

DIRECTORS' REMUNERATION POLICY

31 MARCH 2022

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1. Introduction and general regulatory framework

This document sets out the Remuneration Policy for the Directors of ENCE ENERGIA Y CELULOSA, S.A. (hereinafter “**ENCE**” or “the **Company**”), for the period 2022-2024, both for their duties as members of the Board of Directors and for their executive functions, which will be submitted to a binding vote at the General Meeting of Shareholders in 2022 as a separate item on the Agenda.

Pursuant to the provisions of **article 529 novodecies** of the Consolidated Text of the **Capital Companies Act**, approved by Royal Legislative Decree 1/2010, of 2 July, as last amended by Act 5/2021, of 12 April, amending the Consolidated Text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies, (hereinafter, “LSC”), the Remuneration Policy for ENCE Directors shall in all cases comply with the remuneration system set out in the Articles of Association and the Board Regulations, and shall be approved at least every 3 years by the General Meeting of Shareholders as a separate item on the agenda. In addition, the provisions of the Principles and Recommendations of the **Code of Good Governance of Listed Companies** of the National Securities Market Commission (CNMV for its acronym in Spanish) shall apply.

The principles and criteria of the Remuneration Policy for Directors are reviewed regularly by the Appointments and Remuneration Commission and the Board of Directors, in order to keep this Company Policy in line with best practices and market trends. Likewise, the Appointments and Remuneration Commission, with or without the advice from specialized consultants where necessary, makes timely reviews of the Executive Directors' remuneration packages in order to determine their suitability and alignment with the market situation of comparable companies, and with the Company's economic and financial status.

Any amendment or replacement of this Remuneration Policy during its period of validity would require the prior approval of the General Meeting of Shareholders, in accordance with the procedure established for that purpose.

2. Objective and principles of the Remuneration Policy

The general objective of the Remuneration Policy for ENCE Directors is to establish a suitable remuneration to attract and retain Directors with a desired profile, and to remunerate their dedication, qualification, and responsibilities, without compromising their independence of judgement.

The Company bases its Remuneration Policy on the following principles:

- a) The remuneration of Directors in their capacity as such, for exercising their functions of oversight and joint decision-making, will be determined by the Board of Directors in accordance with the following principles:

1. Promote the achievement of the company's interest, incorporating the necessary mechanisms to prevent excessive risk-taking and the rewarding of negative results.
 2. Align Remunerations with market practices applied by other Spanish listed companies with equivalent turnover and market capitalization, an international vocation, and with staff sizes and levels of complexity similar to ENCE, within a criteria of remunerative moderation in line with the circumstances of the applicable markets.
 3. Take measures to ensure that the remuneration of External Directors is suitable and incentivizes their dedication, without creating an obstacle for the independence of Independent Directors.
- b) The remuneration of Executive Directors will comply with the general guidelines applicable to employees and executives of the Company, specifically:
1. Remunerate comprehensively with monetary and non-monetary components.
 2. Invest in remuneration when there is a mutual and reasonable profit, recognizing the effort and activity that impact the achievement of results.
 3. Remunerate equitably - differentiating based on responsibilities and the person - and competitively - attracting and retaining the best professionals, especially in key positions.
 4. Remunerate ensuring there is no discrimination due to gender, provenance, affiliation, ideology, race or any other reason not included in these principles.
 5. Promote a culture of commitment to the objectives and of sharing the successes and risks of the business, aligning remuneration with short- and long-term objectives.
 6. Remunerate people who demonstrate satisfactory performance in line with the relevant market, and remunerate people who produce exceptional results and who are recognized as model professionals exceptionally.
 7. Systematically and uniformly evaluate professional development and performance, providing suitable training, information and decision-making ability to enable people to reach their maximum professional development.

3. Process for determining, reviewing and implementing the Remuneration Policy

3.1. Bodies involved in the process

The roles of the various bodies of the Entity involved in the determination, review and implementation of the Policy are set out below.

