



REMUNERATION POLICY OF THE BOARD OF DIRECTORS OF THE COMPANY "LABORATORIO REIG JOFRE, S.A."



I. INTRODUCTION

According to the provisions of article 529 novodecies of Royal Legislative Decree 1/2010, of 2 July, which approves the consolidated text of the *Ley de Sociedades de Capital* (Law on Corporations), after the modification introduced by Law 5/2021, of 12 April ("**Ley de Sociedades de Capital**" or "**LSC**" hereafter, indistinctly), the General Shareholders' Meeting is responsible for approving the remuneration policy for board members as a separate point on the agenda, applicable for a maximum of three years. Nevertheless, proposals for new board member remuneration policies are subject to the General Shareholders' Meeting before the end of the last year of application of the previous policy, and the Meeting can determine that the new policy is applied from the same date of its approval and for the following three years.

The Board of Directors of the company "LABORATORY REIG JOFRE, S.A." (hereinafter, the "**Company**"), after the proposal made by the Appointments, Remuneration and Sustainability Committee and the drafting of a report justifying said policy, drawn up for this purpose, agreed in its session of 23 March 2022, propose to the General Shareholders' Meeting, the approval of this remuneration policy (hereinafter, "**Remuneration Policy**") with the content established in commercial law.

If approved by the Company's General Shareholders' Meeting, this Remuneration Policy will replace the one approved by the General Shareholders' Meeting on 29 April 2021, for 2021, 2022 and 2023, which has been valid during 2021 and the months that have passed since the beginning of 2022 until the approval of this new Remuneration Policy, if approved.

According to article 529 novodecies of the LSC, this Remuneration Policy and the specific justification report issued by the Appointments, Remuneration and Sustainability Committee will be placed at the shareholders' disposal on the Company Website from the date the Company's General Shareholders' Meeting.

II. PERIOD OF VALIDITY.

Compliant with article 529 novodecies of the *Ley de Sociedades de Capital* (Spanish Corporation Law), the Remuneration Policy will be applicable from the date of its Approval (2022) and during the three following years (2023, 2024 and 2025), except if the Company's General Shareholders' Meeting agrees on its modification or replacement during this period.

III. PURPOSE AND SCOPE OF APPLICATION.

This Remuneration Policy aims to establish, respecting the provisions of the Articles of Association and other internal and external regulations, a comprehensive framework to regulate the remuneration of the Company's Board of Directors, to establish a remuneration system compatible with the business strategy, and proportional to the size of the Company, its economic situation and market standards in comparable companies.



The Remuneration Policy also aims to clearly and concisely define the company's remuneration policies for board members, according to article 217 of the LSC, to ensure the Company's long-term profitability and sustainability and incorporate the necessary precautions to avoid excessive risk and reward for unfavourable results, with no discrimination as regards gender.

This Remuneration Policy only applies to members of the Company's Board of Directors.

Regarding the timescale of application, compliant with article 529 novodecies of the LSC, and as indicated above, the Remuneration Policy will be in force for three years from the date of its approval.

IV. GENERAL PRINCIPLES AND FOUNDATIONS OF THE REMUNERATION POLICY.

The foundations of the Company board member Remuneration Policy, both as such and for the executive work they may carry out, take into consideration the general principle of offering remunerations that will be sufficient to attract, retain and motivate board members with outstanding professional profiles, as well as to contribute to achieving the Company's strategic goals.

Therefore, the Policy has been drawn up taking the following principles and objectives into account:

- **Moderation and adaptation to the best market practices:** The Company will ensure that board member remuneration is moderate and in keeping with remuneration trends and guidelines followed in the market by companies of comparable size, activity or structure.
- **Proportionality:** Board member remuneration will be sufficient to reward their dedication, qualifications and the responsibility of their position, but not so high as to compromise the independence of criteria of non-executive board members.
- **Compatibility:** Remuneration received by board members for their work in the Board of Directors will be compatible with and independent from remuneration and compensation for board members with executive responsibilities in the Company or Group.
- **Aligned with the long-term and sustainability strategy:** it should serve to attract, retain, motivate and develop the best talent in fair and competitive terms, being the best way to contribute to the business strategy, the Company's interests and long-term sustainability.
- **Clarity:** Board member remuneration will be clear and understandable by all board members, describing in detail the components of the fixed and variable remuneration they will receive, indicating their relative proportion.



