REMUNERATION POLICY FOR DIRECTORS OF FAES FARMA, S.A.

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version shall prevail.

INTRODUCTION

The Board of Directors of FAES FARMA, S.A. (hereinafter, "**FAES**" or the "**Company**"), at the proposal of the Appointments and Remuneration Committee, has approved at the meeting held on 7 May 2024 this Remuneration Policy for Directors of the Company (hereinafter, the "Policy" or the "**Remuneration Policy**"), which will be submitted to the binding vote of the General Shareholders' Meeting as a separate item on the agenda and with the content established in the Capital Companies Act.

The Remuneration Policy contains the following sections:

Sections of the Remuneration Policy

1.	Principles of Remuneration Policy.
2.	Main changes to the Remuneration Policy.
3.	Remuneration of executive directors.
4.	Remuneration of directors in their condition as such.
5.	Remuneration applicable to new directors.
6.	Process for determining the Remuneration Policy.
7.	Actions taken to align the Remuneration Policy with the Company's objectives, values and long-term interests.
8.	Validity.

1. PRINCIPLES OF REMUNERATION POLICY

The main focus of the Remuneration Policy is to attract, retain and motivate talent, so that the Company can meet its strategic objectives within the increasingly competitive and internationalised framework in which it operates, establishing the measures and practices that are most appropriate for this purpose.

The general principles underlying the Remuneration Policy are as follows, classified according to their applicability to the remuneration policy for the different types of directors:

PRINCIPLES	To whom it applies
PROPORTIONALITY: Remuneration levels are appropriate to the company's performance in relation to the sector, the company's situation, its future prospects and a comparison with the remuneration paid by other companies in the same or similar sectors.	All Directors
COMPETITIVENESS: The Remuneration Policy is competitive, which is achieved by setting a remuneration package in line with market standards, taking into account comparable sectors and companies. Remuneration is adequate to attract and retain directors with the talent and profile desired by the Company.	All Directors
APPROPRIATENESS: Remuneration is sufficient and appropriate to the dedication, qualifications and responsibilities of the directors in their capacity as such, without such remuneration compromising the independence of judgement of the directors.	All Directors
NON-DISCRIMINATION: FAES' Remuneration Policy respects non-discrimination on grounds of gender, age, culture, religion and race.	All Directors
TRANSPARENCY: Remuneration disclosures are in line with best practices in corporate governance.	All Directors
ALIGNMENT WITH STAKEHOLDER INTERESTS: The design of the Remuneration Policy for executive directors is reviewed periodically to ensure alignment between the achievement of results and the creation of shareholder value. Variable remuneration can also be linked to the achievement of environmental, social or governance objectives (ESG[1]), linked to our sustainability strategy. In addition, decisions on executive directors' remuneration are made taking into account the remuneration conditions of the management team as a whole and the interests of other stakeholders.	Executive Directors

[1] For Environmental, Social & Governance

The above principles underpin the development of the directors' compensation policy.

WHAT THE POLICY INCLUDES

- Reasonable balance between the different components: balance between fixed and variable elements (short and long term).
- Linking the payment of remuneration to the Company's performance ("*pay for performance*").
- Remuneration in accordance with the responsibilities and functions assumed by each Director, without compromising the independence of its members.
- Short-term variable remuneration that includes a combination of economic-financial and non-financial objectives, as well as others linked to the long-term sustainability of the Company:
  - The weight of the financial objectives to which it is linked represents at least 60%.
  - The weight of non-financial objectives represents a maximum of 40%.
- Long-Term Variable Remuneration Plans:
  - Minimum target measurement period of 3 years.
  - Paid in shares.
  - Obligation to retain shares for a period of up to 3 years, linked to the requirement of permanent holding of shares.
  - Linked to metrics aligned with FAES' long-term strategic objectives and the creation of shareholder value.
- Termination indemnity and non-compete commitment: limited to 2 times the annual gross remuneration (fixed + annual variable).
- External advice.

WHAT IT DOES NOT INCLUDE

- There are no contracts with guaranteed wage increases.
- There is no guaranteed variable remuneration.
- There are no pension commitments to directors.
- No loans or advances are granted.
- Non-executive directors do not participate in remuneration formulas or schemes linked to the Company's performance.
- Hedging, pledging, short selling or derivative contracts on the value of shares received during the holding period is not permitted.

2. MAIN CHANGES TO THE REMUNERATION POLICY

The Remuneration Policy, once the modifications described below have been introduced, maintains the general lines of the Remuneration Policy approved by the General Meeting of Shareholders on 15 June 2023, with 96.89% of votes in favour.

In this regard, for the proposal to the Board of Directors of this Remuneration Policy, the Company's Appointments and Remuneration Committee has considered the following internal and external factors within the reflection process carried out in 2023 and early 2024:

INTERNAL FACTORS

- The adequacy of the governance structure of the company.
- The results obtained in recent years.
- Strategic priorities in the short term and in the long term.
- Alignment with the design of the remuneration system for the management team and all employees.

