

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

INTRODUCTION

The Board of Directors of FAES FARMA, S.A. (hereinafter “FAES” or the “Company”), upon the proposal of the Appointments and Remuneration Committee, approved at its meeting held on 19 May 2025 this Remuneration Policy for Directors of the Company (hereinafter the “Policy” or the “**Remuneration Policy**”), which will be put to a binding vote at the General Meeting of Shareholders as a separate item on the agenda and in accordance with the provisions of the Companies Act.

The Remuneration Policy contains the following sections:

Sections of the Remuneration Policy

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1. Principles of the Remuneration Policy.

 2. Key changes to the Remuneration Policy.

 3. Remuneration of executive directors.

 4. Remuneration of directors in their capacity as such.

 5. Remuneration applicable to new directors.

 6. Process for determining the Remuneration Policy.

 7. Measures taken to align the Remuneration Policy with the Company’s long-term objectives, values and interests.

 8. Validity.

1. PRINCIPLES OF THE REMUNERATION POLICY

The main focus of the Remuneration Policy is to attract, retain and motivate talent, so that the Company can achieve its strategic objectives within the increasingly competitive and globalised environment in which it operates, by establishing the measures and practices best suited to this end.

The general principles underpinning 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
<p>PROPORTIONALITY: Remuneration levels are commensurate with the Company's performance relative to the sector, its situation and future prospects, and are comparable with the remuneration paid by other companies in the same sector or with similar characteristics.</p>	All Directors
<p>COMPETITIVENESS: The Remuneration Policy is competitive; this is achieved by setting a remuneration package in line with market standards, taking into account comparable sectors and companies.</p> <p>The remuneration is adequate to attract and retain directors with the talent and profile sought by the Company.</p>	All Directors
<p>SUITABILITY: Remuneration is sufficient and commensurate with the time commitment, qualifications and responsibilities of directors in their capacity as such, without such remuneration compromising their independence of judgement.</p>	All Directors
<p>NON-DISCRIMINATION: FAES's Remuneration Policy respects the principle of non-discrimination on grounds of gender, age, culture, religion and race.</p>	All Directors
<p>TRANSPARENCY: Information regarding remuneration is in line with best practices in corporate governance.</p>	All Directors
<p>ALIGNMENT WITH THE INTERESTS OF STAKEHOLDERS: 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.</p> <p>Variable remuneration may also be linked to the achievement of environmental, social or governance (ESG¹) objectives, in line with our sustainability strategy.</p> <p>Furthermore, decisions regarding the remuneration of executive directors are made taking into account the remuneration conditions of the management team as a whole and the interests of other stakeholders.</p>	Executive Directors

⁽¹⁾ Environmental, Social & Governance

The principles cited above inform the development of the directors' remuneration policy.

WHAT THE POLICY INCLUDES

- A reasonable balance between the various components: a balance between fixed and variable elements (short and long term).
- Linking remuneration to the Company's results ("*pay for performance*").
- Remuneration commensurate with the responsibilities and duties assumed by each Director, without compromising their independence.
- Short-term variable remuneration comprising a combination of financial and non-financial targets, as well as others linked to the Company's long-term sustainability:
 - The weighting of the financial targets to which it is linked is at least 60%.
 - The weighting of non-financial objectives represents a maximum of 40%.
- Long-Term Variable Remuneration Plans:
 - Minimum target measurement period of three years.
 - Payment in shares.
 - Obligation to hold the shares for a period of up to three years, linked to the requirement for permanent share ownership.
 - Linked to metrics aligned with FAES's long-term strategic objectives and the creation of shareholder value.
- Severance pay and non-competition agreement: limited to twice the gross annual remuneration (fixed + annual variable).
- External consultancy.

WHAT IS NOT INCLUDED

- There are no contracts with guaranteed salary 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 schemes or systems linked to the Company's performance.
- Hedging, pledging, short selling or derivative contracts relating to the value of shares received during the holding period are not permitted.

2. MAIN CHANGES TO THE REMUNERATION POLICY

The Remuneration Policy, once the amendments described below have been introduced, retains the general principles of the Remuneration Policy approved by the General Meeting of Shareholders on 25 June 2024, with 98.028% of votes in favour.