More specifically, in compliance with the provisions of article 24 of the Company's Board of Directors Regulations, in this Remuneration Policy, board member remuneration must comply with market requirements. In any case, board member remuneration must be proportional to the importance of the Company, its economic situation and market standards for comparable companies. The remuneration system must also aim to promote the Company's long-term profitability and sustainability and incorporate the necessary precautions.

In addition to the principles and foundations mentioned above, the following aspects have been taken into consideration to draw up this Remuneration Policy:

- The responsibilities of the board members.
- Conclusions of comparative analyses.
- Recommendations on the remuneration paid to Boards of Directors in listed companies introduced by the revised version of the Corporate Code of Good Governance approved on 26 June 2020.
- Moderation and adaptation to remuneration trends and standards in the sector, in companies with comparable size, activity or structure, thus aligning with the best market practices.

V. DECISION-MAKING PROCESS TO DRAW UP THE REMUNERATION POLICY

Among the committees constituted by the Board of Directors, the Appointments, Remuneration and Sustainability Committee is the body that assists the Board of Directors regarding remunerations, in compliance with the powers assigned by articles 33 of the Board of Directors Regulations, and 8 of the Appointments, Remuneration and Sustainability Committee, reflecting the provisions of recommendation 50 of the Code of Good Governance of Companies Listed in Spain.

Therefore, the Appointments, Remuneration and Sustainability Committee has drawn up this Remuneration Policy for submission to the Board of Directors and, if applicable, its subsequent submission to the General Meeting of Shareholders for approval.

Regarding potential conflicts of interest, article 19 of the Company's Board of Directors Regulations expressly regulates the duties of administrators, to avoid these types of situations and establish actions to follow in such a case.

VI. REMUNERATION SYSTEM FOR BOARD MEMBERS AS SUCH.

The purpose of the Remuneration Policy for board members as such, is to remunerate them according to the principles detailed above.



With the prior proposal of the Appointments, Remuneration and Sustainability Committee, the Board of Directors will establish the exact amount to be paid to each board member for being a board member, respecting the provisions of the Remuneration Policy, including the annual maximum amount allocated to pay board members as a whole for being board members, which will be approved by the General Shareholders' Meeting.

The Board of Directors will also establish the moment and proportion of this remuneration, taking into account the functions, dedication and responsibilities of each board member according to their position in the Board of Directors, participation in Board commissions, and any other objective circumstances deemed suitable and relevant. As a result of the above, the distribution could give rise to different remunerations for each board member.

In compliance with the provisions of the Articles of Association, the current remuneration of the Company's Board of Directors as such, consists, fundamentally, of fixed components, as indicated below:

- Fixed annual remuneration according to the position on the Board of Directors.
- Fixed remuneration to be received for attending the Board of Directors Sessions.
- Fixed remuneration to be received for belonging to a committee.

The total amount that the Company can pay to all board members as such, for each of the years in which the Remuneration Policy is applicable, notwithstanding its annual adjustment according to PCI variations, cannot be greater than 1,000,000 €, except if the General Shareholders' Meeting were to agree on a modification. This maximum amount intends to give the Board of Directors the flexibility necessary to update the remuneration of board members as such and align it with the amounts received in comparable companies, attract and retain talent in the Board and grant the Company the necessary margin in case of an eventual enlargement of the number of board members during the validity of the Remuneration Policy.

Finally, note that the Company has a civil liability insurance policy covering board members under market conditions.

VII. REMUNERATION SYSTEM FOR EXECUTIVE BOARD MEMBERS.

Regarding remuneration for executive board members for carrying out executive functions (different from those of a board member as such), the remuneration applied will, in general, be in line with the remuneration paid by listed companies to this type of board member.

The Board of Directors will establish the remuneration of board members with executive functions and the terms and conditions of their contract



with the Company in compliance with the provisions of article 249.3 of the LSC and this Remuneration Policy approved by the General Meeting.

The remuneration of board members for their executive functions will be determined by the assigned responsibility and individual performance level, in line with market standards for equivalent duties.

A - Managing Director

Being an executive board member, the Managing Director will receive the remuneration established in the contract signed by the person and the Company in 2015, which was duly approved by the Board of Directors with the favourable vote of two-thirds of the members and the abstention of the Managing Director.

