bids and project management.

Duro Felguera's integrated risk management and control system, for both corporate and operational risks, is backed by six lines of action:

Regulatory framework: Mission, Policies and Principles, Organisation and Governance.

Identification, description and classification of risks, based on the creation of a risk catalogue, a taxonomy and a risk map.

Quantification and scoring of risks through the establishment of limits and thresholds and standardisation of metrics.

Integration in the Company's management system through the establishment of the related processes and procedures.

Integrated and escalated reporting for effective control and monitoring of mitigation measures.

Adaptation and preparation of reporting systems to obtain a single data.

The six lines are applied to the corporate, bids and projects domains.

Each line of action is articulated in the internal management rules that complement the Policy:

Internal corporate risk management rules.

Internal bid risk management rules.

Internal project risk management rules.

The Company bases its risk management and control on the international UNE-ISO 31000:2009 standard.

Accordingly, in all corporate and operational areas, the risk management and control process shall take the steps in the risk-taking areas:

Identification: classification and categorisation of risks according to the taxonomy. analysis of causes and effects of the risks.

Assessment: quantitative and qualitative assessment of risks according to the risk matrix.

Analysis and prioritisation: establishment of the level of exposure, according to limits and thresholds, and the ability to address the risk.

Management: definition of the mitigation measures and related actions. Execution of the actions.

Information and reporting: reports based on level of exposure.

The second line of defence controls and monitors the entire process.

The third line of defence supervises and audits the entire process.

This Policy directly applies to Duro Felguera, S.A. and all the investees included in its scope of consolidation.

In companies in which DF has a controlling interest, DF encourages application of principles, guidelines and risk limits that are consistent with those in its Policy and maintains the necessary information channels to ensure awareness about the risks.

The Risk Management and Control Policy applies to all DF departments and divisions and all its business operations, in the corporate and directly related to the bids and projects domains.

E.2. Identify the bodies within the company responsible for preparing and executing the Risk Management and Control System, including tax risk:

DF segregates responsibilities in the Risk Management and Control System through appropriate definition and allocation of duties at operating level among the three lines of defence. The aim is to mitigate potential conflicts of interest in risk-taking, decision-making and execution of actions.

The lines of defence are as follows:

First line of defence. This includes areas that are risk-takers and its functions are to identify, assess and perform the mitigation measures determined. These areas describe the internal operational risk management processes.

Second line of defence. Its functions entail control and monitoring implementation of the regulations and of the specific risk control actions drawn up. The areas comprising this line will draw up the internal management rules and propose risk limits and thresholds.

Third line of defence. This line's functions include supervision and audit. The areas comprising this line will draw up the Risk Policy and the risk appetite parameters.

Each line of defence will comprise certain bodies and departments, as explained below.

First line of defence. Corporate departments and business lines.

Second line of defence. Management Committee and Risk Committee, with its functions backed by the Risk Department. The Compliance Committee also provides support to the second line in terms of compliance and regulations.

Third line of defence. The Audit, Risk and Compliance Committee, the Sustainability Committee and, ultimately, the Board of Directors.

The lines of defence are adapted to the Company's organisational structure, its operations and the main risks facing Duro Felguera, which it divides up in general between Corporate Risks and Operational Risks.

The functions and responsibilities attributed to each body are summarised as follows:

Board of Directors: As a power that cannot be delegated, the Board of Directors of Duro Felguera has responsibility for approving the Risk Control and Management Policy and setting the levels of acceptable risk and risk tolerance at any given time.

The Audit Risk and Compliance Committee: The Regulations of the Board of Directors tasks the Audit, Risk and Compliance Committee (ARCC) with duties related to the supervision of the risk control and management systems. Therefore, the ARCC receives regular reports from the Risk Department, on which it bases the recommendations and proposals it submits to the Board to safeguard the Company's operational integrity. In addition, through Internal Audit, this committee reviews the risk management system. This review should be included in the Annual Audit Plan.

Sustainability Committee: At its meeting of 18 January 2022, the Company's Board of Directors agreed to set up a Sustainability Committee as a specialised body tasked with supervising compliance with the Company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, in line with Recommendations 53 and 54 of the Good Governance Code. The Sustainability Committee shall be informed by the Risk Department of risks inherent to compliance with regulations and environmental, social and governance rules.

Risk Department: The Risk Department, which falls under and reports directly to the Audit, Risk and Compliance Committee, provides support to both the ARCC and the Management Committee in discharging its duties, which include: designing and proposing internal risk management rules, taxonomies, limits and thresholds; ensuring compliance with procedures and methodologies; and monitoring and updating the risk management system as needed.

Management Committee: The Management Committee, in conjunction with the Risk Department, assesses, monitors and follows up on corporate risks. It reviews the businesses' and corporate areas' overall level of risk exposure on a regular basis to verify and ensure that the level of risk exposure is below the level of acceptable risk and is aligned with the Company's strategy and objectives.

Risk Committee: the function of this committee is related to controlling and managing risks that affect Duro Felguera's business-related objectives in the continuous management of its businesses, materialising primarily in bids and projects. In projects, it periodically reviews the level of risk exposure to verify that it is below the level of acceptable risk and is aligned with the Company's strategy and objectives. In bids, it ensures that the terms and conditions for submitting a binding offer by Duro Felguera comply with the risk limits and risk appetite determined by the Board of Directors.

Audit and Compliance Committee: The Compliance Committee provides risk management support in areas of due diligence of partners, agents and other third parties with whom DF interacts in bidding and projects. It also performs an ongoing audit of the risk management system, which should be set out in the Annual Audit Plan, verifying the operation of the system in terms of its design, implementation and effectiveness.

E.3. Indicate the main risks, including tax risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives:

See section H

E.4. Identify whether the entity has risk tolerance levels, including for tax risk.

As The Company has a taxonomy established for corporate, bids and projects, grouped into four categories: strategic, operational, financial, compliance and CSR.

DF has risk tolerance levels for certain items of the taxonomy and the three domains: corporate, bids and projects.

There is a zero-tolerance level for reputational, sustainability and compliance risks.

Operationally, risk tolerance levels (or risk appetite) are set out in risk limits and thresholds.

Risk limits set the barrier (red line) for the level of risk the Company considers acceptable and/or permissible. Qualitative and quantitative limits are specified for each type of risk defined by DF.

Risk thresholds determined the values under which DF can operate. Risks have different classifications within these limits. In addition, qualitative and quantitative thresholds are specified for each type of risk defined by DF.

These limits and thresholds are reviewed annually and adapted to the Company's situation and development.

Risk limits and thresholds are specified and detailed in the internal rules and procedures implementing the Risk Management and Control Policy.

According to the internal risk management rules:

In the bids domain: The Risk Committee ensures that related risk elements are assessed and evaluated and assessed to determine the risk level of bids and, accordingly, the terms and conditions under which a bid must be submitted to protect DF's interests.

In the projects domain: The Project Team conducts monthly reviews and the Risk Committee quarterly reviews. Project risk-opportunity scenarios are verified for decision-making on margins and contingencies.

In the corporate domain: Senior management, the Board Committees and the Board of Directors use the annual review of the corporate risk map and the half-yearly update of the related risk indicators to assess trends in risks, monitor the mitigating measures put in place and take the appropriate decisions.

E.5. Indicate which risks, including tax risks, have materialised during the year.

As explained in the consolidated financial statements, the main risks that materialised in 2022 related to the bankability of projects, exchange rate fluctuations and deviations in execution of certain contracts, as well as cash management pressure.

E.6. Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.

See section H

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

F.1. The entity's control environment.

Report on at least the following, describing their principal features:

F.1.1 The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

Duro Felguera's Internal Control over Financial Reporting (ICFR) system comprises a process involving all levels across the organisation. Therefore, it is implemented by all staff.

