

REPORT OF THE APPOINTMENT AND REMUNERATION COMMITTEE REGARDING THE RE-ELECTION OF GONZALO URQUIJO FERNÁNDEZ DE ARAOZ AS DIRECTOR OF TALGO, S.A. WITH THE CATEGORY OF EXECUTIVE DIRECTOR.

This justifying report is prepared by the Appointments and Remuneration Committee of TALGO, S.A. (**‘Talگو’** or the **‘Company’**) in accordance with the provisions of article 529 decies of the Capital Companies Act in relation to the proposed re-election as director of Mr. Gonzalo Urquijo Fernández de Araoz.

Pursuant to the provisions of article 10.2 of the Regulations of the Board of Directors of the Company:

“The proposed appointments and re-elections of Directors that the Board of Directors presents for consideration by the General Shareholders’ Meeting and the appointment decisions of the Board of Directors, in its legally assigned powers of co-option, must be preceded by:

- (i) the corresponding proposal by the Appointment and Remuneration Committee in the case of Independent Directors, which must be accompanied by an explanatory statement evaluating the competence, experience and merits of the proposed candidate; or*
- (ii) the report of the Appointment and Remuneration Committee in the case of the remaining Directors, which must assign the new Director to one of the categories defined in these Regulations.”*

In addition, Article 26 of the same Regulations, when listing the competences of the Appointments and Remuneration Committee, establishes in section (ii) letters (d) and (f):

(d) “To report on the proposals for the appointment of the remaining Board Members for their appointment by co-optation or for submission to the decision of the General Shareholders’ Meeting, as well as the proposals for their re-election or removal by the General Shareholders’ Meeting.”

(f) “To examine and organize the succession of the Chairman of the Board of Directors and the chief executive of the Company and, if appropriate, to make proposals to the Board of Directors so that such succession occurs in an orderly and planned manner.”

And in letter (p) of the same section (ii):

“On the occasion of the appointment, ratification or re-election of Directors, it shall prepare a report describing the result of the prior analysis of the needs of the board of directors, which shall be published when convening the general meeting of shareholders to which the ratification, appointment or re-election of each director is submitted.”

Pursuant to the provisions of the Law and the Corporate Governance System, the proposal for re-election as director of Mr. Gonzalo Urquijo Fernández de Araoz, who must be assigned to the category of executive director, is submitted to the General Shareholders' Meeting at the proposal of the Board of Directors and following a Report from the Appointments Committee.

This framework report assesses the competence, experience and merits of the candidate proposed for the position of director under the terms of article 529 decies of the Capital Companies Act.

The Appointments and Remuneration Committee considers it advisable for the Board of Directors to have members with proven experience in the financial, industrial, energy and engineering sectors. In this sense, this Committee reports favorably on the profile of Mr. Gonzalo Urquijo Fernández de Araoz and values very positively his aptitudes and experience, which are in line with the needs of the Company that have been previously analyzed, as well as his knowledge of the business sector in general and the steel sector in particular.

In preparing this reelection report, the Committee has taken into account the suitability of the candidate's professional profile to the particularities of the business carried out by the Company and the sector in which it operates, its international nature and, especially, his level of performance to date. In this regard, the Committee considers that all of its members adequately combine sufficient skills and competencies in the following areas: a) knowledge of the sector in which the Company operates; b) experience and knowledge in economic-financial and industrial aspects, in human team management and in regulatory and normative frameworks; c) international experience and knowledge of the most relevant geographic markets for the Company and d) experience and knowledge in management, leadership and business strategy.

The curriculum vitae and track record of Mr. Urquijo Fernández de Araoz, whose re-election will be proposed by the next Board of Directors, accredits his competence in leading transformation/restructuring processes that have led to cost reductions and improved business operations, thus restoring or increasing business profitability and shareholder returns, his in-depth knowledge of manufacturing sites and his strategic mindset: thinking long-term and applying market and business acumen, simplifying complexity to innovate and drive compelling strategies for competitive advantage that are realistic for the organization, ensuring that pluralistic viewpoints are brought to the Board of Directors' discussion of issues. As a whole, the Report for the re-election of directors submitted to the Board of Directors represents the consolidation of the high level of quality in its composition.

Finally, the Appointments Committee has verified that Mr. Gonzalo Urquijo Fernández de Araoz meets the requirements of honorability, suitability, solvency, competence, experience, qualifications, training, availability and commitment to the duties of the position, and that he is not directly or indirectly affected by any of the causes of incompatibility, prohibition, conflict or opposition of interests with the corporate interest.