

**REPORT OF THE BOARD OF DIRECTORS OF FAES FARMA, S.A. IN
RELATION TO THE RE-ELECTION OF Ms MARÍA EUGENIA ZUGAZA
SALAZAR**

Introduction

This report is prepared in accordance with the provisions of article 529 decies.5 of the Spanish Companies Act and article 4c) of the Regulations of the Nomination and Remuneration Committee. Both precepts stipulate that the proposal for the appointment of independent directors made by the Nomination and Remuneration Committee to the General Shareholders' Meeting for approval must in all cases be accompanied by a report from the Board of Directors justifying the competence, experience and merits of the proposed candidate. It is proposed that this report be included in the Minutes of the General Shareholders' Meeting.

In compliance with the foregoing, the Board of Directors has prepared this report, which accompanies the proposed re-election of Ms María Eugenia Zugaza Salazar as director of Faes Farma, S.A., (the "**Company**") with the status of independent director.

Proposal by the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has prepared the appropriate proposal, which is attached as **Appendix I**, in which it considers that Ms María Eugenia Zugaza Salazar meets the conditions to be re-elected director of the Company, submitting the proposal for the appointment of independent directors to the Board for submission to the decision of the General Shareholders' Meeting.

The Committee has analysed the current composition of the Board, as well as the diversity of knowledge, skills, experience and suitability of its members. In particular, it has taken into account the Competence Map approved by the Company, which includes the competences, functions and experience of the current directors.

Likewise, in accordance with the provisions of the Director Selection Policy, it has assessed the necessary conditions that directors must meet, including the fact 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.

In compliance with the above requirements and taking into consideration the detailed analysis carried out by the Committee on the structure, size and composition of the Board, as well as on the suitability of the candidate, the Nomination and Remuneration Committee has considered that Ms María Eugenia Zugaza Salazar has the knowledge, skills, experience and other requirements of suitability for the position of director of the Board of Directors of the Company, as stated in the proposal that the Committee has placed at the disposal of the Board of Directors.

Professional profile of the candidate

In order to issue this report, the Board of Directors 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.

Conclusion

As a result of the foregoing and taking into account the proposal prepared for this purpose by the Nomination and Remuneration Committee, which describes the situation of the Company and specifically of this Board, the Board of Directors 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, as well as the suitability requirements that are demanded of her in such capacity, reaching the conclusion that her re-election as an independent director is appropriate in order to comply with the recommendations regarding the number of independent directors. Consequently, this Board unanimously issues a favourable report on the proposal of the Nomination and Remuneration Committee on the re-election of Ms María Eugenia Zugaza Salazar as independent director for the statutory period of four years, to be submitted to the decision of the next General Shareholders' Meeting to be held on 14 or 15 June 2023, at first or second call.

4 May 2023.