The Board, as the body ultimately responsible for the existence and maintenance of a suitable and effective ICFR system, created the necessary organisational structure to ensure that regulated financial reporting is implemented correctly and that the Group's internal control operates effectively. As provided in the Board Regulations of 2019 at article 17, the Audit, Risk and Compliance Committee of Duro Felguera must oversee:

- The effectiveness of the Company's internal controls, the annual internal audit plan, the regulatory compliance management system and the risk management systems, as well as discuss with the statutory auditor any significant weaknesses in the internal control system that may have been detected over the course of the audit, without compromising its independence. To this end, and where appropriate, recommendations or proposals may be submitted to the Board of Directors along with the corresponding time frame for follow-up activities.
- The preparation and presentation of the required sustainability information on the Company and, where appropriate, the Group, and submit recommendations or proposals to the Board of Directors with a view to safeguarding its integrity, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

The Finance Department has coordinated the ICFR system's design as part of its responsibility for establishing, implementing and monitoring the system. The Finance Department's objective is, and should be, to establish an effective and efficient ICFR system. Therefore, it has a process in place for updating and periodically reviewing the system to help adapt controls to the Company's reality at any given time.

Finally, the Internal Audit area, supervised by the Audit, Risk and Compliance Committee, has responsibility, together with the Finance Department, to oversee and assess the ICFR system with a suitable scope and schedule in order to arrive at findings on its effectiveness, taking into account the audit engagements included in the Annual Audit Plan.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.

Under the Regulations of the Board of Directors, the specification of the Group's organisational structure and any changes to it are the responsibility of the Board.

In short, the Finance Department leads the preparation of financial reporting, although according to the ICFR system, all parties involved work towards the transparency, integrity, accuracy and reliability of financial information. Lines of responsibility and authority are assigned in detail in the ICFR Governance Model adopted by the Board of Directors (as indicated in section F.1.1). Functions and responsibilities are assigned to:

- 1) Board of Directors
- 2) Audit, Risk and Compliance Committee
- 3) Finance Department
- 4) Departments and areas
- 5) Internal Audit
- 6) Internal ICFR system control

In addition, the Model creates a specific ICFR coordination unit that reports to the Finance Department, supporting the Department in the performance of its role as a second line of defence.

Duro Felguera knows how important training is as a means of raising awareness and knowledge of the Model among staff. Therefore, it has held annual training sessions coinciding with the processes of updating and reviewing the Model as a whole and its updates. The detail of this training is disclosed in the section on training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing standards, internal control and risk management.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

The Group's Code of Conduct, which was reviewed, updated and approved by the Board of Directors on 15 February 2022, is mandatory for all Duro Felguera directors and employees, regardless of office, position, geographical location, type of employment contract, post, or physical workplace.

The Internal Audit and Regulatory Compliance Department gave a training session in 2022 on the Group's ethical values that included specific information regarding the Code of Conduct and the Anti-Corruption Policy. All employees have access to the Code of Conduct on the DF intranet and third parties via the corporate website.

The current Code of Conduct sets out the following principles and values:

Compliance with the law: DF and all its employees undertake to comply with the legislation in force in all activities, and with the Good Corporate Governance practices adhered to by DF, while encouraging cooperation with authorities and regulatory bodies.

Respect for human and labour rights: DF and anyone covered by the Code of Conduct must comply with and respect human rights and comply with Spanish and international laws, respecting freedom of association.

Respect for people: This aspect focuses on respect for fundamental rights and civil liberties (work-life balance, equal opportunities and non-discrimination, among others) and health and safety.

Relations with government authorities and regulatory bodies: DF encourages the utmost collaboration and diligence among all of its employees and advocates political neutrality. Duro Felguera strictly prohibits corruption in any form and any practices that are unethical or conducive to influence parties outside the organisation for the purpose of securing some undue benefit, advantage or consideration. The Group's relations with customers and suppliers must be based on objectivity and transparency.

Commitments to the market: DF and all its employees must guide their conduct by the highest standards of quality, honesty and transparency.

Prevention of contraband and drug trafficking: DF is committed to abiding by prevailing import and export laws.

Commitment to the environment: DF undertakes to promote and foster environmental protection and preservation, involving its people and the Group as a whole in environmental concerns through continuous improvement, integrating the sustainability concept in the decision-making process and assessing the impact of its activity in the areas where it operates.

Protection of information: personnel subject to the Code of Conduct are required to keep strict confidentiality in relation to information obtained in the course of their work.

Financial and accounting transparency: The Company shall ensure the reliability and rigour of financial information that, in accordance with applicable regulations, is publicly reported to the market. Specifically, the accounting policies, control systems and supervision mechanisms specified by the Group will be applied so that relevant information is identified, prepared and communicated in a timely and appropriate manner. Furthermore, the Board of Directors of DF and the other management bodies of Group companies will regularly verify the effectiveness of the system of internal control over financial reporting to the markets.

Responsible use of resources and assets: All DF employees are subject to the responsibility and commitment to protect the Group's assets against damage, loss, theft and misuse.

As describe in the scope of application of the current Code of Conduct, it is mandatory for all Group employees and representatives. In line with its commitment to publicise its values across all areas, the Company approved a Code of Conduct applicable to third parties.

The Compliance Committee, comprising management representatives of the Human Resources, Legal Affairs, Risk, Communication, and Internal Audit and Regulatory Compliance departments, is the internal body responsible for updating, supervising and controlling compliance with the principles, values, guidelines and behaviours set out in the Code, and the result of the rules and regulations that make up the Regulatory Compliance Programme.

Specifically, as a general rule, the Internal Audit and Regulatory Compliance Department has authority to decide on any incident, breach, complaint, query or consultation arising from the interpretation and application of the Code, except if the Chief Compliance Officer him/herself is involved in the matter at issue, in which case the party that is to oversee and adjudicate on the procedure will be appointed by the Compliance Committee.

If the incident or ex officio investigation not only affects all the above but also a member of the Board of Directors of Duro Felguera or a management body of a Group company, it is forwarded to the rest of the unaffected members of the Board of Directors, who will act on its behalf or, as appropriate, appoint an instructing officer in accordance with section 6.2 d) of this regulation. The Compliance Committee, the Audit, Risk and Compliance Committee and the members of the Board of Directors affected may not be involved in any phase of the processing, resolution or investigation of the incident.

The Compliance Committee met eight times in 2022.

- Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential:

DF has made available to its employees several channels to report incidents and concerns or raise questions:

The Ethics Line: <https://lineaetica.durofelguera.com/en/>, for reporting potential breaches of the Code of Conduct, the Crime Prevention Model or any other applicable rule or regulation.

The email address: dcn@durofelguera.com, for submitting doubts about or queries regarding application or interpretation of applicable internal and external rules and regulations.

Several complaints were submitted in 2022, which were handled and reviewed by the pertinent area.

Meanwhile, in early 2022, adopting a proposal put forward by the Audit, Risk and Compliance Committee, the Board of Directors of Duro Felguera approved the update of the internal standard for incident reporting and internal investigations. The standard specifies the principles of operation of our whistleblower channel and creates procedures for reporting, processing and, as the case may be, investigating incidents that come to light via the channel or otherwise become known to DF or any DF Group company.

With entry into force of law 2/2023 on the protection of persons who report breaches of laws and anti-corruption, the Group is adapting its whistleblower channel to new legal requirements. This process is scheduled to be completed by the legal deadline; i.e., 13 June 2023.

- Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management:

In general, at Duro Felguera there is a Consolidation and Reporting area within the Finance Department with highly skilled staff specialised in accounting who operate as a technical unit and seek the opinion of external experts for complex transactions or regulatory changes. A corporate accounting manual is available on the intranet to support standardised application of accounting policies and criteria, which was reviewed and approved on 31 December 2022 by the Group. It is constantly reviewed to identify potential updates to standards.