EXTERNAL FACTORS

- National and international recommendations on good corporate governance applicable to listed companies.
- The practices of comparable sectors and companies and market trends in general.
- Recommendations received in the process of engaging with institutional shareholders and proxy advisors.

This Remuneration Policy, in addition to maintaining the improvements introduced in the previous Policy regarding alignment with FAES' strategic priorities, shareholders' interests and corporate governance recommendations, is adapted to the new organisational structure of the Company, where the Chairman ceases his executive duties and a new member joins the Board of Directors with executive functions.

In view of the above, the most relevant new features of this Policy are summarised below:

- **Total remuneration of the new Executive Director.**

  The remuneration package for the performance of the duties and responsibilities to be carried out by the new Executive Director is adjusted, taking into account that he/she will only perform executive duties and that the position of Chairman and Executive Director are separate.

  - The remuneration elements of the previous Policy are maintained: annual fixed remuneration, annual variable remuneration and long-term variable remuneration, as well as remuneration in kind. As was the case for the Chairman, the new Executive Director will not participate in long-term savings schemes.

    This remuneration package is mainly based on the principles of competitiveness and *pay for performance*. In other words, the Executive Director's remuneration package is competitive considering the market benchmarks of comparable companies, without being excessive or insufficient, in order to avoid assuming inappropriate risks. At the same time, the Company, through an appropriate remuneration mix, ensures that a significant part of the remuneration package is linked to variable components that link their remuneration to the achievement of financial and non-financial results, with an annual and multi-year horizon.

  - Both the amounts and the remuneration mix have been revised to reflect the roles and responsibilities of the Executive Director in the new corporate governance structure. In particular, not only has the amount of total remuneration been reduced, but the weight of remuneration at risk has been increased with respect to the Remuneration Policy approved by the 2023 General Meeting.

- The fixed remuneration amounts to EUR 650 thousand per annum. This amount is 32.5% lower than the amount of fixed remuneration foreseen in the Remuneration Policy approved by the General Meeting in 2023.

- The amount of short-term variable remuneration, in a *target* scenario of target achievement, is EUR 400,000, 30.8% lower than the amount foreseen in the Remuneration Policy approved by the 2023 General Meeting. In relative terms, this amount represents 61.5% of the fixed remuneration and is slightly higher than the amount foreseen in the Remuneration Policy approved by the 2023 General Meeting (60%).

- The amount of long-term variable remuneration will be EUR 400,000 annualised (*target*), 3.8% higher than the amount foreseen in the Remuneration Policy approved by the 2023 General Meeting. In relative terms, this amount represents 61.5% of the fixed remuneration and is higher than the amount foreseen in the Remuneration Policy approved by the 2023 General Meeting (40%).

  Thus, the total amount of short and long-term variable remuneration is reduced from EUR 963,490 to EUR 800,000, in annualised terms. This amount is 17% lower than the amount of variable remuneration foreseen in the Remuneration Policy approved by the 2023 General Meeting.

Taking into account the above, the annualised amount of total remuneration in a *target* scenario of meeting targets is EUR 1,450 thousand. This amount is 24.8% lower than the amount foreseen in the Remuneration Policy approved by the General Meeting in 2023 for these concepts. In addition, the remuneration *mix* has been modified, increasing the weight of remuneration at risk (annual variable remuneration and short-term variable remuneration) by five percentage points, so that it accounts for 55% of total remuneration in a *target* scenario of meeting objectives.

- **Remuneration of directors in their condition as such.**

The amounts are adjusted to adapt them to the new organisational structure where the Chairman no longer performs executive functions.

- The fixed annual allowance of the members of the Board of Directors is set at 77,000 euros. This amount represents an increase of 2.4% in annualised terms since it was set for the financial year 2020.

  In addition to the Fixed Annual Allowance as a member of the Board of Directors, an additional remuneration is established for the position of Chairman of the Board of Directors (non-executive), the annual amount of which amounts to 867,141 euros.

  This fixed remuneration in addition to that of a member of the Board of Directors is established with the aim of retaining the current Chairman in a critical period for FAES, allowing the transition to the new corporate governance model and the transfer of accumulated knowledge and experience to the new executive director. It also provides for remuneration for the functions he performs as Chairman of the Company, of the Board of Directors and as FAES's highest representative; and for the special dedication that comes with holding the office of Chairman under the terms established in the Capital Companies Act, in the Bylaws or by the Board of Directors itself in a company such as FAES. These functions of the Chairman, due to their organic or representative nature, cannot be considered executive, although they entail a much greater dedication and intensity than that of the rest of the non-executive members of the Board of Directors.

Likewise, the Chairman of the Board of Directors (non-executive) may receive remuneration in kind consisting, among others, of medical insurance, company car and other social benefits on the same terms as the rest of the employees, for a maximum annual amount of 35,000 euros.