In this regard, in preparing the proposal for this Remuneration Policy to be submitted to the Board of Directors, the Company's Appointments and Remuneration Committee has taken into account the following internal and external factors as part of the review process undertaken since 2023:

INTERNAL FACTORS

- The suitability of the company's governance structure.
- The results achieved in recent financial years.
- The strategic priorities in the short and long term.
- Alignment with the remuneration system for the management team and the workforce as a whole.

EXTERNAL FACTORS

- National and international corporate governance recommendations applicable to listed companies.
- Practices in comparable sectors and companies, and general market trends.
- Recommendations received during the engagement process with the institutional shareholders and proxy advisors.

This Remuneration Policy retains the improvements introduced in the previous Policy regarding alignment with FAES's strategic priorities, shareholders' interests and corporate governance recommendations, and adaptation to the Company's new organisational structure – in which the Chairman has stepped down from his executive duties and a new member with executive responsibilities has joined the Board of Directors – includes two amendments relating to the over-performance option in the new long-term incentive plan and to the remuneration of committee members, the details of which are as follows:

- Long-term Incentive Plan: The new Long-term Incentive Plan (2025–2029) includes an over-performance option, meaning that the maximum payout may reach 150% of the amount allocated to the target. For the first cycle of this Plan (2025–2027), this overachievement option will apply solely to the TSR indicator, with the possibility of extending it to the other indicators in subsequent cycles, subject to a proposal from the Appointments and Remuneration Committee and approval by the Board of Directors, as set out in the draft resolution submitted to the general meeting prior to this Policy. In any event, decisions taken regarding the remaining cycles will be reported in the relevant Annual Remuneration Report.

This change is intended to increase the incentive effect of the Plan and give greater weight to long-term variable remuneration within the remuneration *mix* in the event of full compliance. It is proposed in accordance with the recommendation made by an external consultant (Mercer) and is in line with market practice and the *benchmark* carried out on thirteen² European companies in the sector.

² The companies included in the benchmark are: Hikma Pharmaceuticals PLC (UK), Oxford Biomedica PLC (UK), Indivior PLC (UK), Allergy Therapeutics PLC (UK), Avacta Group PLC (UK), Dermapharm Holding SE (Germany), Cosmo Pharmaceuticals NV (Switzerland), PolyPeptide Group AG (Switzerland), Molecular Partners AG (Switzerland), Philogen (Italy), Almirall (Spain), Laboratorios Rovi (Spain) and Oryzon (Spain)

- Attendance fees for committee meetings (€1,500 per session) are replaced by a fixed annual allowance of €15,000. Experience has shown that the number of sessions has increased; consequently, the payment of an attendance fee per session could potentially influence the scheduling of committee meetings when the matter under consideration might require adequate debate and deliberation by all members. The amount allocated, which corresponds to the minimum number of sessions that committees would ordinarily hold, also better reflects the ongoing commitment and responsibility that membership of a committee requires.
- Finally, the additional allowances for ESG responsibilities within the Audit and Compliance Committee are being abolished. In this regard, the specific focus on ESG responsibilities is now a standard part of the Audit and Compliance Committee's remit; consequently, it is considered that this allowance has lost its *raison d'être*.

3. REMUNERATION OF EXECUTIVE DIRECTORS

3.1 Remuneration components for executive directors:

The components of the remuneration package for executive directors are as follows:

Fixed Remuneration

Purpose	To reward the level of responsibility of the position within the organisation, as well as the director's professional experience.
Annual amount	Executive Director: €650,000
Operation	<p>The Board of Directors determines the fixed remuneration of executive directors, on the recommendation of the Appointments and Remuneration Committee.</p> <p>This fixed remuneration is paid monthly in cash.</p> <p>In order to propose remuneration that is appropriate and competitive in the market, the Appointments and Remuneration Committee takes the following factors into account:</p> <ul style="list-style-type: none"> • The specific characteristics of the position, the level of responsibility and the level of involvement required of executive directors. • The individual's skills and experience. • The evolution of the contribution of the position and the individual. • The remuneration conditions for employees as a whole. • Market data from companies of a similar size, sector and complexity to FAES. <p>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 period of validity of the Policy may not exceed 10%.</p>

Remuneration in kind

Purpose	To offer a competitive remuneration package in line with market rates.
Maximum annual amount	Executive Director: €35,000
Operation	Executive directors may be entitled to certain benefits in kind, including, amongst others, a 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 schemes, loans, advances and guarantees provided by the Company.