We maintain an ongoing conversation with our external auditors and other accounting experts, who keep us informed about new developments in accounting, risk management and internal control over financial reporting and provide us with updated materials and aids..

- Clarify the roles and duties of users and areas involved in ICFR and assign responsibility for processes.

- Ascertain the effectiveness and efficiency of model execution, management and oversight using a self-assessment system. - Strengthen the internal control model by generating and filing control evidence.

In general, at Duro Felguera there is a Consolidation and Reporting department staffed by accountants operating as a special technical unit; for complex transactions and regulatory changes, they seek the opinion of external experts. A corporate accounting manual is available on the intranet to support standardised application of accounting policies and criteria. The Group reviewed the manual and approved a new version on 31 December 2020.

We maintain an ongoing conversation with our external auditors and other accounting experts, who keep us informed about new developments in accounting, risk management and internal control over financial reporting and provide us with updated materials and aids.

F.2. Assessment of risks in financial reporting.

Report on at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- Whether the process exists and is documented.

The system of Internal Control over Financial Reporting designed at Duro Felguera is based on the internal control framework set out in the COSO (Committee of Sponsoring Organizations of the Treadway Commission) report and on the recommendations of the CNMV, Spain's securities market regulator, in its paper Internal Control over Financial Reporting in Listed Companies.

Based on this model, Duro Felguera performs quality assurance for internal control over financial reporting by identifying and managing critical risks relating to the authorisation, recognition and processing of transactions and to financial reporting and disclosures. Duro Felguera is also vigilant of fraud risks and anticipates any corrective measures required to mitigate the risk of errors and omissions that might compromise the reliability of financial reporting.

As indicated in the methodology set out in its Systems of Internal Control over Financial Reporting (ICFR) Manual, Duro Felguera delimits the scope of the system on the basis of both quantitative and qualitative criteria. This approach pinpoints high-risk account items and disclosures that could have a material impact on financial reporting, and identifies which Group companies should be included within the scope of ICFR.

In addition, DF has created a matrix of controls targeting potential risks in each accounting process. An owner and a supervisor, and the evidence required, are specified for each control. The entire process is completed with a two-stage self-assessment. At the first stage, the control owner reports an assessment of the controls for which he or she is responsible to the control supervisor. At the second stage, control supervisors submit to the Group Finance Department a report that consolidates all controls under their authority. Finally, the Finance Department collates all reports received from control supervisors and submits the results to the Audit Committee.

In the second half of 2022, as was the case in 2021, the Group reviewed and updated the scope of the ICFR system to identify organisational changes affecting the controls outlined in the ICFR system model.

Meanwhile, the Company has promoted the Regulatory Compliance Programme. It updated the applicable regulations, especially the Code of Conduct, the Regulatory Compliance Policy and the Anti-Corruption Policy, and Management has disseminated a message of zero tolerance to corruption and fraud.

- Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

The reliability of the information reported by DF to the markets requires the fulfilment of the following control objectives, according to their impact on the financial statements:

Occurrence: The reported transactions and events have occurred and relate to the entity.

Completeness: All the facts and transactions that had to be reported have indeed been reported.

Accuracy: Amounts and other data relating to transactions and events have been properly reported.

Transaction period: Transactions and events have been recorded in the correct period.

Classification: Transactions and events have been recognised in the appropriate account entries.

Existence: Reported assets, liabilities and equity are in existence.

Rights and obligations: The entity owns or controls the rights to the assets, and the liabilities are obligations of the entity.

Measurement and allocation: Assets, liabilities and equity are reported in the financial statements at the appropriate amounts and any resulting valuation adjustments or allocations have been properly accounted for.

The safeguarding of assets and the prevention and detection of fraud are considered objectives of ICFR because of their impact on the above objectives.

Such objectives are reviewed and updated when significant changes arise in the Group's business with an impact on financial reporting. A comparison of the real situation to the theoretical framework brings to light areas for improvement.

In this vein, the Code of Conduct's principles include transparency in financial reporting, underpinned by the application of accounting best practices to ensure information disclosed to markets is accurate

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

Delimitation of the scope of consolidation of the Duro Felguera Group requires continuous communication between the Legal and Economic-Financial areas, more specifically the Consolidation team, so that the Group has an updated view of its equity position and all the separate financial statements of the companies within the scope are properly identified and integrated with the consolidated financial statements.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

The DF Group's risk control model described in section E.1 Takes account of the assessment of the effects of other types of risk inherent in its business to the extent that they affect financial reporting. This means carrying out suitable assessment and control of corporate-level risks and risks that are specific to the Group's activity and operations.

In particular, as described in section E.3, the DF Group has defined 5 main risk categories: strategic, operational, financial, compliance and CSR. That section describes the key risks that could affect achievement of business objectives.

The main input for building the Risk Map is the Strategic Plan, which is prepared, reviewed and approved by the Board of Directors. Given the economic and financial hardship Duro Felguera is enduring, the plan has undergone updates to factor in new financial assumptions negotiated with the banks. Meanwhile, the Company's restructuring and reorganisation to adapt to the workforce reduction plan implemented resulted in modifications to the risk map.

As noted in previous sections, the ICFR system was updated during the fourth quarter of 2022 to consider the Company's current financial risks. Similarly, the criminal risk matrix, which affects legal and reputational risks, was reviewed over the course of the year to adapt risk levels to the size of the organisation.

- The governing body within the company that supervises the process.

As mentioned in section F.1.1, article 17 of the Board Regulations tasks the Audit, Risk and Compliance Committee, among other things, with supervising the effectiveness of the Company's internal control, the internal audit and risk management systems, and assessing with the auditors significant weaknesses of the internal control system uncovered during the audit, without jeopardising the auditor's independence..

F.3. Control activities.

Report on whether the company has at least the following, describing their main characteristics:

F.3.1 Review and authorisation procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.

As outlined in the Internal Control over Financial Reporting Manual, the financial reporting review process can be defined as an ongoing process that occurs throughout the overall financial reporting process. This implies defining and implementing a number of controls, which are classified by their importance in relation to preparing financial information into differing levels of criticality (from low to very high). To execute the controls, certain key figures are defined within the Company, who are tasked with executing and reviewing the control, and presenting their findings to the Finance Department through the related self-assessments.

Meanwhile, as described in the control matrices, the Financial Department performs specific checks on information obtained from all departments involved in preparing financial statements, mainly the Group's finance area.

The process continues with the role of the Audit, Risk and Compliance Committee which, in accordance with article 17 of the Board Regulations, is under a duty to "supervise the process of preparing and reporting the mandatory financial information on the Company and, where appropriate, the Group, and to submit recommendations or proposals to the Board of Directors to ensure completeness of the information, review compliance with regulatory requirements, and ensure the appropriate delimitation of the scope of consolidation and the correct application of accounting principles.

The final authorisation for issue of financial reporting is the responsibility of the Board of Directors. Under article 5 of the Board Regulations, the Board has the power to "approve the financial information that, due to its status as a listed company, the Company must periodically make public, ensuring that such reporting gives a true and fair view of the equity, financial position and results of the Company, in accordance with the provisions of the law."

Again, for the ICFR system, as mentioned in section F.2.1, the Group has in place a system of self-assessment at different levels: 1) control executors, 2) control supervisors, and 3) the Finance Department. The Finance Department submits a report setting out the key ICFR results of the period to the Audit, Risk and Compliance Committee.

Duro Felguera has a documentation repository comprising the risk matrices and controls for each process, which are available to be viewed by parties involved in the ICFR system, who can also upload relevant evidence. Moreover, the ICFR officer, the Finance Department and Internal Audit thus have a comprehensive overview of all processes, which enables them to oversee and test the controls. In 2022, we reviewed and updated control officers' roles and clearance levels.

F.3.2 Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

Duro Felguera, within the framework of its ICFR system, has implemented controls of IT systems for processes and sub-processes via segregation of functions, assigning different profiles to the different roles of the Group's employees.

