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**REPORT-PROPOSAL BY THE APPOINTMENTS AND REMUNERATION  
COMMITTEE ON THE NEW COMPANY'S DIRECTORS' REMUNERATION POLICY  
FOR THE PERIOD 2022-2024**

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The refunded text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of July 2 (the "**LSC**" for its Spanish acronym) establishes, among other aspects, the need for listed corporations to have a policy on directors' remuneration, adjusted to the statutory provisions in this regard.

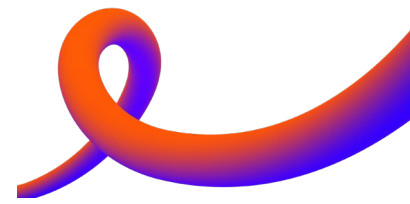
Law 5/2021, of 12 April, has redrafted article 529 novodecies of the LSC, relating to the approval of the policy on directors' remuneration.

The regime in force after this modification maintains the obligation for the General Shareholders' Meeting of a listed company to approve a Directors' Remuneration Policy, although extending its mandatory content..

On the other hand, the Transitional Provision of the aforementioned Law 5/2021 sets out that, at the first General Shareholders' Meeting held after the entry into force of said Law, the listed companies must submit for approval a new remuneration policy for directors, adapted to the new requirements set out in the Law.

The purpose of this proposal is, therefore, to comply with this legal prescription, adapting the current Directors' Remuneration Policy 2021-2023, approved by the General Shareholders' Meeting held on February 2021, to this regulatory requirement.

To this end, a policy has been proposed that retrains the general lines of that approved by the General Shareholders' Meeting last year, incorporating the changes required by the new regulation.



In particular, the changes are as follows:

- (i) incorporating the new mentions required by the Law, bringing in particular a higher definition of the variable remuneration objectives and their weight,
- (ii) adapting the fixed remuneration of executive directors to the increase arising from the updated inflation forecast applied to the Group's senior management
- (iii) introducing technical improvements to ensure they align with best corporate governance practices, in line with what shareholders demand, such as limiting payments for termination of executive directors' contracts. In relation to the latter aspect, it should be noted that the Company was already complying with these limitations, which, however, were not expressly included in its policy.

This proposal was drawn up with the assistance of independent external advisors (J&A Garrigues S.L.P.).

Madrid, December 2<sup>nd</sup>, 2021

The Secretary of the Appointments and Remuneration Committee

María Echenique Moscoso del Prado