

**“LABORATORIO REIG JOFRE, S.A.” BOARD OF DIRECTORS APPOINTMENTS  
AND REMUNERATION COMMITTEE REGULATION**



## TITLE I. NATURE, PURPOSE AND APPROVAL

### **Article 1. Nature and purpose.**

1. In accordance with the Law and the By-laws of LABORATORIO REIG JOFRE, S.A. (hereinafter the "Company"), the Board of Directors shall be responsible for the establishment and maintenance of the Appointments and Remuneration Committee (hereinafter the "Commission"), a permanent internal organ of an informational and consultative nature, without executive powers, with powers of information, advice and proposal within its scope of action, governed by the provisions contained in the By-laws, the Board of Directors Regulations and in this Appointments and Remuneration Committee Regulation (hereinafter the "Regulation").
2. This purpose of this Regulation is to determine the Committee's principles of action and the rules of internal functioning, together with its rules of organization.
3. In the preparation of this Regulation, which forms part of the Company's corporate governance system, the good governance recommendations generally recognized in international markets have been taken into account.

### **Article 2. Approval, amendment and order of prevalence.**

1. This Regulation must be approved by the Board of Directors, its Chair, the Chair of Committee, a third of the Directors or by a third of the members of the Committee.
2. Similarly, any amendment to the same must be approved by the Board of Directors on the initiative of its Chair, the Chair of the Committee, a third of the directors or one third of the members of the Committee.
3. This Regulation develops and complements the rules of the Corporate By-laws and the Board of Directors Regulations applicable to the Committee. These latter rules shall prevail in the event of contradiction or disagreement with the former.

## TITLE II. FACULTIES

### **Article 3. Faculties relative to the composition of the Board and its committees.**

In this regard, the Committee shall have as its main functions:



- a) To advise the Board on the most convenient configuration of the Board itself and its committees as regards their size and the balance between the various classes of Directors at any given time. To this end, the Committee shall periodically review the structure of the Board of Directors and its committees, especially when vacancies occur within such bodies.
- b) To report on and review the criteria to be followed for the composition of the Board of Directors and the selection of candidates and, in particular, the skills, knowledge and experience necessary, as well as the time and dedication required for the proper performance of their duties. In order to exercise this faculty, the Committee shall take into consideration, in relation to the non-executive Directors, the relationship between the number of proprietary and independent Directors, in order that the composition of the Board of Directors reflect, in so far as is possible, the ratio of the Company's share capital with voting rights represented by proprietary Directors and the remainder of the company's capital.

**Article 4. Faculties regarding the selection of candidates for Directors.**

In this regard, the Committee shall have as its main functions:

- a) To revise the criteria for the selection of candidates for Directors and to assist the Board in determining the standards to be satisfied by such candidates, taking into account the needs of the Board and the areas within the same that require strengthening, as well as to ensure that the selection procedures are free of any implicit bias that may give rise to any form of discrimination and, in particular, that may hinder the selection of the members by reason their gender.
- b) To select potential candidates for, where appropriate, appointment as Directors of the Company, and to submit proposals or reports, as appropriate, the Board of Directors through its Chair.
- c) To verify compliance with the general requirements applicable to all candidates for the post of Company Director, in accordance with the provisions of the Law, the By-laws and Board of Directors Regulations.
- d) To assess the qualities of the various candidates and assign them to one of the Director categories contemplated in the Board of Directors Regulations.
- e) To submit to the Board of Directors the proposals for the appointment of independent directors for their designation via co-optation or for their submission to the decision of the General Shareholders Meeting.
- f) To verify compliance with the specific requirements applicable to the independent Directors under the Law, the By-Laws and the Board Regulations,



and to gather adequate information about their personal qualities, experience and knowledge and their effective availability.

- g) To report, upon the request of the Chair of the Board of Directors or upon that of any of the members of the Board of Directors, on the proposals for the appointment of the remaining Directors for their designation via co-optation or for their submission to the decision of the General Shareholders Meeting.
- h) To report on the proposals that legal entity Directors make in relation to their individual representatives.
- i) To report, in the case of proprietary Directors, on the circumstances of the shareholder or shareholders proposing, requesting or determining their appointment, independently of the method and procedure followed, whenever such an action is legally possible.
- j) To ensure that those who are to access the post of Directorship by any procedure meet the requirements relative to respectability, capability, expertise, competence, experience, qualification, training, availability and commitment to their duties and that they are not affected, either directly or indirectly, by any of the causes for incompatibility, prohibition, conflict or conflict of interests with the corporate purpose under the Law, the By-laws or the Board of Directors Regulation, ensuring that in selecting candidates an appropriate balance is obtained within the Board of Directors, thus enriching its decision-making and contributing multiple points view to the debates held on the matters of its competence.
- k) To annually verify the compliance with the Director selection policy, and is to detail its findings in the annual corporate governance report.
- l) To ensure that, upon the appearance of new vacancies or the appointment of new Directors, the selection procedures have no implicit bias capable of giving rise to any type of discrimination and, specifically, any discrimination that may hinder the selection of Directors by virtue of their gender. Consequently, in the event of detecting a patent imbalance in the composition of the Board of Directors, the procedures must expressly include women who meet the necessary requirements and meet the profile sought among the potential candidates.
- m) To establish a target representation for the least-represented gender on the Board of Administrators and prepare guidelines on this target may be met.
- n) To inform or to formulate proposals for the appointment or removal of the members that must form part of each of the committees, checking and confirming compliance with the knowledge, skills and experience required in