Duro Felguera bases most of its activities on its IT systems. For this reason, DF updated its internal control policies for information systems in 2019, adapting them to the COBIT environment (Control Objectives for Information and related Technology) in five main areas:

- **Security and cybersecurity:** processes relating to user access and permissions; e.g., password policies, access control and information system protection, DPC access, user management and processing policies, periodic user access audits. These audits included pentesting (penetration or hacking test) by an external expert in December 2022.
- **Segregation of duties:** procedures to ensure that duties related to the information system used to prepare and publish financial information are segregated. The roles and responsibilities assigned to persons with access to information systems are reviewed on a regular basis to ensure that the segregation of duties policies in place are being implemented and that there are no conflicts of interest or potential fraud risks.
- **IT organisation and management:** security measures for the Company's data and systems and mandatory policies and procedures in managing third parties (from engagement to review of SLAs) and contingency planning.
- **Operation and use:** management and resolution of user requests or incidents, backups, changes and problems, and management of information systems' operation and control. This pillar also includes procedures to ensure the operational continuity of information systems used in the preparation and publication of financial information, along with periodic back-up copies of data and implementation of disaster recovery plans.
- **Change management:** processes for acquisitions of assets (hardware and software), CAPEX and OPEX, and development, testing and deployment processes in production.

- F.3.3** Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

As a result of the Company's internationalisation, part of the financial reporting preparation and regulatory compliance is performed in foreign locations. To better ensure compliance with local (accounting, financial, tax, legal, etc.) legislation in each country and, therefore, reduce exposure to compliance risk, Duro Felguera has a cooperation agreement with an internationally renowned accounting and auditing firm for the preparation of financial information in foreign locations where it has key businesses and projects for the organisation.

F.4. Information and communication

Report on whether the company has at least the following, describing their main characteristics:

- F.4.1** A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The Economic-Financial Division is responsible for keeping the accounting policies affecting Duro Felguera Group up to date and communicating them appropriately.

The Group has an accounting manual that identifies and explains the relevant financial reporting standards and specifies how they must be applied to the Company's own operations and transactions.

Where the application of an accounting standard is especially complex, the Group seeks input and assistance from outside advisers, from the regulatory body or from the external auditor.

The Finance Department is also responsible for informing the Audit and Control Committee of any changes in regulations that could have a significant impact on the Group's financial statements and for handling queries regarding the accounting treatment of transactions that could be submitted by the Company's information officers.

The Group's ICFR policy includes performing mandatory or voluntary audits on virtually all subsidiaries included in the scope of consolidation, even those that are not material subsidiaries. Leading international firms are engaged to carry out these audits.

- F.4.2** Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

The process of consolidation and preparation of financial information is centralised with the Consolidation area within the Administration and Reporting Department, which in turn reports to the Duro Felguera Finance Department. The process begins with the receipt of accounting closes from centralised subsidiaries that are significant for the purposes of the ICFR system. Next, we convert the information received from foreign companies, branches and temporary business associations or joint ventures (UTES) that complete their accounting closes using their own local systems. Finally, we draw up the consolidated financial statements, having entered all data in an IT tool that supports the entire process.

The Administration and Reporting / Finance Department also centrally establishes closing and reporting timetables and distributes them to all parties involved in the preparation of accounting and financial information.

The Group has control mechanisms in place to ensure that its financial information includes the necessary disclosures for appropriate interpretation by the market.

F.5. Supervision of the functioning of the system.

Report on at least the following, describing their principal features:

F.5.1 The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

As provided in article 6 of the Regulations of the Audit, Risk and Compliance Committee, the Committee is tasked with “supervising the effectiveness of the Company’s internal control, the internal audit and risk management systems, and assessing with the auditors significant weaknesses of the internal control system uncovered during the audit, without jeopardising the auditor’s independence. To this end, and where appropriate, recommendations or proposals may be submitted to the Board of Directors and the corresponding time frame for follow-up activities.”

For this purpose, the Audit, Risk and Compliance Committee annually reviews and approves the Internal Audit Plan submitted by the Internal Audit unit. A considerable proportion of the hours allocated within the scope of the Plan are for testing the ICFR system. Such tests are mainly conducted by the Internal Audit unit, which submits the results at least annually to the Audit, Risk and Compliance Committee. In addition, the unit proposes an action plan and recommendations to continue to enhance and reinforce the ICFR model within the organisation.

F.5.2. If there is a procedure by which the account auditor (in accordance with the contents of the Normas Técnicas de Auditoría (NTA) - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

In the absence of any special reason requiring an additional meeting, the Audit, Risk and Compliance Committee holds at least two meetings annually with the external auditors to review the financial statements and internal control weaknesses uncovered.

The Audit, Risk and Compliance Committee also maintains a fluid relationship with the Internal Audit and Regulatory Compliance Department. They meet regularly to learn about and assess execution of the Audit Plan approved for the year and other unplanned activities that arise during the year.

In upholding the responsibilities attributed to it by the Board of Directors, the Audit, Risk and Compliance Committee held the meetings it needed in 2022, attended by the Chief Audit Executive and the Chief Compliance Officer, along with other Company’s directors, at the invitation of the committee Chairman, to address certain items on the agenda.

F.6. Other relevant information

Not applicable.

F.7. External auditor’s report.

Report:

F.7.1 Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.

In 2022, the Audit, Risk and Compliance Committee decided to submit the disclosures set out in this section of the Annual Corporate Governance Report to the external auditor for review. The outcome of the review is the attached report by the external auditor on our disclosures on the internal control over financial reporting (ICFR) systems in the year ended 31 December 2022.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies [X] Explain []

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies [] Complies partially [] Explain [] Not applicable [X]

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

- a) Changes that have occurred since the last General Shareholders' Meeting.
- b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies [X] Complies partially [] Explain []i

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies [X] Complies partially [] Explain []

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of pre-emptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies [X] Complies partially [] Explain []

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

- a) Report on the auditor's independence.
- b) Reports on the workings of the audit and nomination and remuneration committees.
- c) Report by the audit committee on related party transactions.

Complies [X] Complies partially [] Explain []

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies [] Complies partially [] Explain [X]

The Board of Directors does not believe that broadcasting general meetings live has any direct impact on increasing shareholder participation.

The Company is compliant in relation to mechanisms that allow delegation and casting of votes by remote means. It has amended its Articles of Incorporation and Regulations of the Annual General Meeting to include a specific rule for holding shareholder meeting exclusively by remote and mixed means.

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called.

Complies [X] Complies partially [] Explain []

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies [X] Complies partially [] Explain []

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

- a) Should immediately distribute such complementary points and new proposals for resolutions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies [X] Complies partially [] Explain [] Not applicable []

11. That, if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies [X] Complies partially [] Explain [] Not applicable []

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies [X] Complies partially [] Explain []

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies [X] Explain []

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a) Is concrete and verifiable;
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies []

Complies partially []

Explain []

There are no criteria in selection procedures that are, or could be, a barrier to the selection of women directors or senior executives. When seeking a certain professional profile, the Company takes into consideration the professional profile and only evaluates the profile that is most adequate to the corporate interests, without taking into account the gender of the candidate. However, when faced with two objectively similar professional profiles, the candidate of the least represented gender on the Board or senior management will be selected, in accordance with the provisions of the Company's Director Selection Policy and in compliance with the target that 40% of Directors should be women by year-end 2023.

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies []

Complies partially []

Explain []

See section H.

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies []

Explain []

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies Explain

18. That companies should publish the following information on its directors on their website, and keep it up to date:

- a) Professional profile and biography.
- b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.
- e) Company shares and share options that they own.