As detailed in section 8 below, this Policy will enter into force on 1 September 2024, once the change in the governance model of the Company takes place and the Chairman of the Board of Directors ceases to perform his executive duties. The settlement of the current service contract of the Chairman of the Board of Directors upon the termination of his executive duties is made in accordance with the conditions set out in his contract and with the content and limits expressed in the Policy approved at the 2023 general meeting, which is terminated upon the entry into force of this Policy. The Company will provide detailed information in the corresponding Annual Directors' Remuneration Report on this settlement.

3. REMUNERATION OF EXECUTIVE DIRECTORS

3.1 Compensation components of executive directors:

The elements comprising the executive directors' remuneration package are as follows:

Fixed Remuneration

Purpose	Reward the level of responsibility of the position in the organisation, as well as the professional experience of the director.
Annual amount	Executive Director: €650,000
Operation	The Board of Directors determines the fixed remuneration of executive directors, at the proposal of the Appointments and Remuneration Committee. This fixed remuneration is paid monthly in cash. For the purpose of proposing an appropriate and market-competitive remuneration, the Appointments and Remuneration Committee takes into account the following factors: • The specific characteristics of the position, the level of responsibility and involvement required of executive directors. • The competences and experience of the person. • The evolution of the contribution of the job and the person. • Remuneration conditions for employees as a whole. • Market data on companies of similar size, sector and complexity to FAES. This remuneration may be reviewed annually in accordance with the criteria approved from time to time by the Appointments and Remuneration Committee. The maximum increase for the term of the Policy may not exceed 10%.

Remuneration in kind

Purpose	Offer a competitive compensation package in line with the market.
Maximum annual amount	Executive Director: €35,000
Operation	Executive Directors may be beneficiaries of certain benefits in kind, including, but not limited to, company car, medical insurance and the payment of life insurance premiums. The Remuneration Policy for executive directors does not provide for the granting of other benefits such as pension plans, loans, advances and guarantees provided by the Company.

Variable Remuneration

The elements comprising the variable remuneration of executive directors are detailed below:

(i) short-term variable remuneration and (ii) long-term variable remuneration.

The following tables detail the specific features of each of the systems. However, there are a number of common features in the mechanics and operation of both systems.

- The Board of Directors, acting on a proposal from the Appointments and Remuneration Committee, is responsible for approving the objectives at the beginning of each financial year and for assessing compliance with the objectives at the end of the objective measurement period.
- Targets will be determined using a combination of financial and non-financial indicators, aligned with FAES' strategic priorities. These targets may include, among others, specific, predetermined and quantifiable economic-financial (e.g. EBITDA, Consolidated Profit, Cash Flow, etc.), operational, strategic and/or value creation (e.g. market capitalisation, total shareholder return, etc.) parameters. Indicators linked to the sustainability strategy and the individual performance of the executive director may also be considered. Some of the metrics may be measured relative to a comparator group of competitor companies.
- Objectives may be measured in the short or long term, avoiding as a general rule duplication of objectives in each system. The Board of Directors shall determine the appropriateness of the objectives set in relation to strategic and tactical management priorities in the short and long term.
- The compliance scale, set at the beginning of each financial year, includes a minimum threshold below which no incentive is paid, a *target* level, which corresponds to 100% compliance with the objectives, and a maximum level, specific to each metric.
- In the annual variable remuneration and in the event that the Committee determines that the objectives set at the beginning of the financial year have been exceeded and that a level of overachievement has been reached, an additional incentive may be paid, which shall not exceed the maximum incentive indicated.
- In order to calculate the amount of variable remuneration, the degree of compliance and the weighting of each of the objectives shall be considered and the internal rules and procedures for the evaluation of objectives, established by the Company, shall be applied.

- Depending on the assessment of the objectives, the Committee is supported by the Finance Department and the Internal Audit Department, which provides information on the audited results. In both the setting of objectives and the assessment of their achievement, the Committee also considers any associated risks.
- Economic effects, positive or negative, arising from extraordinary events that could distort the evaluation results shall be eliminated and the long-term quality of performance and any associated risks shall be considered in the variable remuneration proposal.
- The Board of Directors, at the proposal of the Appointments and Remuneration Committee, may reduce ("malus") and/or, as the case may be, claim the return ("clawback") of the variable remuneration paid from the beneficiaries, if, within 2 years of its delivery, it is proven that (i) the data used to calculate the objectives are inaccurate or (ii) the beneficiaries have committed a serious and culpable breach of their duties of loyalty, diligence or good faith or of any other obligations assumed by virtue of their contractual relationship with FAES.