relation to the faculties of the committee in question and, in particular, regarding the Audit, Compliance and Conflicts of Interest Committee.

- o) To request all the information or documentation deemed necessary or appropriate from the candidates for the post of Director, from the individuals who are to represent the Directors which are legal entities and, in the case of nominee Directors, the shareholders responsible for proposing, requesting or determining their appointment, for the preparation of the proposals and the reports referred to in the previous points.

**Article 5. Faculties concerning the process of appointment of internal posts on the Board of Directors and senior management.**

In this regard, the Committee shall have as its main functions:

- a) To report on the proposals relating to the appointment or removal of the Chair of the Board of Directors.
- b) To report on the proposals of the Chair of the Board of Directors relating to the appointment or removal of the CEO.
- c) To examine and organize the succession of the Chair of the Board of Directors and of the Company's chief executive and, where appropriate, make recommendations to the Board in order that the succession occurs in an orderly and well-planned manner, in accordance with the succession plan approved by the Board of Directors.
- d) To report on the proposals of the Chair of the Board of Directors relating to the appointment or removal of the Vice-Chair(s) of the Board of Directors.
- e) To submit to the Board of Directors the proposal for the appointment of a coordinating Director, with the powers detailed in the Board of Directors Regulation, in the event that the Chair of the Board exercises executive duties, and inform the proposals for the removal of the same.
- f) To report on the proposals of the Chair of the Board of Directors relating to the appointment or removal of the secretary and, when applicable, the vice-secretary(s) of the Board of Directors.
- g) To monitor the selection process for candidates for the Company's senior management posts and to inform the proposals of the Company's CEO relative to the appointment or removal of senior managers.
- h) To inform or prepare the proposals of the Company regarding the appointment or removal of independent Directors.



- i) To gather information from the Chair of the Board of Directors and the CEO which is necessary for the exercise of its duties.
- j) To issue reports and prepare the actions which, within the corresponding scope of responsibility, are requested by the Board of Directors or by its Chair.

**Article 6. Faculties relative to the assessment and re-election of Directors.**

In this regard, the Committee shall have as its main functions:

- a) To establish and monitor an annual assessment and continuous review programme for the qualifications, training and, if applicable, independence, as well as the maintenance of the conditions of respectability, capability, expertise, competence, availability and commitment to their duties necessary for the post of Director and member of a specific committee, and to propose to the Board of Directors the measures deemed appropriate in this regard. To do so, the Committee may gather any information or documentation deemed necessary or appropriate for this purpose.
- b) To participate in the annual process of assessing the performance of members of the Board of Directors and, in particular, the Chair of the Board of Directors and the CEO.
- c) To examine, prior to the termination of the term for which a Director has been appointed, the desirability of their re-election, as well as of their permanence, if applicable, in the Board of Directors committees of which they form part.
- d) To verify that Directors pending re-election meet the general requirements applicable to all the Company's Directors, in accordance with the provisions of the Law, the By-laws and Board of Directors Regulations, as well as to assess the quality of the work and the dedication to the post of the Director in question during the preceding term and, expressly, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties..
- e) To submit to the Board of Directors, upon completion of the procedures described in the preceding paragraphs, their proposal (in the case of independent Directors) or report (in the case of other directors) on the re-election of Directors.

**Article 7. Faculties relative to the separation and cessation of Directors.**

In this regard, the Committee shall have as its main functions:

- a) To inform the Board on proposals for the removal of Directors derived from non-compliances with the duties inherent to the post of Director, or derived



from incurrance in any of the circumstances giving rise to the resignation or mandatory cessation of a Director.

- b) To propose the removal of Directors in the event of incompatibility, structural conflict of interest or any other cause of resignation or dismissal, under the Law, By-laws and Board of Directors Regulation.
- c) To request, for the purposes specified in the preceding points, the information or documentation deemed necessary or appropriate from the Directors, whether individuals or legal entities, including individuals who represent the Directors which are legal entities and, in the case of nominee Directors, the shareholders responsible for proposing, requesting or determining their appointment.