Complies Complies partially Explain

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies Complies partially Explain Not applicable

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies Complies partially Explain Not applicable

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies [X] Complies partially [] Explain []

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies [X] Complies partially [] Explain [] Not applicable []

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies [X] Complies partially [] Explain [] Not applicable []

[See section C.1.2.]

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies [X] Complies partially [] Explain []

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies [X] Complies partially [] Explain []

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies [X] Complies partially [] Explain []

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies [X] Complies partially [] Explain [] Not applicable []

29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies [X] Complies partially [] Explain []

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies [X] Explain [] Not applicable []

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

Complies [X] Complies partially [] Explain []

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies [X] Complies partially [] Explain []

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies [X] Complies partially [] Explain []

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies [] Complies partially [] Explain [] Not applicable [X]

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies [X] Explain []

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity in the composition and skills of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.
- e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies [X] Complies partially [] Explain []

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies [] Complies partially [] Explain [] Not applicable []

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies [] Complies partially [] Explain [] Not applicable []

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies [] Complies partially [] Explain []

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies [] Complies partially [] Explain []

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies [] Complies partially [] Explain [] Not applicable []

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

- a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
- b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
- c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
- d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

- a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
- b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
- e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies [X]

Complies partially []

Explain []

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies [X]

Complies partially []

Explain []

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies [X] Complies partially [] Explain [] Not applicable []

45. That the risk management and control policy identify or determine, as a minimum:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies [X] Complies partially [] Explain []

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies [X] Complies partially [] Explain []

47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies [X] Complies partially [] Explain []

48. That large-cap companies have separate nomination and remuneration committees.

Complies [] Explain [] Not applicable [X]

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies [X] Complies partially [] Explain []

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Proposing the basic conditions of employment for senior management to the Board of Directors.
- b) Verifying compliance with the company's remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.
- d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.
- e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies [X] Complies partially [] Explain []

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies [X] Complies partially [] Explain []

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
- b) That their chairpersons be independent directors.
- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.
- d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e) That their meetings be recorded and their minutes be made available to all directors.

Complies [X] Complies partially [] Explain [] Not applicable []

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies [X] Complies partially [] Explain []

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies [X] Complies partially [] Explain []

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct-
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies [X] Complies partially [] Explain []

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies [X] Explain []

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies [] Complies partially [] Explain []

The Articles of Incorporation include variable remuneration through profit-sharing of up to 2.5% of net profit, provided that the dividend on shares is not less than 4% of the par value of the shares. This percentage may be lowered via a shareholders resolution in General Meeting and the Board of Directors has full discretion regarding distribution of the amount among directors. This recommendation does not apply given the prohibition to distribute profits under the agreements with the FASEE.

Remuneration in the form of shares or share options is provided for in the Articles of Incorporation and in the Director Remuneration Policy approved by the shareholders at a General Meeting. However, it is not currently applied.

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies [] Complies partially [] Explain [] Not applicable []

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies [] Complies partially [] Explain [] Not applicable []

Variable Variable remuneration to Directors in their capacity as such, in line with the Articles of Incorporation, is capped at 2.5 % of net profit, once other statutory payments have been covered and provided that the dividend on shares is not less than four percent.

In view of the above, once the Company's shareholders approve the financial statements at a General Meeting and resolve to distribute a dividend in an amount equal to or greater than that established in the Remuneration Policy and the Articles of Incorporation, there is no need to wait any longer to verify compliance with the conditions, since variable remuneration is based on the closed and audited financial statements as submitted at the General Meeting for deliberation. It does not apply as long as the possibility of distributing dividends is suspended by the agreements with the FASEE.

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies [] Complies partially [] Explain [X] Not applicable []

As indicated in the response to recommendation 59 above, since the General Meeting is the corporate body that approves the financial statements that serve as the yardstick for determining whether or not variable remuneration to Directors is due, the shareholders at a General Meeting examine and consider the report of the external auditors, which would include any qualifications as to the financial statements and results.

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies [] Complies partially [] Explain [X] Not applicable []

This recommendation is not followed because although the Remuneration Policy provides for the possibility of delivering shares or financial instruments linked to the value of shares, there are no remuneration plans in force that involve payment by delivery of shares or financial instruments linked to their value.

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies [] Complies partially [] Explain [] Not applicable [X]

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies [] Complies partially [] Explain [X] Not applicable []

This clause is not included because the targets that attract variable remuneration must be met in the financial year, i.e. in the short term, and are verifiable before payment.

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies [X]

Complies partially []

Explain []

Not applicable []

H. FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date the company began following it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010:

Due to a lack of space in other sections, following the principle of transparency that governs the Company's policies and our policy on relations with shareholders, disclosed are provided below on the following:

E.3 Indicate the main risks, including tax risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives:

The Company reviews its corporate risk map annually to identify, classify and prioritise, based on internal and external factors, those risks to which its activity is exposed and the key risks that could affect achievement of business objectives.

The Company has defined five main risk categories: strategic, operational, financial, compliance and CSR. The most significant risks identified by the Company are as follows:

Financial: Economic variables. Certain economic circumstances (e.g., changes in exchange rates, interest rates, financing ability, market liquidity or taxes) can have an adverse impact on the Company's business and earnings. DF is currently in the process of strengthening its cash and financial positions after the refinancing carried out in 2021, by adding contributions to obtain higher liquidity through drawdowns on loans or other facilities, and reinforcing its guarantee facilities.

Operational. Project management. Changes in project costs. The impacts of the war in Ukraine, strained diplomatic relations between Spain and Algeria, commodity price volatility and the current inflationary environment can have an adverse impact on the Company's business and earnings. To minimise these impacts, the Company has put in place a series of contingency plans. Meanwhile, management of projects carried out in temporary business associations or joint ventures (UTEs) with unconsolidated venturers and weaknesses in processes or inadequate procedures can result in changes in project costs and timing.

Strategic. Market: The outlook for inflation is negative and includes both wage and cost increases, while interest rates are rising faster, impacting debt refinancing costs or resulting in higher costs of new borrowings. GDP growth forecasts are extremely moderate for Europe and generally for most Western economies. The macroeconomic outlook is gloomy overall. However, expectations for the Company's main sector of operations are for investment needs arising from the energy and digital transition and the EU's need to become energy self-sufficient, for which there are some obvious and material incentives, such as the availability of EU (Next Generation) and PERTE funds and other international programmes. The generally feeling in the sector is that investment projects will pick back up after the slowdown caused by Covid-19 and the impact of the Ukraine-Russia war.

Climate change. The EU's stated energy transition policy could give rise to certain political, legal and regulatory risks in terms of restrictions on factors that cause climate change or promotion of climate change adaptation measures, which could affect the development of the Company's activities. Nevertheless, increasing climate change demands in the sector where most of the Company's operations are carried out will give rise to investment opportunities in areas where DF is well positioned, such as emission reductions, carbon capture and decarbonisation.

Strategic. Organisational: the Company is currently implementing a collective redundancy plan for objective economic, productive and organisational purposes after negotiation and reaching agreements with workers' representatives. In this respect, the Company must be able to handle the

organisational change arising from its downsizing effectively and efficiently. The necessary adaptation of processes and procedures from the change must be encouraged, along with talent retention, both of which can affect the Company's activity.

Strategic. Order backlog: economic tensions and geopolitical uncertainty can cause delays in investment decision-making, which could affect the sectors in which the Company has operations. Moreover, DF's competitive position is underpinned by several factors. The most important and crucial factor in winning contracts is price, but there are other factors, such as: the ability to raise adequate guarantees of collateral, a solid order backlog, a strong financial position, risk aversion, reputation for quality, health, safety and environmental protection standards, compliance and track record. These also play a decisive role in contract awards. The Company can be affected if it is incapable of tackling these competitive challenges in carrying out its business. Considering these risks, the Company implemented the corrective measures explained in section E.6.