Annual Variable Remuneration

Purpose	To strengthen the commitment of executive directors to the Company, motivate their performance and reward the achievement of specific objectives for each financial year.
Annual amount	• *Target*: 400,000 euros, which represents 61.5% of the annual Fixed Remuneration. It will be achieved if 100% of the pre-established objectives are met. • Maximum: 130% of *target*. To be reached in case of over-achievement of pre-established targets.
Metrics	The financial targets shall have a minimum weight of 60% of the overall incentive. They shall be composed of metrics that ensure an appropriate balance between the financial and operational aspects of the Company's management. Non-financial objectives shall have a maximum weight of 40% of the overall incentive. These objectives include sustainability objectives, the details of which will be included in the corresponding Annual Directors' Remuneration Report.
Operation	It is the responsibility of the Board of Directors, at the proposal of the Appointments and Remuneration Committee, to set the objectives at the beginning of each financial year and to evaluate their fulfilment, once the annual accounts for the financial year in question have been drawn up by the Board and audited. The Board, at the proposal of the Committee, has the power to adjust the level of payment of annual variable remuneration to ensure that the outcome is fair and balanced, in light of the Company's overall performance. Such discretion shall be limited to a maximum of 15% upwards or downwards in response to exceptional circumstances requiring a qualitative assessment, without in any case exceeding the maximum amount (130% of the *target*). In the event that this power is used, the Company shall provide detailed information on the reasons justifying its application in the corresponding Annual Directors' Remuneration Report. Short-term variable remuneration will not be paid until the Committee has taken the actions described above. The amount paid, if any, will be subject to the "malus" and "clawback" clauses described in section 3.5 of the Policy.
Payment	The annual variable remuneration is paid in full in cash during the first three months of the year following the accrual of the variable remuneration.