Variable Remuneration

The following details the components of the variable remuneration for executive directors:

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

The following tables set out the specific features of each system. However, there are a number of common characteristics in the structure and operation of both systems.

- It is the responsibility of the Board of Directors, upon the recommendation of the Appointments and Remuneration Committee, to approve the objectives at the start of each measurement period and to assess their achievement once the period has ended.
- The objectives shall be determined using a combination of financial and non-financial indicators, aligned with FAES's strategic priorities. These objectives may include, amongst others, specific, predetermined and quantifiable economic and financial parameters (such as EBITDA, Consolidated Profit, Cash Flow, etc.), operational, strategic and/or value creation parameters (for example, market capitalisation, total return for shareholders, amongst others) that are specific, predetermined and quantifiable. 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 peer group comprising competitor companies or those with similar characteristics.
- Objectives may be measured in the short or long term, whilst generally avoiding duplication of objectives across different systems. The Board of Directors shall determine the appropriateness of the objectives set in relation to short- and long-term strategic and tactical management priorities.
- The performance scale, set at the start of each financial year, includes a minimum threshold below which no incentive is paid, a *target* level, corresponding to 100% achievement of the objectives, and a maximum level, specific to each metric.
- In calculating the amount of variable remuneration, the degree of achievement and the weighting of each objective will be taken into account, and the internal rules and procedures for the assessment and verification of objectives, established by the Company, will be applied.
- In the assessment and verification of objectives, the Committee is supported by the Finance Department and the Internal Audit Department, which provide information on the audited results. Both in setting the objectives and in assessing their achievement, the Committee also considers any associated risks.