The contract signed by the Company and the Managing Director will detail all the items for which the Managing Director will receive remuneration for carrying out executive functions. Therefore, the Managing Director will not receive any remuneration for carrying out executive functions that are not specified in said contract, which must comply with the provisions of this Remuneration Policy. Therefore, if it were necessary for the contract between the Managing Director and the Company to be adapted to comply with this Remuneration Policy, the necessary novation must be signed, with prior approval by the Board of Directors.

Said contract establishes, principally:

- A fixed remuneration that can be regularly reviewable. This remuneration includes any payment in kind.
- Variable remuneration associated with the achievement of goals linked to individual performance parameters and financial and non-financial factors, which must be predetermined, quantifiable and aligned with Company strategy, measurable and promote Company sustainability and profitability, establishing long or short-term remuneration, as applicable .

Variable remuneration is linked to the achievement of annual goals whose percentage of reference to the evolution of the Company's financial results and strategic goals are established annually. The establishment of the variable goals, evaluation of the percentage of compliance and calculation of the amount of the variable remuneration is reviewed and approved by the Appointments, Remuneration and Sustainability Committee, submitting them to the Board of Directors for Approval.

It is noted that the Appointments, Remuneration and Sustainability Committee will ensure that the goals established for payment of variable remuneration have been effectively achieved. In this regard, the Company will include in the annual report on board member remuneration the criteria concerning time and methods for checking the achievement of goals according to the nature and characteristics of each variable component.



Related to the above, the Company has agreed to apply a reduction clause known as the “*malus*” clause, based on the postponement, for a sufficiently long period, of the payment of a part of the variable components, resulting in the total or partial loss of said remuneration if, before the moment of payment, any event occurred that could make this advisable, if decided by the Company’s Board of Directors.

More specifically, it is planned that the variable remuneration subject to annual objectives will be paid out in the three years following the financial year in which said objectives have been achieved.

Finally, to reduce risk exposure and adjust the remuneration to the objectives set by the Board of Directors, the Company has agreed with the Managing Director on the application of the “*claw-back*” clause to enable the Company to claim the reimbursement of amounts paid as variable remuneration if an inaccuracy of the data by which the Company grants the variable remuneration in question is accredited.

- Payment of duly accredited travel and accommodation expenses.
- An initial duration of four (4) years from the date of registration of the Managing Director position in the Business Registry or until the appointment expires, although it can be automatically extended for successive periods if the Managing Director is re-elected.
- A duty of exclusivity only compatible with actions for Reig Jofre Investments, S.L., or entities in the Company group, except if expressly authorized by the Company, as well as the administration of their own assets, as long as this does not affect the performance of their work in the Company.
- A non-competition period, so that once their contract has expired, the Managing Director will not provide services for other companies whose corporate purpose or activity is the same as or similar to that of the Company, nor will they carry out a competitive activity on their own account for two (2) years after the contract is terminated for whatever reason, except if they are expressly authorised by the Company to provide these services or carry out these activities. After contract termination, the Company will pay the Managing Director an amount equivalent to 100% of the annual remuneration for all the items corresponding to the last year, as an economic compensation.
- Compensation for contract termination according to the type of termination:
 - If the contract is terminated at the decision of the Company with three (3) months' notice, the Managing Director will be entitled to receive an amount equivalent to 39 days of total remuneration (fixed plus variable remuneration) for each year they have been working for the Company, calculating a proportional amount in the case of incomplete years. Cases in which the contract



is terminated due to resignation, retirement, death or permanent or absolute incapacity are not included, as well as cases in which contract termination is due to a breach of contract clauses by the Managing Director or a breach of the duties of loyalty and diligence as established in law. In case of a lack of notice by the Company, the Managing Director will also be entitled to an amount equivalent to the remuneration corresponding to the notice period that was not observed.

- If the contract is terminated by the Managing Director, they will be entitled to receive the same compensation indicated above, if one of the causes noted below concurs:
 1. Substantial modifications of the work conditions of their Managing Director position.
 2. Lack of payment or continual delays in the payment of agreed remuneration.
 3. A takeover of the Company or a significant change in its ownership (including but not limited to a change in the control of the Company), if contract termination occurs within three (3) months of these changes.
 4. Any other serious breach of contractual obligations on the part of the Company, except in cases of force majeure, in which said amount will not be payable.