Strategic. Suppliers/subcontractors: Stress in managing debt with suppliers can pose a risk of restriction on operations and competitiveness. Therefore, reliance on certain 'technological' suppliers creates exposure to risk of vertical integration by them in areas where the Company carries out its business. These situations can have an adverse impact on the Company's business and earnings.

Strategic. Partners/agents: Regarding diversity and conditions of countries where the Company operates, in addition to the need for to share risk in large industrial projects, an inadequate selection of partners and agents, the loss of a partner's financial or industrial capacity or an inadequate alignment and agreements with partners in alliances and joint projects can have an adverse impact on the Company's business and earnings.

Compliance. Integrity and reputation. Non-compliance or irresponsible behaviour by employees or other third parties with whom the Company interacts (partners, suppliers and subcontractors) can have an adverse impact on the Company's reputation and earnings. Duro Felguera has taken a major step in redefining its criminal risk management model. The Company is currently making improvements to its internal procedures to adapt its compliance responsibilities as a listed company. Adaptation within the Company's operations could result in the system not being entirely integrated and that new practices have not been integrated.

Operational. Contract management: Complexity of contracts. EPC contracts are complex, with obligations spanning several years and involving multiple parties. This makes it difficult to manage unexpected events and modifications to projects, such as updates and recognition of the effects of Covid-19 and the war in Ukraine in projects' economic balance to keep cash available to address them. In addition, local courts' refusal to recognise parties' choice on matters such as the law applicable to the contract and/or jurisdiction; the failure of local legal counsel to correctly identify or assess important local legal matters (e.g., environmental restrictions) or labour-law related issues; the absence or lack of sufficient laws to safeguard intellectual property; and laws of economies that require products or goods to be sold through state marketing boards or corporations could have an adverse impact on the Company's business and earnings.

E.6. Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.

In response to the main risks, various actions are taken:

Financial management. Economic variables:

Tax 'During the bidding phase, risk-minimising tax strategies are defined with local advisors, even in the Group's usual markets.'

During project execution, tax settlements presented are monitored with the help of local advisors and events or deviations from the original strategies are identified and corrected with the help of the Operations area.

The Group has a tax policy that sets out the framework of action in order to comply with best tax practices. This policy applies to all its activities and all geographies where it operates.

Liquidity 'In the bid phase, the necessary strategies are designed to ensure positive cash flow for the project.

Project-by-project cash management and monitoring. Cash flow performance by project/business line is measured to ensure cash generation or the early detection of financing needs so that the necessary steps can be taken.

Corporate cash flows are updated weekly to predict financing requirements and plan steps to boost operating cash flows or assess actions to optimise cash surpluses.

Interest rate. The Company assesses whether to enter into interest rate swaps when it takes out new working capital financing facilities.

Foreign currency. In the bid phase, the foreign-currency collection and payment structure is evaluated, with preference for multi-currency contracts to provide us with a "natural hedge".

In cases where it is not possible to secure a "natural hedge", the possibility of entering into foreign currency swaps to minimise this risk is considered.

Credit risk. In the bidding stage, customer due diligence procedures are carried out and internal or external methods for accrediting project finance are determined.

Project-by-project collection management and monitoring, drawing up the necessary steps in each case.

Project management. Changes in project costs.

Standard practice in the Group is to arrange and close a fixed price for the supplies required for projects to mitigate the risk of increases in raw material costs, creating natural hedges between the selling price and the main costs.

It plans acquisitions of critical equipment, or equipment/materials whose cost is highly volatile because of the impact of raw materials on a project's first few months to mitigate the potential impact.

The Group also encourages the inclusion in supplier and subcontractor contracts of back-to-back liability clauses in the main contracts. A cost-reduction plan is in place for each project to offset any deviations and make the project more cost-effective.

The Group monitors project deadlines through project control to prevent delays that could lead to indirect cost overruns. It also periodically reviews estimates and tracks them at production and risk follow-up meetings over the life of the project.

To the extent possible, it sets up on-off contracts.

The Group endeavours to remain flexible so it can adapt to local content requirements through appointed partners or subcontracts depending on prevailing legislation.

It ensures integrated import management with customers.

New procurement formulas are designed to mitigate risks.

The Group ensures, to the extent possible, much more detailed force majeure considerations in contracts for border closings, pandemics and other macroeconomic and socio-political contracts that can affect project development.

It ensures formulas for reviews and variability in prices, stockouts and changes in laws.

Slowdown or halt to the global economic recovery. Slower pace of investments.

Close monitoring of planned investments with customers from the conceptual development phase through to realisation. New project execution models that promote risk balancing and ensure the success of the project.

Close monitoring of market movements through external advisors/forums/congresses, etc.

Senior management business monitoring and selection of opportunities.

Positioning, through local operations, in investment opportunities expected to arise from the energy transition, EU energy autonomy, energy storage, the growth of renewable energies, H2 and derivatives, and digital transformation.

Major expectations from the availability of EU and PERTE funds and other international programmes.

Climate change. Management of SDGs.

Existence of an Environmental Management System (ISO 9001), a Quality Management System (ISO 14001) and an Occupational Health and Safety Management System (ISO 45001), along with the required updates.

The Sustainability Committee approved the update of its Sustainability Policy to include new principles and conduct guidelines and reinforce existing ones.

Plans are for imminent approval of the Human Rights Policy. Meanwhile, the annual double materiality assessment considered alignment with SDGs of topics considered material.

Duro Felguera has drawn up its Ecological Transition Plan 2021-2027 and pledged to work towards implementing four of the 17 Sustainable Development Goals (SDGs). A key priority is SDG 13 Climate action, to be achieved through close control and monitoring of emissions.

SEPI's Monitoring and Control Committee oversees compliance with this plan. The Group is working on controlling and minimising ESG impacts with customers, subcontractors and suppliers (supply chain).

On the business side, increasing climate change demands will give rise to investment opportunities where the Company is well positioned, such as emission reductions, carbon capture and decarbonisation.

Organisational. Talent retention. Processes.

Strategic people management plan: focus on developing and retaining employees.

Identification of key positions and key personnel.

High performance management team training programmes (leadership and team management)

Training plan: upskilling & reskilling

Objective setting and performance appraisal process

Analysis of remuneration structure: benchmarking, action plan, competitiveness model

Strategic company process reassessment plan to design agile and dynamic structures focused on corporate efficiency. Redefinition of positions/functions/tasks.

Order backlog. Energy transition.

Financial reinforcements through negotiations to bring in an investor and other mechanisms.

Active monitoring of performance of Next Generation and PERTE funds.

Portfolio diversification, stepping up organic growth to leverage resources inherent in traditional businesses to enhance positioning and increase market shares to capitalise on the energy transition, with the launch of DF Greentech, in renewable energies, energy recovery plants, biomass.

Incorporation of offshore wind power solutions as strategic manufacturer.

Strategic partnerships with developers and tech firms, and high specialisation in green H2 project implementation for industrial decarbonisation, transport, storage and H2 derivatives (e.g., methane, ammonium).

The Company also has a commitment to technology and innovation, targeting secure communications in strategic civil areas and expanding the automated storage area.

Design of the Company's R&D&I plans is geared towards proposals for decarbonisation, CO2 recovery, wave energy, etc.

Suppliers/subcontractors. Vertical integration

The Company is managing strategic agreements with critical suppliers and tech companies in the areas of conventional energy, renewable energy, M&H and logistics systems, among others.

Partners/agents

The Group has formally issued an internal management standard to regulate approvals and due diligence processes of third parties, partners, agents, etc. The aim is to ensure our position through compliance, technical and financial assessments carried out by the pertinent areas for each domain.

Integrity and reputation.

The Group periodically updates the Crime Prevention Model. It implements the necessary controls, opens the relevant whistleblowing channel and provides continuous training to employees to make the entire organisation aware of the implications of bad practices and the importance of early detection.