- The Board of Directors, acting on a proposal from the Audit and Compliance Committee, shall take into account any positive or negative financial effects arising from extraordinary events that could distort the results of the assessment, and shall consider the quality of long-term results and any associated risks in the variable remuneration proposal.
- The Board of Directors, upon the recommendation of the Appointments and Remuneration Committee, may reduce (“malus”) and/or, where appropriate, claim the return (“clawback”) of the variable remuneration paid from the beneficiaries, if within two years of its payment it is established that (i) the data used to calculate the targets 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 executive directors’ commitment to the Company, motivate their performance and reward the achievement of specific objectives for each financial year.
Annual amount	<ul style="list-style-type: none"> • Target: €400,000, representing 61.5% of the annual fixed remuneration. This will be achieved if 100% of the pre-established targets are met. • Maximum: 130% of <i>the target</i>. This will be achieved if the pre-established targets are exceeded.
Metrics	<p>Financial targets will account for at least 60% of the total incentive. They will consist of metrics that ensure an appropriate balance between the financial and operational aspects of the Company’s management.</p> <p>Non-financial targets will account for a maximum of 40% of the total incentive. These targets include sustainability objectives, the details of which will be set out in the relevant Annual Report on Directors’ Remuneration.</p>
Operation	<p>It is the responsibility of the Board of Directors, upon the recommendation of the Appointments and Remuneration Committee, to set the objectives at the start of each financial year and to assess their fulfilment once the Board has approved and the annual accounts for the financial year in question have been audited.</p> <p>The Board, upon the recommendation of the Committee, has the power to adjust the level of the annual variable remuneration payment to ensure that the outcome is fair and balanced, in light of the Company’s overall results. 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 <i>the target</i>). Should this power be exercised, the Company shall provide detailed information on the reasons justifying its application in the relevant Annual Report on Directors’ Remuneration.</p> <p>Short-term variable remuneration shall not be paid until the Committee has carried out the actions described above. Any amount paid shall be subject to the reduction (“malus”) and clawback clauses described in section 3.5 of the Policy.</p>
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	To reward the achievement of FAES's long-term strategic objectives, the sustainability of results and the creation of sustainable value for shareholders.
Amount (annualised)	<ul style="list-style-type: none"> • Target: €400,000 (61.5% of the annual fixed remuneration) for the Executive Director (at grant value). This will be achieved upon 100% fulfilment of the pre-established objectives. • Maximum: For the 2022–2026 Long-Term Incentive Plan approved at the 2022 Annual General Meeting, the maximum amount is equal to the <i>target</i> amount, with no scope for an upward adjustment. For the 2025–2029 Long-Term Incentive Plan to be submitted for approval at the 2025 Annual General Meeting, the maximum remuneration will be 150% of the target and will be achieved in the event of over-performance against the pre-established objectives. The targets to which this possibility of over-performance applies will be determined by the Board of Directors prior to the start of each cycle of the Plan. For the first cycle of this Plan, the possibility of over-performance of 150% will apply solely to the TSR target, with the maximum remuneration for the remaining targets being 100%.
Metrics	The objectives for this type of variable remuneration may consist of metrics that ensure an appropriate balance between strategic, value creation, financial or operational, and sustainability aspects. The details of the metrics for the first cycle are set out in the draft resolution submitted to the general meeting prior to this Policy. For the second and third cycles, any changes to the metrics and their weightings will be detailed in advance in the relevant Annual Remuneration Report.
Operation	<p>Long-term variable remuneration may be structured through overlapping and independent cycles or through sequential cycles.</p> <p>The measurement period for targets linked to long-term variable remuneration cycles or schemes shall be in line with FAES's strategic plan, and shall in no case be less than three years.</p> <p>The Appointments and Remuneration Committee will monitor the targets annually, and once the Plan has been completed, the degree of achievement will be determined. When determining the level of achievement of the targets, any economic effects, whether positive or negative, arising from extraordinary events that could distort the results of the assessment will be excluded.</p> <p>Furthermore, when assessing the final payment amount, the Committee will evaluate whether there have been any alterations or inaccuracies in the business data, caused by any beneficiary of the plan, which would have been relevant to the determination of the annual variable remuneration (as confirmed by the Company's external auditor).</p> <p>Long-term variable remuneration shall be paid through the grant of shares, share options or remuneration rights linked to the value of such shares, provided that the objectives established for this purpose are met. All shares that may be granted under the Plan shall be subject to a retention period as described in section 3.3 of the Policy. Long-Term Variable Remuneration shall not be paid until the Committee has carried out the actions described above. Any amount paid shall be subject to the reduction ('malus') and clawback clauses described in section 3.5 of the Policy.</p> <p>In any event, the amounts and features of each long-term variable remuneration plan will be explained in the relevant Annual Report on Directors' Remuneration.</p>

Notwithstanding the foregoing, the Annual General Meeting of Shareholders held 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 measurement period for the objectives for each award is three years.
- Long-term variable remuneration is paid entirely in shares. The shares granted may not be disposed of until at least three years have elapsed since their grant, unless the directors in question hold shares with a market value equivalent to twice their annual fixed remuneration.