General Meeting of Shareholders

The General Shareholders' Meeting is responsible for approving:

- (i) Remuneration policy at least every three years.
- (ii) Maximum annual remuneration amount for Directors in their capacity as such.
- (iii) Variable remuneration schemes for directors that include the delivery of shares or share options or remuneration linked to the value of shares.

Board of Directors

- (i) With respect to the directors in their capacity as such, it approves the distribution among different items of the maximum amount approved by the General Meeting of Shareholders.
- (ii) For executive directors, it approves the fixed remuneration and the main conditions of the short- and long-term variable remuneration schemes.
- (iii) It approves the contracts regulating the performance of the duties and responsibilities of the Executive Directors.
- (iv) It reviews proposals to adapt, update or approve the Directors' Remuneration Policy to be submitted to the General Meeting of Shareholders for approval.
- (v) It approves the annual report on directors' remuneration to be submitted to the consultative vote of the General Meeting of Shareholders.

Appointments and Remuneration Commission

- (i) It proposes to the Board of Directors the distribution, among the different items, of the maximum amount approved by the General Meeting of Shareholders.
- (ii) It proposes to the Board of Directors the fixed remuneration of executive directors and annually reviews the conditions of variable remuneration to be approved by the Board.
- (iii) It proposes to the Board of Directors the contracts regulating the performance of the duties and responsibilities of the Executive Directors.
- (iv) It proposes to the Board of Directors the approval of the Directors' Remuneration Report and, where appropriate, of the Remuneration Policy, its adaptations or updates.
- (v) In the exercise of the duties described above, the Appointments and Remuneration Commission may be assisted by independent external consultants and remuneration experts and shall ensure that any conflicts of interest do not impair the independence of the advice given to the Commission.

Sustainability Commission

- (i) In relation to long-term variable remuneration, the Commission prepares, in accordance with the Sustainability Master Plan, the proposal of the objectives comprising the sustainability basket to be approved by the Board of Directors.

Other areas of the Entity involved in the process:

Planning and Control Department

- ✓ It prepares the report on the degree of achievement of operational, business, financial and non-financial objectives, based on the results audited by the Company's internal and external auditor.

Internal Audit Department

- ✓ It draws up a report on the accuracy of the data and calculations made in relation to the annual target indicators, their quantification and the degree of achievement for each

target.

General Secretary

- ✓ It prepares the formal documentation relating to the Remuneration Policy for submission to the Appointments and Remuneration Commission and the Board.
- ✓ Together with the Human Capital Department, it prepares the annual report on Directors' remuneration.

3.1. Criteria considered in the definition of the Directors' Remuneration Policy.

Consideration of the good governance recommendations of shareholder and investor views

The Appointments and Remuneration Commission takes into account the information and opinions on remuneration matters received from institutional investors and proxy advisors at the regular meetings held by the entity with them, as well as the latter's rules contained in its policies or *guidelines*.

The result of the votes on the remuneration policy approved by the General Meeting of Shareholders is also taken into consideration, as well as the result of the consultative votes on the annual report on directors' remuneration. Specifically, the 2020-2022 Remuneration Policy was approved with 96.87% of the votes.

Finally, both the Appointments and Remuneration Commission and the Board of Directors ensure that the Remuneration Policy is aligned with the recommendations of the CNMV's Code of Good Governance.

Consideration of the conditions of remuneration of employees

The definition of the remuneration system established in this policy shall be adjusted to the remuneration and employment conditions of the Company's employees and, in particular, shall seek to align the remuneration system for Executive Directors with that of Senior Management, taking into consideration the general guidelines applicable to the Company's employees and executives listed in section 2 of this Policy.

