

REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSED APPOINTMENT OF PRICEWATERHOUSECOOPERS AUDITORES, S.L. AS AUDITOR OF THE COMPANY AND ITS CONSOLIDATED GROUP

(Item 4 of the agenda of the meeting)

1. Purpose of the report

The board of directors of Ercros, S.A. ("Ercros" or "the Company"), convened on April 25, 2024, has approved this explanatory report accompanying the proposal to submit to the vote of the ordinary general meeting of shareholders, convened for June 27, 2024, at Avinguda Diagonal, 514, 6th floor, 08006 Barcelona, at 12:00 noon on first call, and, if the necessary quorum is not met, for June 28, 2024, at the same place and time, on second call, the appointment of PricewaterhouseCoopers Auditores, S.L. ("PwC") as auditor of the Company and its consolidated Group for the fiscal years 2024, 2025, and 2026, which is the subject of the fourth item on the agenda of said meeting.

With this report, the board of directors complies with the provisions of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, 2010, to explain and justify the proposal submitted for approval to the ordinary general meeting of Ercros, for the appointment of PricewaterhouseCoopers Auditores, S.L. ("PwC") as auditor of the Company and its consolidated Group for the fiscal years 2024, 2025 and 2026.

2. Applicable Regulations

Section 4.d) of article 529 quaterdecies of the Corporate Enterprises Act and articles 34.4 c) of the bylaws, 47 of the regulations of the board of directors and 2.1 c) of the regulations of the audit committee of Ercros establish that it will be the competence of the audit committee to submit the selection proposals to the board of directors, appointing, re-electing and replacing the auditor, taking responsibility for the selection process, in accordance with the provisions of Articles 16, sections 2, 3 and 5, and 17.5 of Regulation (EU) No 537/2014 of 16 April 2014 ("ER"), as well as the conditions of their hiring and regularly obtaining from them information about the audit plan and its execution, in addition to preserving their independence in the exercise of their functions.

3. Justification for the audit committee's proposal

According to article 264 of the Corporate Enterprises Act and article 42.4 of the Commercial Code, individuals tasked with conducting the audit of accounts shall be appointed by the general meeting before the end of the fiscal year to be audited, for an initial period, which shall not be less than three years nor more than nine, starting from the date on which the first fiscal year to be audited commences, without prejudice to the provisions of the regulations governing the auditing activity regarding the possibility of extension and the duration of contracts concerning companies classified as public interest entities.

In this regard, Law 22/2025 of 20 July 2025 on Auditing of Accounts establishes that the minimum initial duration of hiring auditors in public-interest companies may not be less than three years, and the total period of contract, including extensions, may not exceed the maximum duration of ten years established in Article 17 of the ER.

In view of the above-mentioned legal requirements for the rotation and independence of auditors, it is considered appropriate to appoint a new auditor for future financial years.

For this reason, it's proposed to appoint PwC as auditor of the Company and its consolidated Group for the fiscal years 2024, 2025 and 2026.

The proposal to appoint PwC as auditor of the Company and its consolidated Group, for the fiscal years 2024, 2025 and 2026, before being adopted by the board of directors, has been favourably reported by the audit committee at its meeting on 6 October 2023 based on the following considerations:

- a) The selection process has been carried out in accordance with the ER, on the specific requirements for the legal audit of public interest entities and the Law on Auditing of Accounts, as well as its implementing regulations.
- b) PwC has the equipment and work procedures, experience in the chemical sector and in listed companies, the necessary technology to carry out a good service, as well as the quality controls and independence that guarantee the excellence of the audit.
- c) PwC has a high degree of knowledge of the Company and its consolidated Group; commitment to its dedication and a competitive fee offering.

The audit committee also declares that it is free from any influence from third parties and that no clause of the kind referred to in Article 16 section 6 of the ER has been imposed on it.

Based on the foregoing sections, the audit committee has deemed it appropriate to propose to the board of directors that it submit to the Company's ordinary general meeting of shareholders, which is expected to take place on 28 June 2024 on second call, the proposal to appoint PwC as auditor of the Company and its consolidated Group for the financial years 2024, 2025 and 2026.

This mandate is extended to any other audit services that the Company may require. PwC will accept its position separately, stating that it doesn't understand any legal incompatibility.

The board of directors, at its meeting held on 3 November 2023, accepted the audit committee's proposal and decided to propose to the general shareholders' meeting the appointment of PwC as external auditor of the Company's and its consolidated Group for the fiscal years 2024, 2025 and 2026.

4. Proposal submitted to the shareholders meeting for approval under the corresponding agenda item

The literal content of the proposed resolution submitted for approval to the ordinary general meeting of shareholders in item four of the agenda is as follows:

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Appointment of PricewaterhouseCoopers Auditores, S.L., as annual accounts auditor of the Company and its consolidated Group for the fiscal years 2024, 2025 and 2026.

Approve the appointment for fiscal years 2024, 2025 and 2026 of PricewaterhouseCoopers Auditores, S.L. as auditor of the Company's individual annual accounts and the consolidated annual financial statements of the Group of which the Company is the parent company pursuant to the provisions of article 264 of the Corporate Enterprises Act.

The board of directors is empowered, with express power of substitution, to enter into the corresponding service lease contract, with the clauses and conditions it deems appropriate, and is also empowered to make the pertinent modifications in accordance with the legislation in force at any given time.

This resolution is adopted on the proposal of the board of directors, and following a proposal, in turn, of the audit committee.

PricewaterhouseCoopers Auditores, S.L. will accept its appointment by any means valid in law, stating that it does not understand any legal incompatibility.

PricewaterhouseCoopers Auditores, S.L., has its registered office in Madrid, Torre PwC, Paseo de la Castellana 259B, and is registered in the Mercantile Registry of Madrid, page 87250-1, folio 75, volume 9.267, book 8.054, section 3 and CIF B-79031290 and in the Official Register of Account Auditors under number S0242.

Daniel Ripley Soria
Secretary of the board of directors of Ercros

Barcelona, 25 April 2024