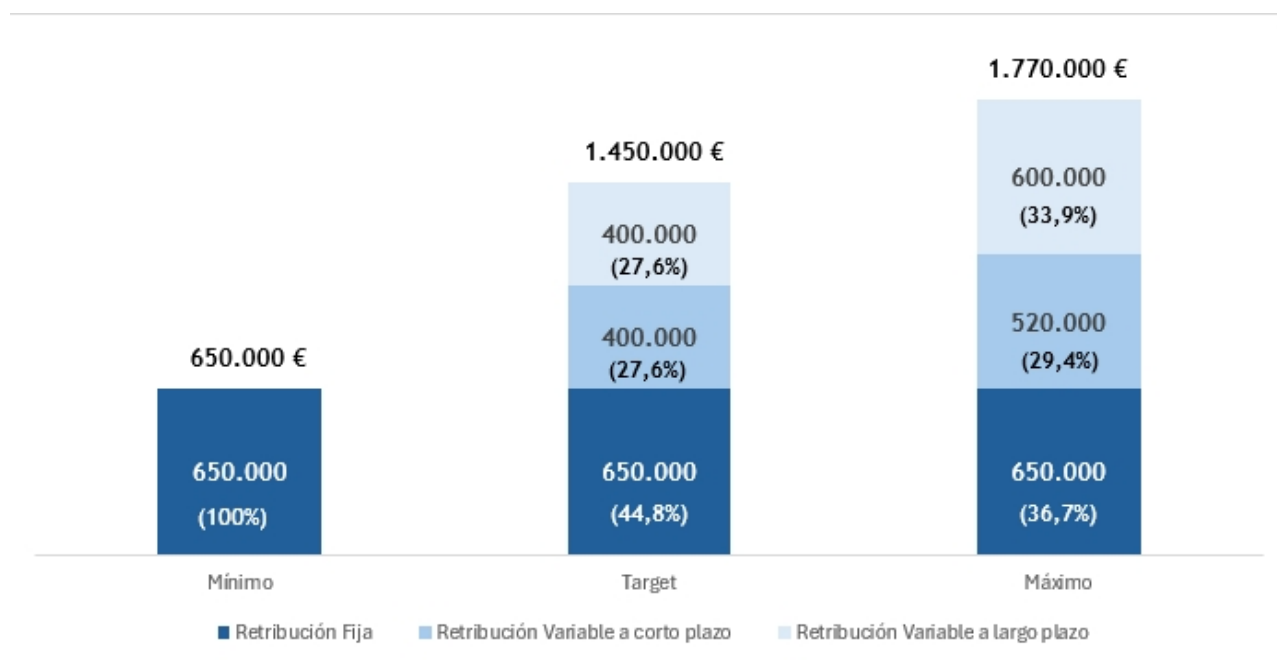
The second Long-Term Incentive Plan, with the following characteristics, will be submitted for approval at the Annual General Meeting in June 2025:

- It consists of three overlapping cycles (1st cycle: 2025–27, 2nd cycle: 2026–28 and 3rd cycle: 2025–29).
 - The measurement period for the targets for each award is three years.
 - Long-term variable remuneration is paid entirely in shares. The shares granted may not be disposed of until at least three years have elapsed since their grant, unless such directors hold shares with a market value equivalent to twice their annual fixed remuneration.
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3.2 Remuneration *mix* scenarios for executive directors

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

The chart shows examples of the potential future total remuneration for the Executive Director, in accordance with this Remuneration Policy, in three possible scenarios, taking into account the annualised allocation of the second long-term incentive plan submitted for approval at the Annual General Meeting in June 2025.



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

Fixed Remuneration¹

All scenarios	€650,000
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Short-Term Variable Remuneration / Long-Term Variable Remuneration²

Minimum scenario	<ul style="list-style-type: none"> No short-term variable remuneration is paid. No long-term variable remuneration is paid.
Target scenario	<ul style="list-style-type: none"> Payment of 100% of short-term variable remuneration (61.5% of fixed remuneration). Payment of 100% of long-term variable remuneration (61.5% of fixed remuneration).
Maximum scenario	<ul style="list-style-type: none"> Payment of 130% of short-term variable remuneration (80% of fixed remuneration). Payment of 150% of long-term variable remuneration (92.3% of fixed remuneration).

¹ No other benefits in kind, nor any remuneration for serving on the Board, are included, even if the Executive Director might receive such benefits, given 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 Commitment to hold the shares for a specified period

Executive directors shall be required to hold any shares issued to them as part of their Long-Term Variable Remuneration for at least three years following their issue, 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 who have recently joined FAES may receive special incentives to compensate for the loss of incentives granted but not yet accrued at their previous company, in accordance with the provisions of section 5 below.

3.5 Ex-post adjustments to variable remuneration

Up to 100% of total variable remuneration (short-term variable remuneration and long-term variable remuneration) shall be subject to remuneration reduction clauses (“malus”) or clauses for the recovery of remuneration already paid (“clawback”). These clauses shall apply both to current Executive Directors and to those who have left the Company:

- **Penalty:** Any variable remuneration pending payment shall be reduced or cancelled by the Company if, during the period between the end of the measurement period (short-term and/or long-term) and the time of payment, it is established 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:** Requires the repayment of amounts unduly received as variable remuneration where it is established that (i) the data used to calculate the targets is inaccurate or (ii) during the term of the Plan, the beneficiaries have committed a serious breach and in breach of their 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 schemes involving shares, the value of the shares shall be repaid at the reference price.