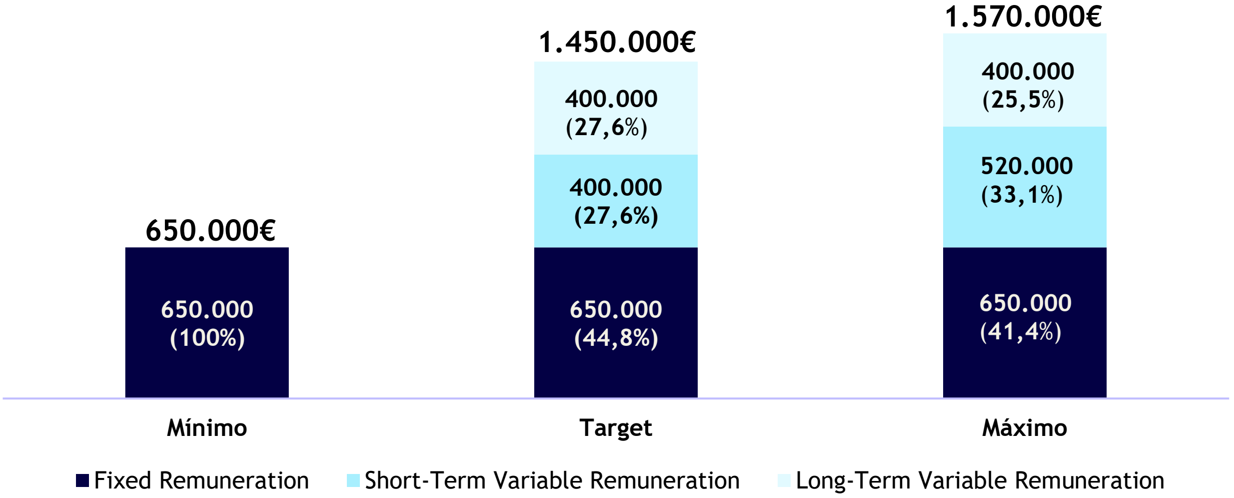
Long-Term Variable Remuneration

Purpose	Reward the achievement of FAES' long-term strategic objectives, the sustainability of results and the creation of sustainable shareholder value.
Amount (annualised)	The *target* amount will be EUR 400,000 (61.5% of annual Fixed Remuneration) for the Executive Director (at grant value). The maximum amount coincides with the *target* amount, with no upward movement in the targets linked to the long-term variable remuneration.
Metrics	The targets for this type of variable remuneration may be composed of metrics that ensure an appropriate balance between strategic, value creation, financial or operational and sustainability aspects.
Operation	Long-term variable remuneration may be structured through overlapping and independent cycles or through sequential cycles. The measurement period for the objectives linked to the long-term variable remuneration cycles or plans shall be in accordance with FAES' strategic plan, but in no case shall it be less than three years. The objectives are monitored annually by the Appointments and Remuneration Committee, and once the Plan has been finalised, the degree of achievement is determined. In determining the level of achievement of the objectives, any economic effects, positive or negative, arising from extraordinary events that could distort the results of the evaluation are eliminated. In addition, in order to assess the corresponding final payment level, the Committee shall assess whether there have been any alterations or inaccuracies in the business data, promoted by any beneficiary of the plan, which would have been relevant for the determination of the annual variable remuneration (confirmed by the Company's external auditor). In such a situation, the Committee may adjust downwards or even cancel the accrual of the long-term variable remuneration. Long-term variable remuneration may be paid in cash and/or include the delivery of shares, share options or remuneration rights linked to the value of the shares, provided that the targets established for this purpose are met. All shares, if any, delivered under the Plan will be subject to a retention period as described in section 3.3 of the Policy. The Long-Term Variable Remuneration will not be paid until the Committee has taken the actions described above. The amount, if any, paid will be subject to the malus and clawback provisions described in section 3.5 of the Policy. In any case, the amounts and characteristics of each long-term variable remuneration plan will be explained in the corresponding Annual Report on Directors' Remuneration. Notwithstanding the above, the General Meeting of Shareholders in June 2022 approved the first Long-Term Incentive Plan with the following characteristics: • It consists of three overlapping cycles (1st cycle: 2022-24, 2nd cycle: 2023-25 and 3rd cycle: 2024-26). • The target measurement period for each concession is three years. • Long-term variable remuneration is paid entirely in shares. Shares delivered may not be disposed of until at least 3 years have elapsed since their delivery, unless such directors hold shares with a market value equivalent to twice their annual fixed remuneration.

3.2 Scenarios of the remuneration mix for executive directors

The Remuneration Policy provides a reasonable balance between the various fixed and variable elements (annual and long-term), reflecting appropriate risk-taking combined with the achievement of defined short- and long-term objectives linked to sustainable value creation.

The chart shows examples of the potential future total remuneration for the Executive Director, in accordance with this Remuneration Policy, under three possible scenarios, considering the annualised allocation of the third long-term incentive cycle approved by the General Meeting of Shareholders in June 2022.



The possible outcomes and assumptions on which the above calculations are based are given below:

Fixed Remuneration[1]	
All scenarios	650,000 euros
Short-Term Variable Remuneration / Long-Term Variable Remuneration[2]	
Minimum scenario	• No short-term variable remuneration is paid. • No long-term variable remuneration is paid.
***Target* scenario**	• Payment of 100% of the short-term variable remuneration (61.5% of the fixed remuneration). • Payment of 100% of the long-term variable remuneration (61.5% of the fixed remuneration).
Maximum scenario	• Payment of 130% of the short-term variable remuneration (80% of the fixed remuneration). • Payment of 100% of the long-term variable remuneration (61.5% of the fixed remuneration).

[1] Other remuneration in kind or for membership of the Board that may be received by the Executive Director, if any, is not included, as the amount would not be significant.

[2] The amounts reflect the value of the long-term incentive at the date of grant.

3.3 Temporary holding commitment of the shares

Executive directors shall be obliged to retain any shares delivered to them as part of their Long-Term Variable Remuneration for at least three years after delivery, unless such directors hold shares with a market value equivalent to twice their annual fixed remuneration.

3.4 Other remuneration

Throughout the term of this Policy, executive directors, if they have recently joined FAES, may receive special incentives to compensate for the loss of incentives granted and not accrued in the previous company, in line with the provisions of section 5 below.

3.5 Ex-post adjustments to Variable Remuneration

Up to 100% of the total Variable Remuneration (short term variable remuneration and long term variable remuneration) will be subject to reduction clauses ("malus") or clawback clauses ("clawback"). These clauses shall apply both to active Executive Directors and to those who have left the Company:

- Malus: The variable remuneration pending payment will be subject to reduction or cancellation by the Company if, during the period between the end date of the measurement period (short and/or long term) and the time of payment, it is proven that (i) the data used to calculate the targets are inaccurate or (ii) during the measurement period, the beneficiaries have committed a serious and culpable breach of their duties of loyalty, diligence or good faith, or of any other obligations assumed by virtue of their contractual relationship with FAES.
- Clawback: Obliges to reimburse the amounts unduly received as variable remuneration when it is proven that (i) the data used to calculate the objectives are inaccurate or (ii) during the term of the Plan, the beneficiaries have committed a serious and culpable breach of the duties of loyalty, diligence or good faith, or of any other obligations assumed by virtue of their contractual relationship with FAES. In this case, the beneficiary must reimburse any amount unduly received. In the case of long-term variable remuneration plans in shares, the amount of the shares will be returned at the reference price.

3.6 Contractual conditions of executive directors

The contract that currently regulates the performance of the duties and responsibilities of the Executive Director is of a commercial nature and includes the clauses that in practice are usually included in this type of contract in order to attract and retain the best professionals. This contract has been proposed by the Appointments and Remuneration Committee and approved by the Board of Directors of the Company.

The main terms and conditions of the Executive Director's contract are summarised below:

Duration	The contract signed between the Company and the Executive Director is in force as long as he remains in office.

