

**PROPOSAL ISSUED BY THE NOMINATION AND REMUNERATION
COMMITTEE OF FAES FARMA, S.A. IN RELATION TO THE RE-ELECTION
OF Ms MARÍA EUGENIA ZUGAZA SALAZAR**

Introduction

Among the functions of this Nomination and Remuneration Committee, articles 529 decies and 529 quidecies.3c) of the Capital Companies Act, article 19c) of the Regulations of the Board of Directors and article 4c) of the Regulations of the Nomination and Remuneration Committee, entrust it with submitting to the Board the proposal for appointment or re-election of independent directors for submission to the decision of the General Shareholders' Meeting.

At the same time, recommendation 14 of the Good Governance Code of Listed Companies establishes that the result of the prior analysis of the needs of the board of directors with regard to the appointment and selection of directors should be included in a report by the nomination and remuneration committee to be published when convening the general shareholders' meeting to which the appointment is submitted. Similar terms are expressed in Technical Guide 1/2019 on Nominations and Remuneration Committees published by the National Securities Market Commission (CNMV).

Consequently, this Nomination and Remuneration Committee has drawn up this Proposal in relation to the proposed re-election of Ms María Eugenia Zugaza Salazar as an independent director of Faes Farma, S.A. (the "**Company**").

Structure, size and composition of the Board of Directors

The Company's Articles of Association provide that the Board of Directors shall be composed of a number of directors to be fixed by the General Meeting, between a minimum of five and a maximum of ten directors.

Article 8 of the Regulations of the Board of Directors stipulates that the Board shall endeavour to ensure that external or non-executive directors represent a majority over executive directors and that the number of independent directors represents at least one third of the total number of directors. Furthermore, recommendation 17 of the Good Governance Code of Listed Companies establishes that the number of independent directors should represent at least half of the Board, a criterion that the Company has adopted and currently applies and considers it appropriate to maintain.

Finally, the Company's Director Selection Policy indicates that an appropriate balance should be sought on the Board of Directors, with persons of different backgrounds, knowledge and experience, so as to encourage debate on matters within their competence, providing pluralistic points of view and enriching decision-making.

The Nomination and Remuneration Committee has analysed the current composition of the Company's Board of Directors, as well as the diversity of knowledge, competence and experience of its members. At present, the Board is composed of one executive director, five independent directors and four proprietary directors, making a total of ten members, which is the maximum foreseen by the Bylaws. In addition, on 28 April 2022, the market was informed of the existence of a succession plan for the Chairman of the Board of Directors

and Chief Executive Officer of the Company to be completed at the ordinary meeting in 2024 with the appointment of a CEO and a change in the category of executive Chairman to non-executive Chairman of the Board of Directors. In this way, the planned appointment will entail the incorporation of a new director. For this reason, and in order to maintain the maximum statutory number, the Committee considers that of the four directorships that expire this year, only three should be renewed in order to foresee the existence of a vacancy to be filled at the ordinary meeting in 2024 within the framework already anticipated in the market for the succession of the chief executive of the Company and which, in order to maintain the commitment publicly assumed in relation to the minimum number of independent directors, must necessarily affect one of the proprietary directors.

The Committee has also taken into account the Map of competencies of the directors approved by the Board at its meeting of 21 December 2021, at the proposal of this Committee, in accordance with the provisions of recommendation 14 of the Good Governance Code of Listed Companies and Technical Guide 1/2019 on Nomination and Remuneration Committees, published by the CNMV, which included executive or management experience and competencies, on Boards or Committees, of listed or unlisted companies, economic sectors, geographical scope, functional competencies and languages. The skills map, the latest update of which includes the incorporation of the two independent directors appointed at the Ordinary General Meeting of 2022, shows that the Board reflects a diversity of knowledge, which endows it with great wealth, extensive experience and proven professionalism, enabling it to properly perform its duties.

Likewise, in accordance with the provisions of the Director Selection Policy, it has evaluated the necessary conditions that directors must meet, including that they must be honourable, suitable persons of recognised solvency, competence, experience, qualifications, and training, also assessing the availability of time necessary for adequate dedication and commitment to their duties. For these purposes, it has assessed the professional profile of the candidate, Ms María Eugenia Zugaza Salazar, summarised in the following section of this proposal.

In compliance with the above requirements, and taking into consideration the detailed analysis carried out by the Nomination and Remuneration Committee on the structure, size and composition of the Board, as well as on the suitability of the candidate, the Committee has agreed to submit to the Board of Directors this report on the proposed re-election of Ms María Eugenia Zugaza Salazar as director of the Company with the status of independent director.

Professional profile of the candidate

In order to issue this report, the Nomination and Remuneration Committee has assessed the competence, experience and merits of the proposed candidate, summarised in the professional profile indicated below:

Education:

- Graduate in Economics and Business Studies, specialising in Finance from the University of the Basque Country.
- Member of the Institute of Chartered Accountants of Spain.

- Member of the Spanish Association of Accounting and Business Administration (AECA).
- ESG training for Directors provided by ESADE.