#### **Article 8. Faculties relating to remuneration.**

In this regard, the Committee shall have as its main functions:

- a) To propose to the Board of Directors remuneration policies for Directors and senior managers and review the same periodically, proposing, where appropriate, their amendment and updating to the Board.
- b) To propose to the Board of Directors the system and amount of the annual remuneration of Directors, as well as the individual remuneration of the executive Directors and other basic terms of their contracts, including any compensation that may be established in the event of removal, in accordance with the provisions of the Directors remuneration policy approved by the General Shareholders Meeting.
- c) To inform and submit to the Board of Directors the Company CEO's proposals relative to the senior management remuneration structure and their basic contract conditions.
- d) To inform the incentive and pension supplement plans corresponding to all the Company's employees.
- e) To periodically review the general remuneration programmes applicable to the Company's staff, assessing their adequacy and the results obtained from their application.
- f) To ensure compliance with the Company's remuneration programmes, the transparency of Directors' remuneration and to report on the documents to be approved by the Board of Directors for their general disclosure regarding information on remuneration, including the annual report of Directors



remuneration and the corresponding sections of the Company's annual corporate governance report.

**Article 9. Other faculties entrusted to the Committee.**

The Committee shall also have the following functions:

- a) To report in advance to the Board of Directors regarding matters within its competence under Title VIII of the Board of Directors Regulation.
- b) To inform the Board, prior to their authorization, on such transactions that the Company is to perform with Directors or shareholders holding a stake that has the legal consideration of significant at any time, or which have proposed the appointment of one of the Company's Directors, or with their respective related parties.
- c) To ensure that the transactions indicated in the previous point are effected in market terms and with respect for the principle of equal treatment of shareholders.

TITLE III. COMPOSITION
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**Article 10. Composition and posts.**

- 1. The Committee is to be composed of a minimum of three and a maximum of five Directors, appointed by the Board of Directors upon the proposal of the Committee from among the non-executive Directors. The majority must be independent Directors.
- 2. The Board of Directors shall ensure that the members of the Committee have the knowledge, skills and experience required for the duties they are called upon to perform.
- 3. Within the above-mentioned limits, the Committee may submit a proposal to the Board to amend the number of its members, with the aim of the final composition of the Board proving the most appropriate for its effective operation.
- 4. The Committee shall appoint a Chair from among the Committee's independent Directors. The Director appointed must have sufficient capacity and availability to provide the Committee with greater dedication than the rest of its members.
- 5. The Committee shall also appoint a Committee secretary, who need not be a Director.





**Article 11. Term.**

1. The members of Committee shall be appointed for a maximum term of four years, and may be re-elected, on one or more occasions, for successive terms of the same duration.
2. The terms and periods specified in the preceding point shall be subordinated to the Committee member in question retaining their Directorship.
3. In all circumstances, the post of member of the Committee shall not persist following the termination of the term of the Director, unless the Director is re-elected.
4. The members of the Committee who are re-elected Directors of the Company shall continue to perform the functions of Committee member for the duration of the post's term, without the need for re-election. Without prejudice to right of the Board of Directors to decide otherwise.

**Article 12. Cessation.**

The members of the Committee shall vacate their posts:

- a) When they cease to be Directors of the Company.
- b) When, whilst maintaining the condition of Company Director, they cease to be non-executive Directors.
- c) Upon the conclusion of the period for which they were appointed without their having been re-elected.
- d) By agreement of the Board of Directors.

TITLE IV. MEETINGS
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**Article 13. Meetings.**

1. The Committee shall meet as often as deemed necessary in the opinion of its Chair in order to exercise its duties.
2. It must also meet when so requested by at least two of its members.
3. The Chair of the Board of Directors and the CEO may request informational meetings of the Committee, on an exceptional basis.



#### **Article 14. Call.**

1. The Chair of the Committee shall convene the meetings with a minimum of five calendar days notice, except in the case of urgent meetings.
1. The call shall be made by any means that allow for its reception and which include the meeting's agenda.
2. Prior calls need not be issued for the Committee's meeting when all the members are present and unanimously agree to the celebration and the points on the agenda to be treated.

#### **Article 15. Venue and delegation.**

1. The meetings of the Committee shall be held in the venue indicated in the call.
2. The Committee's meetings may be held at several locations connected by systems that allow the recognition and identification of the participants, the permanent communication between them, the intervention of all the participants and the voting process in real-time.
3. The members of the Committee attending any of the interconnected venues shall be deemed for all purposes as having attended the same single meeting of the Committee. The meeting shall be understood as celebrated in the location in which the greater number of Committee members are present and, in the event of equal number present in different locations, in the location in which the Chair, or the person performing the duties of the Chair, is present.
4. The members of the Committee may delegate their representation to another member of the Committee by written communication addressed to the Secretary of the Committee, in which the terms of the delegation are to be included. They may not, however, delegate their representation on issues affecting them personally or in relation to which they find themselves in a conflict of interest.