In this respect, the duties of the Appointments and Remuneration Commission, pursuant to article 17 of the Board Regulations, include proposing to the Board of Directors the periodic review of the directors' remuneration policy and of the remuneration systems for senior executives, including share-based remuneration systems and their application, ensuring compliance therewith and verifying the information on remuneration of directors and senior executives, as well as ensuring that individual remuneration is proportionate to

that paid to the other directors and senior executives of the Company.

Specifically, the Appointments and Remuneration Commission has sought to ensure that the principles of the remuneration system for executive directors are consistent with the general remuneration systems for the company's professionals. It seeks to foster the commitment of all employees to the company's purpose, mission and values, orientation towards results and the achievement of the company's strategic and sustainable development objectives.

4. General composition of the Remuneration of Directors

The **Articles of Association** establish the following system of remuneration of the Board of Directors, which distinguishes **(i)** the remuneration of the Directors in **their capacity as such** and **(ii)** the established remuneration for the **Directors who carry out executive functions**.

(i) The remuneration of the Directors in their capacity as such

a) Fixed Remuneration:

1. Comprised of a Periodic allocation and Expenses for attending meetings of the Board and its Commissions. These remunerations are paid fully in cash.
2. The General Shareholders' Meeting determines the maximum annual amount of remunerations paid to all Directors for these items.

b) Insurance and retirement systems: Life, accident and health insurance policies may be taken out for the Directors, in which case the premiums paid count toward the maximum remuneration limit for Directors set by the General Shareholders' Meeting. Likewise, a retirement system may be established for Executive Directors in the event of death, retirement, disability, or inability to perform the function; the amount, conditions and characteristics will be set by the Board of Directors, following a report from the Appointments and Remuneration Commission.

Moreover, the Company is authorized to contract a civil liability insurance for its Directors.

(ii) The remuneration of Directors who carry out executive functions

With special reference to the Remuneration of Executive Directors, the Remuneration provided for in sections a) and b) above shall be compatible with and independent of the remuneration corresponding to them for the performance of their executive duties and which shall necessarily be detailed in the contract entered into between the Executive Director and the Company, which shall be approved in advance by the Board of Directors.

These specific remunerative components for Executive Directors granted for the performance of their executive functions, as well as the terms and conditions of their contracts with the

Company, will be set in accordance with the Capital Companies Act, the Articles of Association, the Board of Directors Regulations, and this Remuneration Policy.

Among others, the Executive Directors may:

- a) Benefit from remuneration systems comprising the awarding of shares, stock options, or other remuneration system linked to the value of the shares of the Company or of Companies in its Group, the application of which will be agreed to by the General Meeting of Shareholders.
- b) Benefit from Variable Remuneration systems linked to the performance of the Company, or of the opportune retirement and savings systems described in the Articles of Association.

The following sections describe in greater detail the components of the Remuneration of Directors mentioned above.

5. The remuneration of the Directors in their capacity as such

5.1. Legal framework

In accordance with the provisions of **Article 529 septdecies of the Capital Companies Act**, the Remuneration Policy for Directors will determine the remuneration of Directors in their capacity as such, within the remuneration system described in the Articles of Association, and will necessarily include the maximum annual remuneration amount to be paid to the group of Directors in their capacity as such.

The individual remuneration of each Director in their capacity as such will be determined by the Board of Directors, who will take into account for such purposes the functions and responsibilities assigned to each Director, their membership on Board Committees, and other objective circumstances considered to be relevant.

5.2. Elements of the Remuneration Policy for Directors in their capacity as such

	Description	Determination and Limits
Fixed Remuneration	Comprised of: <ul style="list-style-type: none"> - Periodic allocation (fees), and - Subsistence allowances for attendance at meetings of the Board of Directors and its committees 	The Board of Directors sets the amount to be paid, within the limit or maximum amount approved by the General Meeting. The Board of Directors likewise sets how it will be distributed amongst the Directors, and the frequency of

		their payment, and will take into account (i) the functions and responsibilities assigned to each Director, (ii) their membership on Board Committees and (iii) other objective circumstances the Board considers relevant.
Other remunerative components	The ENCE Articles of Association allow Directors, in their capacity as such, to receive other remunerations consisting of different types of insurance, including life, accident, and health insurance.	The premiums paid shall be calculated for the purposes of the maximum limit set by the General Meeting.