Academic activities:

- University of Zaragoza: lecturer in the Diploma of Specialisation in Accounting and Auditing of Territorial Public Administrations, since 1996.
- University of the Basque Country: Lecturer in the Master's Degree in Account Auditing and Senior Accounting, from 2009 to 2019.
- Courses and seminars on auditing in different associations such as:
 - Basque Association of Economists
 - Institute of Chartered Accountants Basque Country territorial cluster; Public Administrations consultants.
 - Financial Analysts - Analysts Group.
- Lecturer in the first year of the Master in Business Administration and Management - MBA, in the Auditing module organised by ESDEN, Escuela Superior de Negocios y Tecnologías.
- Author of the book Adaptation of International Accounting Standards (IAS) and new IFRS.
- Contributions to the journal *Auditoría Pública*, the Quantor Editorial accounting newsletter and the production of a CD on public accounting for local administrations.
- Participation in the review of the translation into Spanish of the new adaptations and modifications of certain IPSASs until 2018, as well as in the issuance of the *Handbook of International Public Sector Accounting Pronouncements 2011 Edition (IPSASB Handbook)*, in collaboration with the University of Zaragoza, IFAC and *World Bank*.
- Contributor as author of chapter 24 Opinion Formation. Unmodified Opinion and Modified Opinion. Examples from the "MANUAL PRÁCTICO de AUDITORÍA de las ENTIDADES PÚBLICAS ADMINISTRATIVAS" (financial and legal compliance auditing) published by the FIASEP Foundation.

Professional activities:

- Chartered Accountant of the Institute of Chartered Accountants of Spain since 1985, having been a member of the Public Sector Committee of the Institute.

- Member of the Public Sector Accounting and Administration Commission of AECA. Co-sponsor of Document nº4 on Public Administration Revenues.
- Auditor at KPMG from 1979 to 1987, reaching the rank of *Supervising Senior*.
- Administrative-Financial Director of DECOEXSA, in the Bilbao delegation, from 1987 to 1989.
- Advisor - Auditor - Head of the Basque Court of Public Accounts from 1989 to 2001, carrying out the functions of head of the team of auditors to carry out the audits of various Public Institutions (Basque Government, Provincial Council of Bizkaia, Public Bodies and Companies dependent on it and Town Councils of Bizkaia).

Advice, study and analysis of the accounting criteria to be applied to the accounts of the audited entities and of the auditing standards to be applied in the audit work and on the Court's reports through its participation in the Technical Committee of Chief Auditors of the Court itself.

- Director of an auditing firm from 2001 to 2002.
- Auditor of the Basque Court of Public Accounts from 2009 to 2015.
Advice, study and analysis of the accounting criteria to be applied to the accounts of the audited entities and of the auditing standards to be applied in the audit work and on the Court's reports through its participation in the Technical Committee of Chief Auditors of the Court itself and the Committee of External Audit Bodies.
- Auditor of the Basque Court of Public Accounts from 2015 to 2019.

In Faes Farma Group:

- Independent director of Faes Farma S.A. since June 2019 and Chairman of the Audit and Compliance Committee since the same date.
- Member of the Nomination and Remuneration Committee from October 2021.

Performance as Director

In accordance with the recommendations of the Technical Guide 1/2019 on Nomination and Remuneration Committees, it should be noted that in the years that the candidate has been a director of the Company, she has performed her duties in an absolutely satisfactory manner, contributing her knowledge and experience to multiple issues, especially those with financial, accounting and auditing connotations, essential aspects of the Company's activity, thus contributing to creating an appropriate balance on the Board with persons of different training, knowledge or experience.

In addition, she has dedicated sufficient time to exercise her duties as a director with responsibility, both in preparing the meetings and attending them with total commitment, taking part in the Board meetings and actively participating in the most important decisions of the company.

She is currently a member of the Nomination and Remuneration Committee and chairwoman of the Audit and Compliance Committee, where she has carried out outstanding work, with great dedication, especially in promoting the application and incorporation of sustainability criteria in the performance of her duties by the Board and the Faes Group. As for her personal qualities, we must undoubtedly highlight her professional solvency, as well as her academic training, giving prestige to the Board. It is foreseen that, having contrasted the candidate's other occupations and her commitment, among other factors, she may have the same capacity to continue to hold the position of director.

Conclusion of the Appointments and Remuneration Committee

The candidate has sufficiently informed the Committee of the rest of her activities and potential conflicts of interest, all in accordance with the recommendations contained in the Technical Guide on Nomination and Remuneration Committees, points 3 and 4. Specifically, after the appropriate analysis, this Committee has concluded that the candidate is not involved in any cause of conflict of interest, incompatibility or situation that could condition her independence to hold the position of director, analysing in the assessment of such independence possible situations beyond those provided for in article 529 duodecies of the Capital Companies Act.

As regards her qualification, it is proposed that she be re-elected as an independent director, as she meets the requirements established in article 529 duodecies.4 of the Capital Companies Act.

As a result of the foregoing, and taking into account the needs of the Board of Directors in terms of structure, size and composition, the requirements established in the Director Selection Policy, and the legal requirements and good governance recommendations, the Nomination and Remuneration Committee considers that Ms María Eugenia Zugaza Salazar has the appropriate knowledge, skills and experience to hold the position of director of the Board of Directors of the Company, It has therefore unanimously agreed to submit this report with the proposal for the re-election of Ms María Eugenia Zugaza Salazar as independent director of the Company for the statutory period of four years for submission to the decision of the General Shareholders' Meeting to be held on 14 or 15 June 2023, at first or second call.

24 April 2023.