#### **Article 16. Constitution.**

1. The Committee shall be validly constituted when the majority of its members is present or represented.
2. The meeting will be chaired by the Chair of the Committee. In the event of vacancy, illness, disability or absence of the Chair of the Committee, the session shall be chaired by the Committee's most senior Director and, in the event of several Directors sharing seniority, by the Committee's oldest Director.



3. The Committee secretary will act as secretary of the meeting. In the event of the vacancy, illness, disability or the absence of the Secretary of the Committee, the post shall be assumed by the person designated for this purpose by the Committee.

**Article 17. Agreements.**

1. The agreements adopted by the Committee shall be adopted by the majority vote of the members present or represented at the meeting. In the event of a tied vote, the Chair of the Committee shall have the casting vote.
2. The agreements shall be recorded in minutes signed by the Chair of the Committee and its secretary, or by the person acting in their stead. They must be approved during the same meeting or the immediately subsequent meeting, they shall be available to all Directors and shall be recorded in the Committee's minutes book, which shall remain in the custody of the Secretary.
3. The Committee shall consult with the Chair of the Board of Directors and the CEO prior to adopting agreements on matters relating to the Executive Directors.

**Article 18. Conflicts of interest.**

1. When the matters to be discussed at meetings of the Committee directly affect any of its members or persons related thereto and, in general, when such members are subject to a conflict of interest (in the terms set out in Board of Directors Regulation), the member(s) in question must leave the meeting until the decision is taken, and be deducted from the number of members of the Committee for the purposes of calculating the quorum and majorities with respect to the matter at hand.



#### **Article 19. Attendance.**

1. The Chair of the Committee, by virtue of a request made to this effect, may request, through the Chair of the Board, the attendance of any Director at the Committee's meetings. The Chair of the Committee may also request, through the Secretary of the Board, the attendance of any Director, officer or employee of the Company or of its subsidiaries, as well as any member of the governing bodies of investees whose appointment has been proposed by the Company, provided there is no legal impediment to the same.

TITLE V. POWERS OF THE COMMITTEE AND THE DUTIES OF ITS MEMBERS
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#### **Article 20. Powers and advice.**

1. The Committee may freely access, through the Secretary of the Board, any information or documentation to which the Company has access in relation to questions which fall within the Committee's scope of action, and which are considered necessary for the fulfilment of its duties.
2. The Committee may also request, under the responsibility of the Company, collaboration or advice from outside professionals, who must send their reports directly to the Chair of the Committee. In this case, the Committee shall ensure that any conflicts of interest do not impair the independence of the external advice received.

#### **Article 21. Duties of Committee members.**

1. The members of the Committee must act with independent judgement and action with respect to the rest of the organization and undertake their work with the utmost diligence and professional competence.
2. The members of the Committee are subject, as such, to all the duties of Directors provided in the Board of Directors Regulation, to the extent of their application to the functions performed by the Committee.

#### **Article 22. Information for the Board of Directors.**

1. The Chair of the Committee shall inform the Board of Directors of the matters discussed and the resolutions adopted at its meetings during the first Board meeting to be held following the Committee meeting.
2. Likewise, within the first three months after year end of each of the Company's tax years, the Committee shall submit an annual report on its work during the previous year to the approval of the Board of Directors.



TITLE VI. COMPLIANCE, PUBLICITY AND INTERPRETATION
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**Article 23. Compliance and Publicity.**

1. The members of the Committee, as well as the other members of the Board of Directors in matters by which they are affected, are required to know and comply with this Regulation, which will be published on the Company's corporate website.
2. Additionally, the Committee shall have the obligation to ensure compliance with this Regulation and to take the appropriate measures to ensure its dissemination throughout the rest of the organization.

**Article 24. Interpretation.**

1. This Regulation shall be construed in accordance with the Law, the By-laws and the Board of Directors Regulations, as well as the Corporate Governance System.
2. Any doubt or dispute regarding the interpretation of this Regulation shall be resolved by the Committee itself or, to the contrary, by its Chair, assisted by those persons designated by the Board of Directors for this purpose, when applicable. The interpretation and resolution of any doubts or disagreements arising must be reported to the Board.
3. In the absence of a specific rule, the Committee shall be subject, to the extent they are consistent with its nature, to the provisions of the Board of Directors Regulation relative to its operation and, in particular, with regard to the calling of meetings, the delegation of representation in favour of other Directors, its constitution, uncalled meetings, celebration and the rules governing the adoption of agreements, ballot voting without meetings and the approval of the minutes of the meetings.