The amounts paid due to contract termination will not exceed an amount equivalent to two (2) years of total annual remuneration and will only be payable when the company has ensured that the Managing Director has complied with the criteria or conditions established for the reception of said payment.

Among the payments for contract termination, any payments whose accrual or payment obligation arise as a result of the termination of the contractual relationship linking the Managing Director with the Company will be taken into consideration.

- A duty to maintain the confidentiality of any confidential information received due to their work as Managing Director of the Company, or as a result of the same, either referring to the company or other clients or related companies, both during the period of validity of the contract and indefinitely after its termination.

In addition to these payments, the Managing Director will receive a fixed remuneration for being a board member as established in the board member remuneration.

B.- Other executive board members

Based on the principles of this Remuneration Policy, in cases of incorporation of board members, their remuneration will be



determined by the level of their responsibility and their professional career, ensuring the maintenance of external competitiveness, and establishing remuneration according to the best market practices.

Regarding executive board members, their remuneration will be conditioned by the following:

i. Fixed remuneration:

Fixed remuneration will be in line with market practices in comparable companies for equivalent levels of responsibility, and regarding total remuneration, it will be of sufficient proportion to provide adequate flexibility to manage the variable components.

To determine the remuneration and possible updates, the Appointments, Remuneration and Sustainability Committee will consider the criteria mentioned above and will propose the individual remuneration and the rest of the contractual conditions of executive board members.

ii. Variable remuneration:

Variable remuneration is established according to the achievement of goals linked to variables related to individual performance and financial and non-financial factors, which must be predetermined, quantifiable and aligned with Company strategy, measurable and promote Company sustainability and profitability, established in the long and short-term, as appropriate.

The definition of variable remuneration for executive board members will incorporate clauses that allow the perception of these variable items to be sufficiently differentiated to ensure effective compliance with objectives and subject to reimbursement clauses, if applicable.

The Board of Directors, at the proposal of the Appointments, Remuneration and Sustainability Committee, is responsible for determining each objective, its importance and compliance metrics, at the start of each financial year and the evaluation of compliance once ended.

VIII. REVISION OF BOARD MEMBER REMUNERATION.

Article 217.4 of the LSC establishes that board member remuneration must be in proportion with the importance of the Company, its economic situation and market standards for comparable companies. Board member remuneration will be regularly reviewed or updated.

Possible variations of board member remuneration during the period the Remuneration Policy refers to and within its parameters (particularly within the maximum annual global amount contemplated in section IX below) will be determined by the Board of Directors at the proposal of the Appointments, Remuneration and Sustainability Committee, considering information regarding the evolution of the Spanish salary market; according to the growth forecast for each year;



and the corresponding surveys and market analysis, among others. These variations will be communicated in the Annual Board Member Remuneration Report, which will be submitted to the General Shareholders' Meeting.

IX. GLOBAL AMOUNT OF ANNUAL REMUNERATION FOR ADMINISTRATORS.

The maximum annual global remuneration for all board members, i.e., those who are simply board members as well as those who have executive responsibilities, will be as determined in this Remuneration Policy if approved by the General Shareholders' Meeting and will remain in force during the years in which the Remuneration Policy is in force, except if the General Shareholders' Meeting were to agree on its modification within said period.

For this purpose, the annual maximum amount to be received by board members, as such, as well as executives, will amount to 2,000,000 €.

X. TEMPORARY EXCEPTIONS TO THE APPLICATION OF THE REMUNERATION POLICY.

Only in exceptional circumstances in which it is necessary to serve long-term interests and the sustainability of the Company as a whole or to ensure its viability, the Board of Directors of the Company may, with a reasoned proposal by the Appointments, Remuneration and Sustainability Committee:

- i. Agree on applying temporary exceptions to the Remuneration Policy regarding the granting, consolidation and/or payment of all the components contained in the Remuneration Policy.
- ii. Alter the rules for granting, consolidating and paying remuneration specified in this Remuneration Policy in case of any event, circumstance or operation of the Company that, in the opinion of the Board of Directors, could significantly affect the collection, particularly of deferred variable remuneration components.

These restrictive exceptions will be based on the specific needs of the Company's business.

Any exceptional application must be duly recorded and explained in the corresponding Annual Board Member Remuneration Report.