5.3. Maximum annual remuneration amount for Directors in their capacity as such

The maximum annual amount of Remuneration for all Directors in their capacity as such is 1,900,000 euros, which coincides with the amount approved by the General Shareholders' Meeting on 22 March 2018, and will remain in force until it is modified at a subsequent General Shareholders' Meeting.

Pursuant to the Articles of Association, the calculation of that limit may not include amounts pertaining to salaries, compensation, the provision of retirement systems, savings and retirement plans, life insurance or accident premiums or payments of any kind generally or uniquely established for Directors who have a common or special working relationship with the Company as a senior executive or service provider, relations that will be compatible with the condition as member of the Board of Directors, notwithstanding the fact that these retribution items must comply with the remuneration policy approved by the General Meeting, formally noted in the annual report and must be approved in terms given in the Capital Companies Act and other applicable provisions.

6. Remuneration Policy for Directors for the performance of executive functions

6.1. Legal framework

In accordance with the provisions of **Article 529 octodecies of the Capital Companies Act**, the remuneration of Directors for the performance of their executive functions will comply with this Remuneration Policy, whenever those functions are envisioned in the contracts approved under **Article 249 of the Act**. The Policy must necessarily contemplate the amount of the annual Fixed Remuneration and its variation in the corresponding period, the different parameters for setting the variable components and the main terms and conditions of the contracts as well as the other provisions established in article 529 novodecies of the Capital Companies Act.

The Board of Directors is responsible for setting the remuneration of Directors for performance of executive functions and the terms and conditions of their contracts with the Company, in

accordance with the provisions of **Article 249.4 of this Law**, with **Article 29 of the Regulations of the Board of Directors**, and with the very Remuneration Policy approved by the General Meeting of Shareholders.

6.2. Elements of the Remuneration Policy for Directors for their executive functions

Notwithstanding the remuneration that they may receive for their position as members of the Board of Directors, including, where appropriate, the chairmanship of the Board, the elements that make up the Executive Directors' remuneration packages for the performance of their executive duties are as follows:

	Quantity and Metrics	Description
Fixed Remuneration	<p>CEO: 664,125 euros.</p> <p>There are no plans to modify the previous fixed remuneration during the term of this policy. However, if circumstances so require, remuneration may vary according to a possible change in responsibilities, development in the position, as well as in case of special needs for retention and motivation, taking into account market standards. The reasons for the variation will be explained in the corresponding annual report on the remuneration of the Directors.</p>	<p>The CEO, for performing the assigned functions and being the Company's Chief Executive, receives the remuneration indicated in the service provision contract which, as legally required, has been approved by the Board of Directors, subject to a favourable report from the Appointments and Remuneration Commission.</p> <p>In the event that the CEO is also Chairman of the Board of Directors, he shall receive, in addition to his remuneration for executive functions, the amounts corresponding as remuneration for his position as Chairman of the Board under the terms to be approved by the Board of Directors on the proposal of the Appointments and Remuneration Commission.</p>
Short-Term Variable Remuneration	<p>Maximum: 120% of the fixed remuneration.</p> <p>Metrics: Short-term Variable Remuneration is linked to the achievement of quantitative and qualitative targets (business, financial, operational, ASG-related, etc.) predetermined by the Board of Directors.</p>	<p>The Board of Directors, at the proposal of the Appointments and Remuneration Commission, is responsible for approving the objectives at the beginning of each financial year and evaluating their fulfilment at the end of the year.</p> <p>At the end of the year, the Board determines the variable remuneration accrued during the year based on the</p>

