

Report of the audit committee on related-party transactions during the financial year 2023

Introduction

On 18 February 2015, the board of the National Securities Market Commission (Comisión Nacional del Mercado de Valores, «CNMV») approved the good governance code for listed companies («GGC»), which was reviewed in June 2020.

The GGC states in its 6th recommendation as follows:

«Listed companies that prepare the reports listed below, whether mandatory or voluntary, should publish them on their website sufficiently in advance of the ordinary general meeting, even if their dissemination is not mandatory:

- a) *Report on the independence of the auditor.*
- b) *Reports on the functioning of the audit committee and the nomination and remuneration committee.*
- c) *Report of the audit committee on related-party transactions».*

Likewise, in accordance with the provisions of article 529 *quaterdecies*.4.g) of the Corporate Enterprise Act, the audit committee must report on related-party transactions that must be approved by the general shareholders' meeting or the board of directors and supervise the internal procedure established by the company for those whose approval has been delegated.

Along the same lines, the regulation of the board of directors of Ercros, S.A. («Ercros» or «the Company») provide in article 5.3 d) (ii) as a non-delegable power of the board the approval of:

“Transactions that the Company or companies of its Group carry out with directors, in the terms of articles 229 and 230 of the Spanish Companies Act; with shareholders holding, individually or in concert with others, a significant interest, including shareholders represented on the board of directors of the Company or of other companies forming part of the same group, or with persons related to them («related-party transactions»). This authorisation of the board of directors shall not, however, be required for related party transactions that simultaneously meet the following three conditions:

- *They are made under contracts the terms of which are standardised and applied en masse to a large number of customers.*

- *They are made at prices or rates generally established by whoever acts as the supplier of the good or service in question.*
- *The amount does not exceed 1% of the Company's annual revenues.*

The board of directors must approve related-party transactions subject to a favourable report from the audit committee and, additionally, subject to a report from the appointments and remuneration committee in the case of transactions between the company and a significant shareholder. The directors affected, in addition to not exercising or delegating their voting rights, shall absent themselves from the meeting room while the board deliberates and votes on the transaction.”

Related-party transactions

During 2023, the audit committee was not aware of any transactions considered to be related-party transactions, either by directors or by significant shareholders or companies related to them.

Conclusions

This committee concludes that no related-party transactions have taken place during fiscal year 2023 and, consequently, the audit committee has not made any proposal to the board of directors for the approval of related-party transactions.

Carme Moragues Josa
Chairwoman of the audit committee

Barcelona, 26 January 2024