

## **Activity report of the appointments, remuneration, sustainability and corporate social responsibility committee**

### **1. Establishment of the appointments, remuneration, sustainability and corporate social responsibility committee («ARSCandCSR»)**

The board of directors of Ercros, S.A. («Ercros» or «the Company»), held on 25 February 1997, approved the creation of an appointments and remuneration committee, whose functions, composition and operation comply with the provisions of article 35 of the articles of association; article 17 of the board of directors' regulations and with its own regulations, approved by the board of directors on 25 April 2019, which were amended on 28 December 2020 by the board of directors, on the occasion of the review of the recommendations of the Good Governance Code approved by the National Securities Market Commission (Comisión Nacional del Mercado de Valores) in June 2020.

On 22 January 2021, the board of directors approved, among other proposals, the new name of the appointments and remuneration committee, which has been renamed the appointments, remuneration, sustainability and corporate social responsibility committee («ARSCandCSR»), in view of the new functions that the board of directors attributed to this committee as a result of the update of the board and ARSCandCSR regulations approved by the board on 28 December 2020 following the adaptation thereof to the content of the 53rd and 54th recommendations of the Code of Good Governance.

### **2. Composition**

In accordance with the above provisions, the ARSCandCSR shall be composed exclusively of non-executive directors, with a minimum of three and a maximum of five members, appointed by the board of directors, the majority of whom must be independent directors.

The members of the ARSCandCSR shall be appointed based on knowledge, skills and experience appropriate to the functions they are called upon to perform.

Its chairperson shall be appointed by the board of directors from among its independent directors and shall be elected for a term of four years and may be re-elected one or more times for periods of the same maximum duration. The board of directors shall also appoint a secretary of the committee, who shall not be considered a director.

At present, the composition of the ARSCandCSR is as follows:

- Chair: Mrs. Lourdes Vega Fernández, independent director.
- Members: Mrs. Carme Moragues Josa, independent director and Mr. Eduardo Sanchez Morrondo, director classified as "other external directors".

Mr. Daniel Ripley Soria, secretary of the board of directors of Ercros, acts as secretary of this committee.

### **3. Functions**

The main functions of the ARSCandCSR, as set out in article 17 of the board of directors' regulations and article 3 of its own regulations, are as follows:

1. Assess the knowledge, skills and experience required on the board of directors. To this end, it shall define the functions and aptitudes of candidates to fill vacancies on the board and assess the time and dedication required for them to perform their duties effectively.
2. Submit to the board of directors proposals for the appointment of independent directors for appointment by co-option or for submission to the decision of the general meeting of shareholders, as well as proposals for the re-election or removal of such directors by the general meeting.
3. Inform the board of directors of proposals for the appointment of the remaining directors for appointment by co-option or for submission to the decision of the general meeting of shareholders, as well as proposals for their re-election or removal by the meeting.
4. Establish a representation target for the under-represented sex on the board and develop guidance on how to achieve this target.
5. Organise the succession of the chairperson and chief executive, in consultation with the current chairperson and chief executive; and, where appropriate, make proposals to the board for an orderly and planned succession.
6. Report on appointments and removals, and the basic conditions of the contracts of senior management, including executive directors, at the proposal of the chief executive.
7. Propose to the board of directors the maximum amount of annual remuneration for all directors in their capacity as such, which must be approved by the general meeting, and its distribution among each of them.
8. Propose to the board of directors the individual remuneration of executive directors and senior management, both in terms of the amount and the various components thereof.
9. Verify compliance with the remuneration policy established by the Company and periodically review its application.
10. Periodically review the remuneration policy applied to directors and senior management, including share-based remuneration schemes and their application,

and ensure that their individual remuneration is proportionate to that paid to other directors and senior management of the Company.

11. Verify the accuracy of the information on academic qualifications, remuneration of directors and senior management contained in the various corporate documents, including the annual report on directors' remuneration.
12. In relation to compliance with the Company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct:
  - (i) Supervise compliance with the Company's corporate governance rules and internal codes of conduct and ensure that the corporate culture is aligned with its purpose and values.
  - (ii) Supervise, in coordination with the audit committee, the application of the policy relating to the communication of economic-financial, non-financial and corporate information, as well as communication and contacts with shareholders and securities market agents (analysts, institutional investors and proxy advisors) and monitor the way in which the Company communicates and relates to small and medium-sized shareholders.
  - (iii) Evaluate and periodically review the corporate governance system and the Company's corporate social responsibility and sustainability policies, to ensure that it fulfils its mission; to promote the social interest and to consider, as appropriate, the legitimate interests of other stakeholders.
  - (iv) Oversee that the Company's corporate social responsibility and sustainability practices are in line with the strategy and policy set by the Company.
  - (v) Supervise and evaluate the processes of relations with the different stakeholders.
13. Report on transactions that involve or may involve conflicts of interest and, in general, on the matters contemplated in article 28 of the articles of association and in chapter IX of the board of directors' regulations, on the duties and obligations of directors.
14. Ensure that any conflicts of interest do not impair the independence of the external advice provided to the commission.

#### **4. Operation**

The ARSCandCSR meets at least once a year to determine remuneration and whenever the chairperson of the board requests a report or proposal for appointment, or at the request of at least two of the members of the committee. The committee determines the chairperson's remuneration.

In 2023, the ARSCandCSR held four meetings, attended by all its members, at which the following issues were discussed.

**a) Meeting of 16 February 2023:**

- Proposed remuneration of the Company's directors for the financial year 2023.
- Review of the remuneration of the Company's senior management for the financial year 2023.
- Report on directors' remuneration for the financial year 2022.
- ARSCandCSR activity report for the financial year 2022.
- Renewal of the board of directors of the Company in 2024: start of the procedure.

**b) Meeting of 28 April 2023:**

- Sustainability policy

**c) Meeting of 26 May 2023:**

- Debate on the selection and remuneration of corporate leaders.

**d) Meeting of 11 October 2023:**

- Renewal of the Company's board of directors in 2024: status of the matter.

**5. Performance evaluation of the ARSCandCSR**

At its meeting on 23 February 2024, the board of directors will discuss the annual evaluation of the functioning of the ARSCandCSR, in accordance with article 529 *nonies* of the Corporate Enterprise Act, adopting an action plan for 2024.

**6. Adoption of the activity report**

This report on the activity of the ARSCandCSR was adopted at its session of 20 February 2024.

Lourdes Vega Fernández

Chair of the appointments, remuneration, sustainability and corporate social responsibility committee

Barcelona, 20 February 2024