Non-compete	The contract provides in any case for a non-compete obligation in relation to companies with a similar object during their relationship with the Company and for a certain period of time after the termination of the relationship (1 year). The compensation for the post-contractual non-compete obligation amounts to an amount equivalent to one year's gross annual remuneration (fixed remuneration and annual variable remuneration), corresponding to the last annual payment.
Indemnity	The Executive Director shall be entitled to receive from the Company an indemnity for termination of the contract for any of the causes established therein equivalent to one year's gross annual remuneration (fixed remuneration and annual variable remuneration), corresponding to the last annual payment.
Exclusivity	The contract establishes the prohibition, during its term, to enter into or provide services, on its own account or on behalf of others, directly or indirectly, to third parties, concurrent or not, that are not related to the Company, except with the express consent of the Company.
Internal compliance	This includes the obligation to comply with the rules and obligations set out in the FAES regulatory regime.
Confidentiality	Maximum duty of confidentiality during the term of the contracts, as well as after the termination of the relationship.

In addition, the contract includes malus and clawback clauses similar to those described in section 3.5 of this Policy.

4. DIRECTORS' REMUNERATION IN THEIR CONDITION AS SUCH

Pursuant to art. 26 of the Bylaws, the remuneration of directors in their condition as such shall consist of (a) a fixed amount in cash and (b) a per diem or allowance for attendance at each meeting of the Board of Directors and/or the Board Committees to which they belong, if any.

The maximum amount of the remuneration that the Company may pay annually to all its directors for the aforementioned items shall be that determined for this purpose by the General Meeting of Shareholders, which shall remain in force until such time as the latter resolves to modify it.

In this regard, the Annual General Shareholders' Meeting set 6% of the distributable profit for the last financial year as the maximum gross annual limit of the remuneration to be received by the directors in their condition as members of the Board of Directors. This limit will remain applicable during the term of this Policy unless the General Shareholders' Meeting decides to modify it in the future.

The exact amount to be paid within the aforementioned limit and its distribution among the different directors shall be determined by the Board of Directors, at the proposal of the Appointments and Remuneration Committee, taking into account the functions and responsibilities attributed to each director, the membership of committees within the Board of Directors and any other objective circumstances it deems relevant.

The following is a breakdown of the elements of the Remuneration Policy for directors in their capacity as such:

	Fixed Annual Allowance	Per diems
Board of Directors (member)	77,000€	1,500 per session
Chairman of the Board (*)	867,141€	--
Committee (member)	Not applicable	1,500 per session
Committee (chairmanship)	10,000€	--
ESG Responsibility (**)	10,000€	--
Lead director	5,000€	--

(*) Additional fixed remuneration set for the Chairman (non-executive), Mr. Mariano Ucar Angulo, established until the end of his term of office for the additional duties as Chairman of the Board. This amount will be prorated in 2024 based on the effective date of appointment.
(**) When the Chairmanship of the Audit and Compliance Committee is not exercised.

These amounts are independent and fully compatible with each other, with the exception of ESG responsibility.

Likewise, the Chairman of the Board of Directors (non-executive) may receive remuneration in kind consisting, among others, of medical insurance, company car and other social benefits on the same terms as the rest of the employees, for a maximum annual amount of 35,000 euros.

The remuneration of the Chairman of the Board of Directors reflects the important role and his high level of activity and involvement in the position, as well as the other criteria set out in the Remuneration Policy.

As mentioned above, the remuneration of the Chairman of the Board of Directors consists exclusively of fixed items. It consists of a fixed remuneration in addition to that of a member of the Board of Directors with the aim of retaining the Chairman in a critical period for FAES, allowing for the transition to the new corporate governance model, as well as remunerating the functions he performs as Chairman of the Company, of the Board of Directors, as the highest representative of FAES and for the special dedication that comes with holding the office of Chairman under the terms established in the Capital Companies Act, in the Bylaws or by the Board of Directors itself in a company such as FAES. These functions of the Chairman, due to their organic or representative nature, cannot be considered executive, although they entail a dedication and intensity far greater than that of the rest of the non-executive members of the Board of Directors.

The above amounts may be modified each year within the maximum amounts approved by the General Shareholders' Meeting and subject to prior approval by the Board of Directors. Should this occur, it shall be duly reported in the Annual Report on Directors' Remuneration to be submitted annually to the General Shareholders' Meeting.

In addition, the Company has arranged civil liability insurance for its directors at market conditions.

No loans, advances or guarantees provided by the Company to members of the Board of Directors are envisaged.

Nor does it establish the participation of non-executive directors in social welfare systems, pension plans, or indemnities for their supervisory and collegiate decision-making functions in connection with the termination of their relationship with the Company due to their status as directors, or the granting of additional remuneration other than that included above.

