

Rules of procedure of the appointments and remuneration committee

Text adopted by the board of directors on 28 December 2020

The original text is in Spanish. In the event of any discrepancy between the original and the present English version, the Spanish version shall prevail.

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Article 1. Nature and purpose

1. These regulations have been drawn up in accordance with the bylaws of Ercros approved by the ordinary general meeting of shareholders of Ercros, S.A. on 5 June 2020, taking into account technical guide 1/2019 on appointment and remuneration fees approved by the National Securities Market Commission on 20 February 2019.
2. These regulations are part of the corporate governance system of Ercros S.A. (hereinafter "the Company").
3. The purpose of these regulations is to promote the independence of the appointments and remuneration committee, to determine its internal operating regime and its principles of action, which are specified below:
 - a) Independence.
 - b) Constructive dialogue.
 - c) Internal dialogue.
 - d) Capacity for analysis and use of experts.

Article 2. Mission

1. The main mission of the appointments and remuneration committee is to contribute to the recruitment and retention of talent, which means that the Company has the best professionals in its governing bodies and senior management.
2. In addition, this committee must verify the consistency of the company's selection and remuneration policies with the Company's strategy, including diversity, sustainable profitability and risk-taking.
3. All this with the aim of facilitating decision-making on these matters by the board of directors.

Article 3. Main features

The appointments and remuneration committee shall exercise its functions independently. The main functions to be exercised by the committee are the following:

1. Assess the necessary knowledge, skills and experience on the board of directors. To this end, it will define the functions and aptitudes of the candidates to fill the

vacancies on the board and will evaluate the time and dedication necessary for them to effectively carry out their task.

2. To submit to the board of directors the proposals for the appointment of independent directors for their appointment by co-optation or for their submission to the decision of the general meeting of shareholders, as well as the proposals for the re-election or removal of said directors by the meeting.
3. To inform the board of directors of the proposals for the appointment of the remaining directors for appointment by co-optation or for submission to the decision of the general meeting of shareholders, as well as the 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 that target.
5. Arrange for the succession of the president and chief executive, after consultation with the current president and chief executive; and, where appropriate, make proposals to the board so that the succession takes place in an orderly and planned manner.
6. To report on the appointments and dismissals, and the basic conditions of the contracts of senior managers, including executive directors, at the proposal of the chief executive.
7. To propose to the board of directors the maximum amount of annual remuneration of all the directors in their capacity as such, which must be approved by the general meeting, and its distribution among each of them.
8. To propose to the board of directors the individual remuneration of the executive directors and the first level of directors, both in its amount and in its different constituent elements.
9. To verify compliance with the remuneration policy established by the Company and to periodically review its application.
10. Periodically review the remuneration policy applied to directors and senior executives, including share-based remuneration systems and their application, as well as ensure that their individual remuneration is proportionate to that paid to the Company's other directors and senior executives.
11. Verify the accuracy of the information on academic qualifications, remuneration of directors and senior managers 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 also 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) To evaluate and periodically review the corporate governance system and the Company's corporate social responsibility and sustainability policies, in order for it to fulfil its mission; to promote the social interest and to take into account, as appropriate, the legitimate interests of the other interest groups.
 - (iv) To supervise that the Company's practices in terms of corporate social responsibility and sustainability are in line with the strategy and policy set by the Company.
 - (v) Supervise and evaluate the relationship processes with the different stakeholders.
13. To report on transactions that involve or may involve conflicts of interest and, in general, on the matters referred to in Article 28 of the bylaws and in Chapter IX of the regulations of the board of directors, on the duties and obligations of directors.
14. Ensure that any conflicts of interest do not prejudice the independence of the external advice provided to the committee.

Article 4. Composition and positions

- 1. The appointments and remuneration committee shall consist 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 shall be independent directors.
- 2. The chairman of the appointments and remuneration committee shall be appointed by the board of directors from among the independent directors who are members of the committee.
- 3. The board of directors shall also appoint a secretary of the committee, who shall not be considered a director.

Article 5. Requirements for the appointment of its members

- 1. The members of the committee, and in particular its chairman, shall be appointed on the basis of their knowledge, skills and experience in the areas of:
 - a) Corporate governance.
 - b) Analysis and strategic evaluation of human resources.

- c) Selection of directors and officers, including the evaluation of the suitability requirements that may be required under the rules applicable to the Company.
 - d) Performance of senior management functions.
 - e) Design of remuneration policies and plans for directors and senior managers
2. As a whole, the members of the committee will have the relevant technical knowledge in relation to the sector of activity to which the Company belongs.

Article 6. Duration and termination

1. The members of the committee shall be elected for a maximum period of four years, and may be re-elected one or more times, for periods of the same maximum duration.
2. The president shall also be elected for a maximum term of four years, and may be re-elected one or more times, for periods of the same maximum duration.
3. The term of office of the secretary shall be indefinite, and his appointment may be revoked by agreement of the board of directors.
4. The members of the committee shall cease to hold office:
 - a) When they lose their status as directors of the Company.
 - b) When, even though they are directors, they cease to be non-executive directors.
 - c) When the term for which they were appointed has expired, without being re-elected.

Article 7. Operating rules

1. The appointments and remuneration committee shall meet at least once a year to propose the remuneration of the Company's directors and the first level of executives, as well as the annual report on directors' remuneration and, where appropriate, the proposal for the directors' remuneration policy.
2. It will also meet whenever the president of the council requests a report or proposal for appointment; when the president of the committee deems it appropriate to deal with issues related to matters pertaining to the committee; or at the request of at least two of the members of the committee.
3. The chairman of the committee will plan the meetings and keep the secretary informed of the meetings so that its members receive the documentation in due time. Attendance at the meetings of the committee must be preceded by the sufficient dedication of its members, and the analysis and evaluation of the information received.

