

## **POLICY ON THE APPOINTMENT OF DIRECTORS**

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### **PURPOSE**

The Board of Directors of FAES FARMA, S.A. recognises transparency in all its actions, including the process of selecting candidates for directorships, as one of the key elements of its corporate governance strategy.

The Board of Directors has therefore approved this Policy on the Selection of Directors, bringing it into line with current legislation and the recommendations set out in the Code of Good Governance for Listed Companies approved by the Spanish National Securities Market Commission (CNMV), whilst complying with the provisions of the Company's Articles of Association and Regulations.

In this regard, this Board Member Selection Policy, which is specific and verifiable, aims to ensure that proposals for the appointment or re-election of board members are based on a prior analysis of the needs of the Board of Directors, and that they promote diversity of knowledge, experience and gender within the Board.

### **SCOPE OF APPLICATION**

This Policy shall apply to the selection of candidates for the board who are natural persons. In the case of candidates for the board who are legal entities, the provisions of this Policy shall apply to the natural persons who are to represent them.

However, every effort shall be made to ensure that candidates for the Board are natural persons.

## **SELECTION PROCESS**

When selecting board members, care must be taken to ensure that the size of the Board is appropriate and sufficient to enable it to function effectively and inclusively, taking into account the prevailing circumstances at any given time and within the limits set out in the Articles of Association.

The selection of candidates for the Board of Directors will be based on an analysis of the needs of the Company and its group, to be carried out by the Board of Directors with the advice and report of the Appointments and Remuneration Committee. Proprietary and independent directors must constitute a clear majority of the Board of Directors.

The proposal for the appointment or re-election of members of the Board of Directors is the responsibility of the Appointments and Remuneration Committee in the case of independent directors, and of the Board itself in all other cases.

Proposals for the appointment or re-election of any non-independent director must also be preceded by a report from the Appointments and Remuneration Committee.

The proposal must in all cases be accompanied by a supporting report from the Board assessing the competence, experience and merits of the proposed candidate.

Furthermore, the Company may seek the assistance of external advisers in the selection of candidates for the Board.

In any event, and in compliance with current legislation (Article 529 bis of the Companies Act), the Board of Directors must ensure that the procedures for selecting its members promote diversity in terms of gender, experience and expertise, and are free from any implicit biases that might give rise to discrimination; in particular, they must facilitate the appointment of female directors.

In the latter case, particular emphasis will be placed on the recruitment and selection of female board members, whether appointed by the General Meeting or co-opted, and across all categories of board membership, provided they meet the appropriate and required criteria. This policy will take precedence when the proportion of female board members is less than 30% of the total.

### **REQUIREMENTS TO BE MET BY CANDIDATES**

Candidates for the Board of Directors of FAES FARMA, S.A. must be persons of good character, suitable for the role, and of recognised integrity, competence, experience, qualifications and training. They must also ensure they have the necessary time to devote to their duties and demonstrate a commitment to their role, and must comply with the maximum number of boards of listed companies on which they may serve as directors, as stipulated in the Board of Directors' Regulations.

Furthermore, efforts will be made to ensure an appropriate balance within the Board of Directors, comprising individuals with diverse backgrounds, knowledge and experience, so as to encourage debate on matters within its remit by bringing a variety of perspectives to the table and enriching the decision-making process.

Furthermore, Article 20 of the Company's Articles of Association stipulates that, in order to be appointed as a member of the Board of Directors, a person must have held shares in the Company for at least three years, or, alternatively, be or have been a senior executive of the Company or any of its subsidiaries.

The requirement regarding length of service may be waived if the appointment is proposed or approved by a majority of the members of the Board of Directors.

### **DISQUALIFICATIONS FOR CANDIDACY AS A DIRECTOR**

Persons involved in proceedings relating to

incompatibility, incapacity or prohibition under current legislation; nor, in general, persons who, in any way, have interests that conflict with those of FAES FARMA, S.A. or its Group.

Furthermore, individuals who find themselves in any of the situations specifically set out in the Companies Act may not be appointed as independent directors; the company's competent bodies must verify that the candidates do not fall into any of these categories.

#### **VERIFICATION OF COMPLIANCE WITH THIS POLICY**

The Appointments and Remuneration Committee shall verify compliance with this Policy annually and report on this in the Annual Corporate Governance Report.

#### **FINAL PROVISION**

This Policy on the Selection of Directors was approved at the meeting of the Board of Directors held in Madrid on 22 December 2015, the date on which it came into force.