Moreover, the Group regularly engages an external expert to audit its crime prevention system to prevent unidentified gaps.

The Group has redrafted its Regulatory Compliance Policy to enhance regulation of inclusion of Spanish and foreign subsidiaries.

It also reissued its Code of Conduct to include new principles and conduct guidelines and reinforce existing ones.

The Group requires partners, suppliers and subcontractors to abide by its environmental, human rights, occupational health and safety, anti-corruption and anti-fraud requirements.

Contract management. Complexity of contracts.

For bidding, the Company performs detailed assessments of contracts through specialised areas given the increasing importance of foreign trade risks, tax risks, risks of changes in laws or the risk of applicable dispute resolution law and environments in EPC contract execution.

Moreover, one risk element assessed in detail at the Company's Risk Committee meetings relates to the use of contractual models developed by different internationally renowned institutions.

Another is the inclusion in contracts, where possible, of clauses to refer disputes to arbitration courts in countries where DF has experience and/or arbitration forums, e.g., the International Chamber of Commerce.

The Company has set up a contract management organisation in parallel with project management, from development to guarantees.

The annual review of the corporate risk map and related actions carried out or planned by management are reported to the Board of Directors. This information is updated on a half-yearly basis along with the performance of the related KRIs so the Board of Directors can monitor the mitigation measures put in place and take the appropriate decisions.

As for the Company's day-to-day operations, the Board of Directors is apprised of all risks arising in bidding and projects with extremely high/critical exposure: In addition to risks that have a material impact, those for the organisation that cross red lines are considered critical, as are those deemed as such by the Board of Directors, Board Committees, the Management Committee or the Risk Committee as warranted by their volatility or one-off incidents. Management of these risk should be approved by the Board of Directors.

AUDIT COMMITTEE

Continuation of the section relating to the functioning of the Committee and the key actions carried out during the 2022 financial year:

Functions:

The main functions of the Audit, Risk and Compliance Committee include:

- a) Defining the procedure for selecting the statutory auditor, including the relevant selection criteria, such as training, experience and independence.
- b) Reporting to the General Meeting on any business that falls within the committee's remit and, in particular, regarding the outcome of the audit, explaining how this has contributed to the integrity of financial information and the role that the committee has played during this process.
- c) Supervising the efficiency of the Company's internal controls, internal audit and risk management systems, while also discussing with the statutory auditor any significant weaknesses in the internal control system that may have been detected over the course of the audit, without compromising its independence. To this end, and where appropriate, recommendations or proposals may be submitted to the Board of Directors along with the corresponding time frame for follow-up activities.
- d) In particular, the Company shall have a risk control and management unit, under the supervision of this committee, to, inter alia, ensure that risk control and management systems are functioning correctly and, specifically, that major risks the Company is exposed to are correctly identified, managed and quantified; play an active supervisory role in the preparation of risk strategies and in key decisions about their management; and ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the Board of Directors.
- e) Supervising the preparation and presentation of required financial and non-financial reporting on the Company and, where appropriate, the Group. The Committee must submit recommendations and proposals to the Board to safeguard the correctness of financial reporting and verify compliance with laws and regulations, accurate demarcation of the scope of consolidation, and correct application of accounting principles.
- f) Ensuring the independence of the internal audit, risk and compliance functions, which report to the committee; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; set its priorities and work programmes, ensuring that it focuses primarily on the main risks the Company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- g) Examining and reviewing the annual work plan of the internal audit, risk and compliance functions, including reports of any incidents that may have arisen while carrying out the work; and scrutinising the reports on the activities of those functions at the end of each year.
- h) Escalating to the Board of Directors proposals to select, appoint, re-elect and replace the auditor, assuming responsibility for the selection process pursuant to applicable EU legislation, in addition to the conditions of her/his engagement and regularly request information on the audit plan and its execution from him/her, in addition to ensuring his/her independence in the exercise of audit duties.
- i) Establishing appropriate relationships with the external auditor to receive information on issues that may threaten his/her independence, to be analysed by the Committee, and any other issues related to the process of auditing financial statements. Furthermore, when appropriate, authorise services other than those prohibited under applicable legislation, as well as the other communications stipulated in audit legislation and technical auditing standards. In all cases, an annual statement must be received from the external auditors confirming their independence with regards to their relationship with the entity or directly or indirectly related entities, while also providing detailed information on an individual basis about any type of payments received from these entities by the external auditor or by persons or entities related to them, pursuant to the regulations on auditing activities, and ensuring that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

On this point, the Committee shall ensure that:

Remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

The Company notifies any change of external auditor to the Comisión Nacional del Mercado de Valores as "inside information", accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

In the event that the external auditor resigns, examining the circumstances leading to such resignation.

Ensure that the external auditor has a yearly meeting with the Board of Directors in full to inform it of the work undertaken and developments in the Company's risk and accounting positions.

Ensure fulfilment of the audit engagement, requiring that the auditor's opinion on the financial statements and the content of the report are drafted clearly and precisely.

Issue on an annual basis, prior to the issuance of the audit report on the financial statements, a reporting containing an opinion regarding whether the independence of auditors and audit firms has been compromised. This report shall be published on the Company's website sufficiently in advance of the Annual General Meeting, and must contain, in all cases, a reasoned evaluation of the provision of each and every additional service referenced in the previous point, considering each service individually and jointly, separate to the statutory audit and in relation to the system of independence and regulations governing auditing activities.

- j) Inform the Board of Directors, with prior notice, about all matters foreseen in law, the Bylaws and the Regulations of the Board of Directors; in particular those regarding:
 - j.1) The financial information that the Company must regularly make public;
 - j.2) The non-financial information that the Company must regularly make public;
 - j.3) The creation or acquisition of shares in special purpose entities or those registered in countries or territories considered tax havens; and
 - j.4) Transactions with related parties.

Any report issued by the Audit Committee regarding related party transactions shall be published on the Company's website sufficiently in advance of the Annual General Meeting.
 - j.5) Any structural changes, mergers or acquisitions the Company may be planning, including their financial terms and accounting impact and, in particular, the proposed exchange ratio.

- k) Receive from Senior Management the justification for any change of accounting criteria or principles, and to review such reasons.
- l) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities in the Company.
- m) Supervise the Internal Codes of Conduct and regulatory compliance not expressly attributed to another Committee or to the Company's Board of Directors. In this respect, the Audit Committee shall:
 - m.1) Supervise the internal standards and procedures there to ensure the proper monitoring of the code of conduct and regulatory compliance across the various departments and areas of the Company, especially the Company's General Code of Conduct and internal regulations on the stock market; and ensure that they remain up to date at all times.
 - n) Oversee compliance with the Company's corporate governance rules. In this respect, the Audit Committee shall be responsible for:
 - n.1) Supervising transparency in corporate actions.
 - n.2) Periodically evaluating the appropriateness of the Company's corporate governance system, so that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the other stakeholders.
 - n.3) Reporting and, if appropriate, submitting the related proposals to the Board of Directors in relation to the development of the corporate governance rules of the Company and its Group based on the provisions of the Articles of Incorporation and in accordance with the applicable regulations at any given time.
 - o) Supervise compliance with the Company's corporate social responsibility policy. In this respect, it shall:
 - o.1) Review the Company's corporate social responsibility policy, ensuring that it is geared to value creation.
 - o.2) In particular, the Committee shall ensure that the corporate social responsibility policy identifies at least:
 - * The objectives of this policy and the development of tools to support it.
 - * The corporate strategy with regard to sustainability, the environment and social issues.
 - * Concrete practices on matters related to: employees, customers, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.
 - * The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
 - * Channels for stakeholder communication, engagement and dialogue.
 - * Responsible communication practices that prevent the manipulation of data and protect integrity and honour.
 - p) Supervise the process of reporting on diversity and reporting non-financial information in accordance with applicable rules and international benchmarks.
 - q) Perform any other duties entrusted to it by the Board of Directors.