Article 8. Functions of the president

The president is the person most responsible for the effective functioning of the committee and among the functions assigned to him are the following:

- a) Convene and preside over the meetings of the committee, to set the agenda of the meetings and to direct the discussions and deliberations.
- b) Prepare and submit to the committee a program of dates and matters to be discussed.
- c) Ensure that the members of the committee receive sufficient information in advance to deliberate on the items on the agenda.
- d) Stimulate debate and the active participation of the directors during the sessions, safeguarding their free taking of a position.
- e) Ensure that all directors, including those who are not members of the appointments and remuneration committee, receive the minutes of the appointments and remuneration committee.
- f) Coordinate with the chairman of the board the periodic evaluation of the audit committee.
- g) Inform the board of directors and, where appropriate, the general meeting of shareholders of matters within the competence of the appointments and remuneration committee.

Article 9. Functions of the secretary

The secretary will perform, among others, the following functions:

- a) Assist the chairman of the committee in planning their meetings.
- b) Compile and distribute the information well in advance in accordance with the annual work plan established by the committee.
- c) Write the documents and minutes of the meetings.
- d) Have the minutes of the committee available to the members of the committee.

Article 10. Calling

- 1. The secretary will convene the meetings by order of the president of the committee, at least seven calendar days in advance, except in urgent sessions.
- 2. The sessions will be convened by letter, telegram, fax, e-mail or any other electronic

or telematic means.

3. The call will include the agenda and the documentation that is expected to be made available to the members, or failing that, the date on which it will be sent.
4. The committee may meet without prior notice when, when all its members are in session, they unanimously accept its holding and the items on the agenda to be discussed.

Article 11. Venue

1. The meetings will generally be held at the Company's registered office or at any location previously designated by the chairman and indicated in the notice.
2. When circumstances so advise, meetings may be held electronically, provided that the participation of all members of the meeting is ensured, and when the format of the meeting allows the objective of the meeting to be fulfilled and can be guided by the principles of action mentioned in article 1.3 above.

Article 12. Constitution

1. The appointments and remuneration committee shall be validly constituted when the majority of its members attend the meeting, present or represented.
2. The members of the committee must attend the sessions held in person.
3. Notwithstanding the foregoing, in the event of impossibility of attendance, they may be represented by another member of said committee.
4. Representation will be conferred in writing addressed to the chairman of the committee and on a special basis for each meeting.
5. In the event of a vacancy or absence of the chairman or secretary, the absent person will be replaced by a member of the committee who has the status of independent and, in the event that there is more than one, the one with the most seniority on the board.

Article 13. Adoption of agreements

1. Resolutions shall be adopted by an absolute majority of the directors attending the meeting, present or represented. In the event of a tie in the votes, the president, or whoever exercises his functions, will have a casting vote.
2. Voting in writing and without a meeting will only be admitted when no director opposes this procedure.
3. In the event of a conflict of interest, the member of the committee concerned shall refrain from participating in the deliberation and decision-making or voting on

agreements in which he or one of his or her related persons is involved. The votes of directors affected by a conflict of interest who abstain from voting will be deducted from the required majority of votes.

4. The discussions and agreements of the appointments and remuneration committee shall be recorded in minutes, which shall be signed by the chairman and the secretary, or by those who have replaced them. The minutes must be approved by the committee itself at the end of the meeting or at the following meeting, and copies of them will be sent to all directors, whether or not they are members of said committee.
5. The certifications of the minutes of the agreements of the appointments and remuneration committee will be issued by the secretary and will be approved by the president.

Article 14. Means and resources

The Company shall provide the necessary resources to enable the Appointments and Remuneration Committee to carry out effectively the functions entrusted to it, and shall provide the means to engage external advisory services when deemed necessary.

Article 15. Rules on the committee interaction with the board and shareholders

The chairman of the appointments and remuneration committee shall act as its spokesperson at the meetings of the board of directors and, where appropriate, of the general meeting of shareholders of the Company.

Article 16. Relations with the Company's management

1. The appointments and remuneration committee, through its chairman or its secretary by delegation of the chairman, may convene its meetings, gather information and require the cooperation of any officer or employee of the Company.
2. For this reason, managers and employees are obliged to attend the sessions of the committee to which they are summoned, and to provide collaboration and access to information when required.
3. The chairman of the committee must previously notify the chairman of the board and the CEO of the requirements to attend the committee of directors and employees of the Company.

Article 17. Committee evaluations

The committee will carry out a self-assessment, at least once a year, on the quality and efficiency of its operation, within the framework of the annual self-assessment of the board of directors.

Article 18. Reports to be issued

Regardless of the reports mentioned in these regulations, the committee will prepare an annual report on its operation that will be published on the Company's website, prior to the holding of the ordinary general meeting of shareholders.

Article 19. Approval and prevalence

1. These regulations of the appointments and remuneration committee shall be approved by the board of directors at the proposal of the appointments and remuneration committee.
2. Its modification must be approved by the board of directors.
3. These regulations develop and complement the bylaws and the regulations of the board of directors with regard to the appointments and remuneration committee. In the event of contradiction with said regulations, the provisions of the statutes and the regulations of the board shall prevail.

Article 20. Compliance

The members of the appointments and remuneration committee are obliged to know and comply with these regulations, for which purpose the secretary will give them a printed copy and require the corresponding acknowledgement of receipt.

Article 21. Advertising

The secretary will issue the appropriate orders for said regulations to be incorporated into the Company's corporate website.