3.6 Contractual terms for executive directors

The contract currently governing the performance of the Executive Director’s duties and responsibilities is of a commercial nature and includes the clauses typically found in such contracts in order to attract and retain the best professionals. This contract was proposed by the Appointments and Remuneration Committee and approved by the Company’s Board of Directors.

The main terms of the Executive Director’s contract are summarised below:

Term	The contract signed between the Company and the Executive Director remains in force for as long as he remains in office.
Non-competition	The contract establishes, in all cases, a non-competition obligation in relation to companies with a similar purpose during his relationship with the Company and for a specified period following the termination of that relationship (one year). Compensation for the post-contractual non-competition obligation amounts to a sum equivalent to one year’s gross annual remuneration (fixed remuneration and annual variable remuneration), corresponding to the last financial year.
Severance pay	The Executive Director shall be entitled to receive from the Company severance pay in the event of termination of the contract for any of the reasons set out therein

equivalent to one year's gross annual remuneration (fixed remuneration and annual variable remuneration), corresponding to the last financial year.

Exclusivity	The contract prohibits, during its term, the conclusion of contracts or the provision of services, whether on one's own account or on behalf of others, directly or indirectly, to third parties, whether competitors or not, who are not affiliated with the Company, unless the Company gives its express consent.
Internal compliance	This includes the obligation to comply with the rules and obligations set out in FAES's internal regulations.
Confidentiality	The highest duty of confidentiality during the term of the contracts, as well as after the relationship has ended.

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

4. REMUNERATION OF DIRECTORS IN THEIR CAPACITY AS SUCH

In accordance with Article 26 of the Articles of Association, the remuneration of directors in their capacity as such shall consist of (a) a fixed cash sum and (b) an attendance fee or allowance for each meeting of the Board of Directors and/or the Board Committees to which they may belong.

The maximum amount of 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, and shall remain in force until such time as the General Meeting of Shareholders agrees to amend it.

In this regard, the Ordinary General Meeting of Shareholders set the maximum annual gross remuneration payable to directors in their capacity as members of the Board of Directors at 6% of the distributable profit for the last financial year ended. This limit shall remain in force for the duration of this Policy unless the General Meeting of Shareholders decides to amend it in the future.

The determination of the exact amount to be paid within the aforementioned limit and its distribution amongst the various directors is the responsibility of the Board of Directors, upon the proposal of the Appointments and Remuneration Committee, taking into account the duties and responsibilities assigned to each director, membership of committees within the Board of Directors and any other objective circumstances it deems relevant.

The components of the Remuneration Policy for directors in their capacity as such are set out below:

	Fixed Annual Allowance	Attendance Fees
Board of Directors (member)	€77,000	€1,500 per meeting
Chair of the Board (*)	€867,141	--

	Fixed annual allowance	Attendance fees
Commissions (member)	€15,000	--
Chairmanship of the Committee	€10,000	--
Coordinating Director	€5,000	--

(*) Additional fixed remuneration set for the (non-executive) Chairman, Mr Mariano Ucar Angulo, established until the end of his term of office for the additional duties he performs as Chairman of the Board.

The aforementioned amounts are separate and fully compatible with one another.

Furthermore, the Chairman of the Board of Directors (non-executive) may receive remuneration in kind consisting, amongst other things, of health insurance, a company car and other employee benefits on the same terms as other employees, up to a maximum annual amount of €35,000.

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 noted, the remuneration of the Chairman of the Board of Directors consists exclusively of fixed components and includes a fixed allowance in addition to that paid to members of the Board of Directors until the end of his term of office, with the aim of retaining the Chairman during a critical period for FAES, to facilitate the transition to the new corporate governance model, as well as to compensate him for the duties he performs as Chairman of the Company, of the Board of Directors, as the highest representative of FAES, and for the special dedication required to perform the role of Chairman in accordance with the provisions of the Companies Act, the Articles of Association or as determined by the Board of Directors itself in a company such as FAES. These functions of the Chairman, by their organic or representative nature, cannot be considered executive, although they entail a level of dedication and intensity far greater than that of the other non-executive members of the Board of Directors.