Main actions in the year:

1. Oversight of the preparation of the financial statements.
2. Review of projects in progress.
3. Oversight of implementation of actions and improvements to the ICFR system.
4. Oversight and monitoring of the Crime Prevention Model.

NOMINATION AND REMUNERATION COMMITTEE

Functions:

The Committee, independently of any other functions entrusted to it by the Board of Directors or those which, within the scope of its functions, it may submit to the Board for consideration and approval, performs the following main duties:

1. In relation to directors and the Board of Directors:
 - a) Evaluate the competencies, knowledge and experience necessary for the Board of Directors. To this end, the Committee shall define the duties and capabilities necessary in candidates who shall fill each vacancy and evaluate the time and dedication necessary in order to efficiently fulfil their commitment, and run an annual check on compliance with the director selection policy.
 - b) Set a target for representation for the least represented gender on the Board, and draw up guidelines on how to achieve this objective.
 - c) Submit to the Board of Directors proposals for the appointment of independent directors for their nomination by co-option or for their submission to the General Meeting of Shareholders' decision, in addition to proposals for the re-election or dismissal of said directors by the General Meeting of Shareholders.
 - d) Propose the appointment of all other directors for their nomination by co-option or for their submission to decision by the General Meeting of Shareholders, in addition to proposals for their re-election or dismissal by the General Meeting of Shareholders.
 - e) Research and organise the succession of the Chairman of the Board of Directors and, as appropriate, the Chief Executive of the Company, formulating proposals to the Board of Directors so that said succession can be processed in an ordered and well-executed manner.
 - f) Propose the remuneration policy to the Board of Directors, as well as the individual remuneration and other contractual terms of executive directors, while ensuring compliance with the same.

- g) Periodically review the remuneration policy applied to directors, including remuneration that involves the delivery of shares, and see to it that individual remuneration is proportional to that received by other directors and senior managers.
 - h) Verify the information on director pay contained in corporate documents, including the Annual Report on Director Remuneration.
 - i) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
 - j) Report to the Board of Directors on proposed removals from office where any director fails to honour their duties as director as set out in prevailing legislation or internal regulations, or upon the occurrence of any of the grounds for removal or resignation provided for in applicable law and regulations.
2. In relation to Senior Management personnel and executive remuneration policies:
- a) Inform of any proposals to the Board of Directors for appointment or dismissal of senior management and the basic terms of their contracts. For these purposes, the Committee shall receive from the Management, the Board of Directors or its committees, as appropriate, a description of the post to be filled, the desired profile of potential candidates, the selection proposal and the contractual terms that will be offered to the new incumbent, all of which must be in line with the remuneration policy for senior managers. The Committee may also interview candidates if it deems this necessary, request further information and, in general, take any action it deems necessary before making its final proposal.
 - b) Propose, to the Board of Directors, the remuneration policy of general managers and of whomever else discharges senior management duties under the direct supervision of the Board of Directors, the Executive Committee or Chief Executive Officers, while ensuring compliance with that policy.
 - c) Periodically review the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensure that their individual remuneration is proportional to that received by the company's other directors and senior managers.
 - d) Verify the information on director pay contained in corporate documents, including the Annual Directors' Remuneration Report.
 - e) Verify, each time substantial amendments are made to the contracts or changes made to the policies, that the terms of the contracts of senior management are consistent with the remuneration policies in force.
 - f) Ensure, annually, that senior management remuneration policies are properly implemented, that no payments are made that are not provided for in those policies, and propose any measures that may be needed to recover any amounts unduly paid.
 - g) Periodically review the general remuneration systems for the Group's staff, including an assessment as to their suitability and results.
3. Review and evaluate Corporate Governance Policies, ensuring that all such policies remain up-to-date and compliant with prevailing law and regulations, and making any proposals for review, modification and improvement that it deems appropriate.
4. Draw up, for submission to the Board of Directors, the corresponding Annual Report on Director Remuneration (ARDR), which must be disclosed in accordance with the law.
5. Perform any other duties entrusted to it by the Board of Directors.

Key actions carried out in 2022 include:

1. Proposal to the shareholders at the General Meeting to ratify director re-elections and appointments.
2. Proposal for appointment of Senior Managers.
3. Evaluation of the Board of Directors

SUSTAINABILITY COMMITTEE

Functions:

The main functions of the Sustainability Committee include:

1. Supervising application of and compliance with the Internal Codes of Conduct and regulatory compliance not expressly attributed to another Committee or to the Company's Board of Directors. In this respect, the Sustainability Committee is tasked with:
2. Supervising proper compliance with the internal rules and procedures that ensure fulfilment of the rules of conduct and regulatory compliance in the Company's various spheres of action, and authority to submit proposals for improvement and development thereof.

3. Overseeing compliance with the Company's corporate governance rules. In this respect, the Sustainability Committee responsibilities include:
4. Supervising compliance with transparency in corporate actions.
5. Periodically evaluating the appropriateness of the Company's corporate governance system, so that it fulfils its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the other stakeholders.
6. Reporting and, if appropriate, submitting the related proposals to the Board of Directors in relation to the development of the corporate governance rules of the Company and its Group based on the provisions of the Articles of Incorporation and in accordance with the applicable regulations at any given time.
7. Supervising compliance with the Company's corporate social responsibility policy.
8. Reviewing and assessing the Company's corporate social responsibility policy, ensuring that it is geared towards the creation of value. In particular, the Committee shall ensure that the corporate social responsibility policy identifies at least:
 1. The objectives of this policy and the development of tools to support it.
 2. The corporate strategy with regard to sustainability, the environment and social issues.
 3. Concrete practices on matters related to: employees, customers, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.
 4. The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
 5. Channels for stakeholder communication, engagement and dialogue.
 6. Responsible communication practices that prevent the manipulation of data and protect integrity and honour.
 7. Supervision of application of the general policy relating to the communication of information published by the Company, as well as with shareholders, investors, proxy advisors and other stakeholders.

Key actions carried out in 2022 include:

The Committee started working on attributing institutional value to this newly created Board committee. It outlined the frequency and interactions with the Group of companies' operations, articulating its institutional functionality and illustrating the need to address adaptation of the regulatory framework to cater to the more current dimension of sustainability; i.e., environmental, social and governance (ESG).

The key initiative entailed drafting, approving and submitting the Sustainability Policy Manual to the Board of Directors. This manual sets out the core principles and general framework for action underpinning the Group's sustainability strategy and practices, in keeping with applicable regulations, internal management standards and good corporate governance practices.

The overall aim was to ensure that the committee performs its activity in such a way as to promote long-term value creation for all stakeholders, placing particular emphasis on the following principles, grouped into three pillars:

1. Reduce environmental impacts.
 - o Make the Group's activities more energy efficient.
 - o Promote awareness of environmental protection.
 - o Ensure product quality.
 - o Shore up a responsible supply chain.
2. Ensure occupational health and safety.
 - o Attract, retain and develop human capital.
 - o Contribute to the protection of human rights and communities.
3. Comply with regulations applicable in countries and regions where the Group operates and with public authorities.
 - o Oversee responsible corporate governance.
 - o Promote responsible conduct. Exercise tax responsibility.

Perform any other duties entrusted to it by the Board of Directors.



**ANNUAL CORPORATE GOVERNANCE
REPORT OF LISTED PUBLIC LIMITED
COMPANIES**

English translation for information purposes only. In the event of discrepancies between the English and the Spanish version, the Spanish version shall prevail.

This Annual Corporate Governance Report was approved by the Board of Directors of the company in its meeting held on:

[28/04/2023]

Indicate whether any director voted against or abstained from approving this report.

- Yes
 No