5. REMUNERATION APPLICABLE TO NEW DIRECTORS

The remuneration system described above for executive directors shall apply to any director who may join the Board of Directors during the term of this Policy to perform executive duties. For such purposes, the Appointments and Remuneration Committee and the Board of Directors shall take into consideration, in particular, the duties attributed, the responsibilities assumed, their professional experience, the market remuneration of such position, and any others it deems appropriate to take into account in order to determine the elements and amounts of the remuneration system applicable, if any, to the new executive director, which shall be duly reflected in the corresponding contract to be signed between the Company and the new executive director and in the corresponding Annual Director Remuneration Report.

Exceptionally, and in order to facilitate the recruitment of an external candidate, the Appointments and Remuneration Committee may propose for decision by the Board to establish a special incentive to compensate for the loss of incentives granted and not accrued in the previous company due to the resignation and subsequent acceptance of FAES's offer. The Company will provide detailed information in the corresponding Annual Directors' Remuneration Report on the incentives that, if applicable, the Board of Directors may agree to establish.

For internal promotions, the Commission may cancel and/or offset pre-existing incentives and other obligations that may be in place at the time of appointment.

In the event that new non-executive members join the Board of Directors during the term of this Policy, the remuneration system described in section 4 above shall apply to them.

6. PROCESS OF DETERMINING REMUNERATION POLICY

6.1 Internal Regulations and bodies of the Company that intervene

The Company's remuneration policy is regulated in the Bylaws and in the Regulations of the Board of Directors. Specifically, article 19 g) of the Regulations of the Board of Directors establishes that the basic responsibility of the Appointments and Remuneration Committee is to propose to the Board of Directors the remuneration policy for directors and general managers or those performing senior management functions reporting directly to the Board, executive committees or managing directors, as well as the individual remuneration and other contractual conditions of executive directors, ensuring compliance therewith.

Based on the above, the Appointments and Remuneration Committee proposes the Remuneration Policy to the Board of Directors, which submits it to the General Meeting of Shareholders for approval.

The functions performed by the aforementioned bodies of the Company involved in the review, determination and approval of the Policy are set out below:

General Meeting of Shareholders:

- Approves the Remuneration Policy at least every three years as a separate agenda item.
- Approves the maximum amount of annual remuneration for all directors in their condition as such in accordance with the provisions of the Bylaws.

- Approves variable remuneration systems for executive directors that include the delivery of shares or stock options, or remuneration linked to the value of the shares.

Board of Directors:

- With respect to the directors in their condition as such: approves the distribution among different items of the maximum amount approved by the General Meeting of Shareholders.
- With respect to executive directors: approves the fixed remuneration, as well as the design of variable remuneration, approving the objectives at the beginning of each financial year, the evaluation of their fulfilment once the period for measuring the objectives has ended, and the corresponding settlement of the Annual Variable Remuneration and the Long-Term Variable Remuneration.
- Proposes adaptations or updates to the Remuneration Policy.
- Approves the contracts regulating the performance of the duties and responsibilities of the executive directors.

Appointments and Remuneration Committee:

- It prepares the remuneration proposals to be approved by the Board of Directors. In relation to variable remuneration, the Committee reviews the structure, the maximum levels of remuneration, the objectives established and the weighting of each of them, taking into account the Company's strategy, the needs and the business situation.
- In addition, it periodically reviews the remuneration policy, taking into account the factors described in the following section.

6.2 Criteria adopted in the determination of the Remuneration Policy

Consideration of the views of investors and proxy advisors:

The Appointments and Remuneration Committee considers both the external environment in which the Company operates and the guidelines issued by the organisations representing our institutional shareholders. The Appointments and Remuneration Committee also considers the feedback from institutional investors and proxy advisors received during FAES' regular consultation process with these stakeholders.

Consideration of the remuneration conditions of the employees as a whole and the perspective of the management team.

For the purpose of establishing the remuneration conditions for executive directors described in this Remuneration Policy, the remuneration strategy applicable to the Company's employees and executives has been taken into account.

In this regard, the Remuneration Policy applicable to executive directors is aligned with that of all employees and executives, remunerating them for the value they contribute to FAES and sharing the following specific principles:

- **Total remuneration structure**: the remuneration package offered by FAES may be made up of fixed and variable components, as well as remuneration in kind and other social benefits. In any case, the fixed remuneration has a relevant weight insofar as, in certain circumstances, the variable remuneration may be zero. In addition, the amounts and relative weight of the remuneration elements are adapted to local practices in the markets in which FAES operates.

- **Remuneration equity**: no discrimination based on gender, age, culture, religion or race is guaranteed when applying remuneration practices and policies. In this regard, FAES professionals are remunerated in a manner consistent with their level of responsibility, leadership and performance within the organisation, favouring the retention of key professionals and attracting the best talent.

- ***Pay for performance***: a significant part of the total remuneration of the Company's management team is of a variable nature and its perception is linked to the achievement of financial and non-financial, business and value creation objectives that are predetermined, specific, quantifiable and aligned with FAES' social interest.