	<p>These targets will not only encompass occasional or extraordinary events, but also those that promote the sustainability of the Company and the recognition of good performance. In the components related to the Company's results, reservations stated in the external auditor's report and lessen said results will be considered.</p> <p>The quantitative targets will have a weight of at least 80% in the overall incentive. They will be composed of metrics that guarantee an adequate balance between the financial and non-financial aspects of the Company's management.</p> <p>The qualitative targets will have a weight of a maximum of 20% in the whole incentive. They will be linked to the evaluation of the CEO's individual performance.</p> <p>The targets will be determined annually for the CEO in each of the years covered by this Remuneration Policy through its approval by the Board of Directors, at the proposal of the Appointments and Remuneration Commission, and will be reported in the corresponding Annual Remuneration Reports.</p> <p>In special circumstances, due to internal or external factors, the Appointments and Remuneration Commission may propose to the Board the possibility of weighing other objectives and achievements, both quantitative and qualitative, or the application</p>	<p>level of compliance with the aforementioned targets. In order to ensure that the annual variable remuneration is effectively related to the professional performance of the beneficiaries, when determining the level of compliance with the quantitative targets, the Board and the Appointments and Remuneration Commission may disregard extraordinary circumstances that could introduce distortions in the evaluation criteria.</p> <p>In calculating the amount of the Variable Remuneration, the degree of compliance with and weighting of each of the targets will be considered and the internal rules and procedures for evaluating objectives, established by the Company for its executives, will be applied.</p> <p>This Variable Remuneration shall be paid in cash after the annual accounts are formulated and, in any case, within the three (3) months immediately following the end of the financial year except for exceptional circumstances.</p> <p>The possible payment of some or all of the Short-Term Variable Remuneration in the form of shares, stock options, or any other system linked to the value of the shares of the Company or Companies in its Group, will be agreed to by the General Shareholders' Meeting.</p>
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	<p>of other criteria for determining the short-term Variable Remuneration. Details of these adjustments is to be set out in the Annual Remuneration Report.</p> <p>The Annual Report on Directors' Remuneration will provide information on the metrics defined for each year, as well as the overall percentage of achievement reached by the CEO.</p>	
<p>Long-Term Variable Remuneration (2019-2023 Long-Term Incentive Plan)</p>	<p>Target: For the CEO, five (5) annual payments of the average annual Fixed Remuneration for financial years 2019/20/21/22/23.</p> <p>Maximum: 130% of full average annual Fixed Remuneration for the financial years 2019/20/21/22/23.</p> <p>Metrics: Economic and financial targets of the Group's and/or Division's accumulated synthetic EBITDA as set out in the 2019/2023 Strategic Plan; targets linked to the increase in the value of ENCE's shares in relation to the increase in value of the basket of shares of companies in the sector (relative TSR); and targets related to Sustainability and the organisational Climate.</p>	<p>In order to recognize the effort and value generation for the Company of its Executive Directors, Long-Term Variable Remuneration Plans, linked to the achievement of the Company's objectives, may be established. These plans must contain the specific period of time over which to measure results (always more than 2 years), include specific objectives and metrics for results, maximum and minimum achievement thresholds, and set a target and maximum amount to receive in cash and/or shares if the established objectives are achieved.</p> <p>The General Meeting of Shareholders of 28 March 2019 approved the Long-Term Incentive Plan for financial years 2019 to 2023.</p> <p>Period: It is a five-year cash compensation and share delivery remuneration plan consisting of two cycles, the first from 1 January 2019 to 31 December 2021 and the second from 1 January 2019 to 31 December 2023.</p> <p>Targets: (i) to encourage the results and professional performance of the management team in the long term, (ii)</p>

