



**REPORT ISSUED BY THE NOMINATION AND REMUNERATION
COMMITTEE OF FAES FARMA, S.A. IN RELATION TO THE RE-
ELECTION OF MR IÑIGO ZAVALA ORTIZ DE LA TORRE**

Introduction

Article 529 decies of the Capital Companies Act, article 9 of the Regulations of the Board of Directors and the Director Selection Policy of Faes Farma, S.A. (the "**Company**"), provide that proposals for appointment and re-election of members of the Board of Directors must be accompanied by a report of the Board of Directors assessing the competence, experience and merits of the proposed candidate. They also provide that the proposal for appointment or re-election of any non-independent director must also be preceded by a report from the Nomination and Remuneration Committee.

In compliance with the above, the Nomination and Remuneration Committee prepares the following report in relation to the proposed re-election of Mr Iñigo Zavala Ortiz de la Torre as proprietary director of 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 establishes that the Board shall endeavour to ensure that, in the composition of the Board, 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. Likewise, 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 assumed 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 to be completed at the 2024 Annual General Meeting with the appointment of a CEO and the change of the category of the



executive Chairman to non-executive Chairman of the Board of Directors. Thus, the planned appointment will entail the addition of a new director. Therefore, and in order to maintain the maximum number of directors, 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 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, in listed or unlisted companies, economic sectors, geographic scope, functional competencies and languages. The Map of Competencies, 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, Mr. Iñigo Zavala Ortiz de la Torre, summarised in the following section of this report, as well as his character as representative, in the expression of the Company's Annual Corporate Governance Report for the 2022 financial year, of the founding families of the company.

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 resolved to submit to the Board of Directors this report on the proposed re-election of Mr Iñigo Zavala Ortiz de la Torre as director of the Company with the status of proprietary director.

Candidate's professional profile

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:

- PhD in Law from the University of Deusto, with Cum Laude mention for the doctoral thesis entitled "Corporate Governance of Listed Companies in the United States. Critical analysis and pending challenges" (1984-1989).
- Diploma in Community Law from the Institute of European Studies of the University of Deusto (1990-1991).
- Master's Degree in Legal Science Research from the Universities of Deusto, Pontificia de Comillas (ICADE) and Esade (Ramón Llull University of Barcelona) 2011 - 2012.

Academic activities:

- Professor of Company Law at the Faculty of Law of the University of Deusto from 1996 to 2000.
- Professor of Commercial Law at the Commercial University of Deusto (Degree in Business Administration) since 2007.
- *Visiting Researcher* at Fordham University (New York) in June - July 2012 and January - March 2013, as part of her doctoral thesis research.
- Co-author of several manuals on commercial law, as well as contributor to various legal journals.

Professional activities:

- Practising lawyer at the Bar Association of Bizkaia since 1990.
- Secretary of the Board of Directors of Bridgestone Firestone Hispania, S.A. from 1992 to 2004.
- Vice-Chairman of the Corporate Social Responsibility Committee of the CEOE since 2020 and member since 2019.

In the Faes Farma Group:

- Director of Faes Farma, S.A. since June 1994.

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 Faes Farma, he has performed his duties satisfactorily, contributing his knowledge and experience to multiple issues, especially those with legal connotations, in such a way that he contributes to creating an appropriate balance on the Board with people with different backgrounds, knowledge or experience.



In addition, he has devoted sufficient time to exercise his duties as a director responsibly, both in preparing the meetings and attending them, in particular, with total commitment, taking part in the Board meetings and actively participating in the most important decisions of the Company and its group. As for his personal qualities, we must undoubtedly highlight his professional solvency and his solid academic background, giving prestige to the Board. The forecast is that, having contrasted with the candidate the rest of his occupations, his commitment, among other factors, he may have the same capacity to continue to perform his duties as director for the next four years in a satisfactory manner.

Conclusion of the Nomination and Remuneration Committee

As a result of all the foregoing, and taking into account the needs of the Board of Directors in terms of structure, size and composition and the requirements established in the Director Selection Policy, the Nomination and Remuneration Committee considers that Mr. Iñigo Zavala Ortiz de la Torre 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 for such position, and has therefore unanimously agreed to submit its favourable report to the Board in order to propose to the General Meeting of Shareholders to be held on 14 or 15 June 2023, at first or second call, his re-election as director, for the statutory period of four years, with the status of proprietary director.

24 April 2023.