- **Proportionality**: remuneration levels are appropriate to the importance of the Company, to its economic situation at any given time and to market standards in comparable industries and companies.

- **Prudence**: The criteria used by the Appointments and Remuneration Committee to set fixed, variable or other types of remuneration take into account the risks involved in such decisions and the long-term implications for the Company.

- **Values**: The Remuneration Policy is designed to attract and retain the best talent and motivate a high performance culture.

Market conditions

Directors' remuneration is compared with that of comparable profiles in companies in the same or similar sectors in terms of size.

Consideration of independent external advice

In determining, reviewing and implementing the Remuneration Policy, the Appointments and Remuneration Committee seeks independent advice and ensures that no director makes decisions regarding his or her own remuneration.

Periodic review of the Remuneration Policy

The Directors' remuneration policy is reviewed periodically by the Appointments and Remuneration Committee and the Board of Directors in order to keep it in line with best corporate governance practices and market trends. The policy is submitted to the General Shareholders' Meeting for approval whenever it is necessary or advisable to amend it and, in any case, every three years, in accordance with the Spanish Companies Act.

7. ACTIONS TAKEN TO ALIGN REMUNERATION POLICY WITH THE OBJECTIVES, VALUES AND LONG-TERM INTERESTS OF THE COMPANY

The design of the Remuneration Policy is consistent with the Company's strategy and oriented towards the achievement of long-term results:

- The total remuneration of executive directors is composed of different remuneration elements consisting mainly of: (i) fixed elements, (ii) annual variable remuneration and (iii) long-term variable remuneration.

- Long-term variable remuneration is set within a multi-year framework to ensure that the evaluation process is based on long-term performance and takes into account the underlying business cycle of the

Company. This remuneration is awarded on the basis of value creation, so that the interests of executive directors are aligned with those of shareholders.

- The metrics established in both the Annual Variable Remuneration and the Long-Term Variable Remuneration are linked to the achievement of a combination of economic-financial, industrial, operational, shareholder value creation and non-financial objectives, which may be ESG. These objectives will be specific, predetermined and quantifiable, aligned with the social interest and in line with FAES' Strategic Plan. Some examples of metrics are included in section 3.1 above and those established for each year can be consulted in the Annual Report on Directors' Remuneration.

In addition, there is an appropriate balance between fixed and variable components of remuneration. The variable remuneration system for executive directors is fully flexible and allows executive directors to opt out of receiving any variable remuneration if the minimum thresholds for compliance are not met.

In addition, the Remuneration Policy has the following features to reduce exposure to excessive risks:

- One of the main functions of the Appointments and Remuneration Committee throughout the process is to analyse, select and propose the objectives and metrics of variable remuneration for executive directors and senior management. The main characteristics of the objectives are as follows:

    a) are regularly reviewed to ensure that they are sufficiently demanding;

    b) are measurable and quantifiable, the weightings and levels of achievement of which are approved by the Appointments and Remuneration Committee at the beginning of each financial year for annual variable remuneration, taking into account, among other factors, the economic environment, the strategic plan, historical analyses, the Company's budget and the expectations or consensus of investors and analysts;

    c) during the measurement period are monitored by the Appointments and Remuneration Committee;

    d) at the end of the measurement period, the Appointments and Nomination Committee assesses its final degree of compliance. In setting the targets and assessing their achievement, the Appointments and Remuneration Committee also considers any associated risks. Provision is made for the elimination of any economic effects, positive or negative, arising from extraordinary events that could distort the results of the assessment. The Appointments and Remuneration Committee shall assess the degree of achievement of the established targets and, taking into account the weightings of each established metric, determine the amount to be paid, which has to be subsequently approved by the Board of Directors. The assessment of annual and long-term objectives and recognition of variable remuneration is based on audited financial statements, where applicable.

- To reinforce the executive directors' commitment to the long-term interests of the Company and alignment with shareholders' interests, the minimum temporary shareholding requirement described above is included.

- In relation to the measures necessary to avoid conflicts of interest on the part of the directors, in line with the provisions of the Capital Companies Act, the Regulations of the Board of Directors of FAES include in articles 25 and 26 a set of obligations derived from their duties of non-competition and loyalty, the duty to avoid situations of conflict of interest and their duty to inform.

8. VALIDITY

This Policy replaces the Directors' Remuneration Policy approved by the shareholders at the General Shareholders' Meeting held on 15 June 2023 and will enter into force on 1 September 2024, once the Company's governance model has been adjusted and the Chairman of the Board of Directors has ceased to perform his executive duties, and shall remain in force until 31 December 2027, without prejudice to any adaptations or updates that may be made by the Board of Directors as provided therein, and any amendments that may be approved by the General Meeting of Shareholders from time to time.

In the event that the appointment or the incorporation of the Executive Director does not take place, the Remuneration Policy approved by the General Meeting of Shareholders on 15 June 2023 shall remain in force.