		<p>to promote the Company's sustainability for creating long-term value, (iii) to reinforce the management team's orientation toward achieving the business objectives committed in the strategic 2019-2023 plan, (iv) committing the senior management levels to the shareholders' interests, and (v) to retain the Company's management talent and reward their dedication, qualification and responsibility of the position.</p> <p>Requirements for accrual:</p> <p>a) Achieving the minimum degree of targets (minimum level) in accordance with the criteria to which the targets are referenced.</p> <p>b) That the beneficiary is in a situation of effective provision of services for ENCE (registered with Social Security) on the corresponding accrual date. Except in cases considered as "Good Severance":</p> <ol style="list-style-type: none"> 1. Forced retirement 2. Voluntary retirement on agreed terms for each case; 3. Death (the incentive is received by heirs of the deceased); 4. Total or absolute permanent incapacity, or great disability recognised by the public health organization or by a final judicial sentence, which results in the extinction of the labour relationship; 5. Termination of the service or contract with the Company without cause; 6. Objective dismissal; or 7. Disciplinary dismissal declared or recognized as inappropriate by a final court decision, or when so agreed by mutual agreement reached in judicial or extra judicial conciliation; 8. Resolution by mutual agreement; 9. Or unilateral withdrawal from the Company without cause. <p>In addition, the Board, following a proposal from the Appointments and</p>
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		Remuneration Commission, may determine at its own discretion whether to assign any Beneficiary the status of Good Severance.
Other remunerative components	<p>Executive Directors may receive other amounts than the ones described in the sections above, including a company vehicle, life insurance, health insurance, accident insurance, pension plans (amongst others, mixed employee benefits or defined payouts) and other remunerations in kind determined by the Board of Directors, on the proposal of the Appointments and Remuneration Commission, in accordance with the general criteria and policies adopted by the Company in this area and industry best practices.</p> <p>The sum insured is in line with the market.</p> <p>The Annual Report on Directors' Remuneration shall detail the amounts accrued in each financial year.</p>	

6.3. Ex-Post Adjustments to Variable Remuneration

The Variable Remuneration that has yet to be paid, either in cash and/or in shares, will be subject to reduction or cancellation by the Company (“*malus*”) if, during the period of time between the end date of the Plan (Short- and/or Long-Term) and the time of payment, errors or inaccuracies are accredited in the data used to calculate the final amount, on the basis of the ENCE results, the results of the business unit, and/or of the person concerned.

Likewise, Executive Directors are required to reimburse amounts unduly received as Short and/or Long-Term Variable Remuneration paid in cash and/or shared (“*clawback*”) if the Company demands reimbursement of the Variable Remuneration paid based on data whose error in inaccuracy was later accredited. In this case, the beneficiary must reimburse any amount unduly received within 90 days.

Up to 100% of the total Variable Remuneration will be subject to remuneration reduction (“*malus*”) clauses or recovery of remuneration payments made (“*clawback*”) clauses. These clauses will apply to active Executive Directors as well as those who have left the Company.

6.4. Other contractual clauses: Termination as Executive Director and indemnification, notice-giving and non-concurrence clauses and exclusivity

The Executive Director may resign from their position at any time, with a written notice at least three months in advance, with no right to compensation of any kind. If this notice is not given, the Company will be entitled to a compensation equivalent to the Fixed Remuneration corresponding to the non-observed term of notice.

The Board may at any time revoke the powers delegated to the Executive Director. The non-re-election of a Chief Executive Officer as a member of the Board when their appointment expires during the term of the contract shall be considered equivalent to such termination.

In this case, the Executive Director will be entitled to notice of at least three months or, where applicable, a gross compensation equivalent to the Fixed Remuneration for the non-observed notice period, and to an indemnity payment to be established contractually by approval of the Board of Directors, subject to a report from the Appointments and Remuneration Commission. In the case of the CEO, the indemnity payment will be equivalent to one year of the Full Fixed Remuneration being received at that time plus the Variable Remuneration received the previous year.