The above amounts may be amended each year within the limits approved by the General Meeting of Shareholders and subject to the prior approval of the Board of Directors. Should this occur, due disclosure will be made in the Annual Report on Directors' Remuneration, which will be submitted annually to the General Meeting of Shareholders for consideration.

Furthermore, the Company has taken out civil liability insurance for its directors on market terms.

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

Nor is provision made for the participation of non-executive directors in social security schemes, pension plans, or compensation for their supervisory and collective decision-making functions in relation to the termination of their association with the Company in their capacity as directors, nor for the granting of any additional remuneration other than that set out 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 functions. For these purposes, the Appointments and Remuneration Committee and the Board of Directors shall take into account, in particular, the functions assigned, the responsibilities assumed, their professional experience, the market remuneration for that position and

any other factors it deems appropriate to take into account when determining the components and amounts of the remuneration package applicable, where relevant, to the new executive director; this shall be duly reflected in the relevant contract to be signed between the Company and the new executive director and in the relevant Annual Report on Directors' Remuneration.

In exceptional circumstances, and to facilitate the recruitment of an external candidate, the Appointments and Remuneration Committee may propose, for the Board's decision, the establishment of a special incentive to compensate for the loss of incentives granted but not yet accrued in the candidate's previous role, as a result of their resignation and subsequent acceptance of FAES's offer. The Company will provide detailed information in the relevant Annual Report on Directors' Remuneration regarding any incentives that the Board of Directors may agree to establish.

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

Should 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 FOR DETERMINING THE REMUNERATION POLICY

6.1 Internal Regulations and Company bodies involved

The Company's remuneration policy is governed by the Articles of Association and the Rules of Procedure of the Board of Directors. Specifically, Article 19(g) of the Rules of Procedure of the Board of Directors that the basic responsibility of the Appointments and Remuneration Committee is to propose to the Board of Directors the remuneration policy for directors and managing directors or those performing senior management functions under the direct authority of the Board, executive committees or managing directors, as well as the individual remuneration and other contractual conditions of executive directors, ensuring compliance therewith.

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

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 item on the agenda.
- Approves the maximum amount of the annual remuneration for all directors in their capacity as such, in accordance with the provisions of the Articles of Association.
- Approves the variable remuneration schemes for executive directors, which include the grant of shares or share options, or remuneration linked to the value of the shares.

Board of Directors:

- With regard to directors in their capacity as such: approves the allocation of the maximum amount approved by the General Meeting of Shareholders across different items.
- With regard to executive directors: it approves the fixed remuneration, as well as the structure of the variable remuneration, approving the targets at the start of each financial year, the assessment of

achievement once the target measurement period has ended, and the corresponding payment of the Annual Variable Remuneration and the Long-Term Variable Remuneration.

- It proposes adjustments or updates to the Remuneration Policy.
- Approves the contracts governing the performance of the duties and responsibilities of executive directors.

Appointments and Remuneration Committee:

- It draws up proposals on remuneration to be approved by the Board of Directors. With regard to variable remuneration, the Committee reviews the structure, the maximum remuneration levels, the established targets and the weighting of each of them, taking into account the Company's strategy, needs and business situation.
- In addition, it periodically reviews the remuneration policy, taking into account the factors set out in the following section.

6.2 Criteria adopted in determining the Remuneration Policy

Consideration of the views of investors and proxy advisors:

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

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

In order to establish the remuneration terms for executive directors set out in this Remuneration Policy, the remuneration strategy applicable to the Company's employees and senior managers has been taken into account.

In this regard, the Remuneration Policy applicable to executive directors is aligned with that for all employees and senior managers, rewarding them for the value they bring to FAES and sharing the following specific principles:

- **Total remuneration structure:** the remuneration package offered by FAES may consist of fixed and variable components, as well as remuneration in kind and other employee benefits. In any case, the fixed remuneration carries significant weight insofar as, in certain circumstances, the variable remuneration may be reduced to zero. Furthermore, the amounts and relative weight of the remuneration components are adapted to local market practices in the markets in which FAES operates.
- **Pay equity:** we ensure there is no discrimination on the grounds of gender, age, culture, religion or race when applying our remuneration practices and policies. In this regard, FAES staff are remunerated in a manner consistent with their level of responsibility, leadership and performance within the organisation, thereby helping to retain key staff and attract the best talent.
- **Pay for performance:** a significant portion of the total remuneration of the Company's management team is variable in nature, and its payment is linked to the achievement of financial and non-financial, business and value-creation objectives that are predetermined, specific, quantifiable and aligned with FAES's corporate interests.

- **Proportionality:** remuneration levels are commensurate with the Company's importance, its financial position at any given time and market standards in comparable sectors and companies.
- **Prudence:** The criteria used by the Appointments and Remuneration Committee to establish fixed, variable or other forms of remuneration take into account the risks inherent 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 foster a culture of high performance

Market conditions

Directors' remuneration is compared with that of comparable profiles in companies within the same sector or of a similar size.

Consideration of independent external advice

When determining, reviewing and implementing the Remuneration Policy, the Appointments and Remuneration Committee seeks independent advice and ensures that no director takes decisions relating to their own remuneration.

Periodic review of the Remuneration Policy

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

7. MEASURES TAKEN TO ALIGN THE REMUNERATION POLICY WITH THE

COMPANY'S LONG-TERM OBJECTIVES, VALUES AND INTERESTS

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

- The total remuneration of executive directors comprises various remuneration components, consisting primarily of: (i) fixed components, (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 assessment process is based on long-term results and takes into account the Company's underlying economic cycle. This remuneration is awarded substantially on the basis of value creation, so that the interests of executive directors are aligned with those of shareholders.
- The metrics established, both for Annual Variable Remuneration and 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 include ESG criteria. These objectives shall be specific, predetermined and quantifiable, aligned with the company's interests and in line with FAES's Strategic Plan. Some examples of metrics are included in section 3.1 above, and those established for each year can be found in the Annual Report on Directors' Remuneration.

Furthermore, there is an appropriate balance between the fixed and variable components of remuneration. The variable remuneration system for executive directors is fully flexible and allows them to receive no payment whatsoever in this regard should the minimum performance thresholds not be met.

Furthermore, the Remuneration Policy includes the following features that help 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 for the variable remuneration of executive directors and senior management. The main characteristics of the objectives are as follows:
 - a) they are reviewed periodically to ensure they are sufficiently challenging;
 - b) are measurable and quantifiable, with their weightings and achievement levels approved by the Appointments and Remuneration Committee at the start of each financial year for the purposes of annual variable remuneration, taking into account, amongst other factors, the economic environment, the strategic plan, historical analysis, the Company's budget, and the expectations or consensus of investors and analysts;
 - c) during the measurement period, they are monitored by the Appointments and Remuneration Committee;
 - d) At the end of the assessment period, the Appointments and Remuneration Committee evaluates the final degree of compliance. When setting objectives and assessing compliance, the Appointments and Remuneration Committee also takes into account any associated risks. Provision is made to eliminate any economic effects, whether positive or negative, arising from extraordinary events that could distort the results of the assessment. The Appointments and Remuneration Committee will assess the degree to which the established objectives have been achieved and, taking into account the weightings of each established metric, will determine the amount to be paid, which must subsequently be approved by the Board of Directors. The assessment of annual and long-term objectives and the determination of variable remuneration are based on audited financial statements, where applicable.
- To reinforce the executive directors' commitment to the Company's long-term interests and their alignment with the interests of shareholders, the minimum requirement regarding the temporary holding of shares described above is included.
- With regard to the measures necessary to prevent conflicts of interest on the part of directors, in line with the provisions of the Companies Act, Articles 25 and 26 of the FAES Board of Directors' Regulations set out a series of obligations arising from their duties of non-competition and loyalty, the duty to avoid situations of conflict of interest and the duty of disclosure.

8. VALIDITY

This Policy replaces the Directors' Remuneration Policy approved by the General Meeting of Shareholders held on 25 June 2024, and shall enter into force upon its approval – with the exception of the provision regarding the annual allowance for committee membership, which shall apply from 1 January 2026, replacing the attendance fees for committee meetings, which shall remain in force throughout 2025. This Policy shall remain in force until 31 December 2028, without prejudice to any adjustments or updates that the Board of Directors may carry out in accordance with its provisions, and any amendments that may be approved by the General Meeting of Shareholders from time to time.