If, during the term of the contract, a major shift in control of the Company occurs, the Executive Director may present his resignation, and is entitled to receive a sum equivalent to twice the Fixed Remuneration being received at that time plus the Variable Remuneration received the two previous years. For these purposes, a significant change of control shall be understood to mean (i) any acquisition, directly or indirectly, by an investor who is not currently a significant shareholder of the Company, who is subject to the obligation to make a takeover bid for the Company's shares in accordance with the regulations in force at any given time, either by purchasing shares or other securities, by means of shareholder agreements or by means of any other cases that such regulations consider to be of a similar nature, or, (ii) in the event that the cases contemplated under point (i) above do not occur, any succession of the company or relevant transfer of shares that has as an effect of a modification of the conditions for the provision of his or her services by the CEO that results in his or her functions being vacated or substantially affected in any way.

Any remuneration from long-term incentive plans is not included in this calculation. If the termination of the Executive Director is a result of the commission of infractions against the law, contracts, articles of association or other applicable company regulations, the notice and indemnity payment mentioned above are also excluded.

Finally, it is established that during the twelve months following termination for any reason, the Executive Director may not compete with the Company, and the Board of Directors will

determine an appropriate economic compensation (in the case of the CEO, this compensation will be equivalent to 15% of the Fixed Remuneration and is included therein). If this contractual non-competition requirement is not complied with, the Executive Director will have to pay back the compensation paid for this item to the Company, without prejudice to the damages that may be claimed.

Finally, the contracts for common or special employment relationships or for the provision of services by Executive Directors with the Company shall generally be indefinite and shall include an exclusivity clause in the sense that full and exclusive dedication is required of the Executive Director, notwithstanding the positions he may hold in companies of the Company's group and in family companies of a proprietary nature, provided that this does not affect his dedication and does not entail a conflict of interest with the Company.

These and other opportune clauses will be included in the text of contracts and will be decided by the Board of Directors, when necessary.

6.5. Possible additions of new Executive Directors

When there are additions of new Executive Directors, the corresponding contract for the common working relationship, special working relationship, or service provision, will establish a competitive and comprehensive remuneration package that will be, wherever possible, in line with the current Remuneration Policy, to be determined by the assigned level of responsibility and their experience and knowledge, ensuring that internal equity and external competitiveness are maintained, and establishing a remuneration pursuant to industry best practices. Moreover, it will be linked to performance, contribution, and the achievement of objectives in order to recognize effort and the achievement of results.

7. Consistency with the Company's strategy, interests and long-term sustainability.

The consistency of the remuneration policy with the Company's strategy, interests and long-term sustainability is based on the following:

- The remuneration policy is designed to be consistent with the company's strategy and long-term performance orientation:
 - (i) The remuneration of executive directors is composed of different elements, mainly fixed remuneration, short-term variable remuneration and long-term variable remuneration. In a scenario of standard compliance with the targets associated with annual and multi-year variable remuneration, fixed remuneration represents around 40% of total compensation.
 - (ii) In terms of the metrics established, short-term variable remuneration sets specific and quantifiable financial and non-financial targets, linked to the social interest and sustainable growth of the company. Long-term variable remuneration is linked to objectives that are directly related to the company's growth, the generation of shareholder value and has a specific focus on the

working environment and sustainability, through the setting of a specific index composed of 10 objectives that address material issues for the company.

- (iii) Long-term variable remuneration schemes are part of a multi-annual framework, always longer than two years, to ensure that the evaluation process is based on long-term results and takes into account the corresponding economic cycle. The long-term incentive designed in place is aligned in its duration to the Company's Strategic Plan, covering the period from 2019 to 2023. One of the objectives of this plan is to promote the Company's sustainability for the creation of long-term value and to reinforce the orientation of the executive team and the CEO towards achieving the business targets committed to in the 2019-2023 strategic plan.
- (iv) Shares awarded to the CEO, in an amount equivalent to twice his or her annual fixed remuneration, under the long-term incentive, are subject to a 3-year retention period.

- Balance between fixed and variable components of remuneration.

The variable remuneration system is flexible and allows that, in case of non-achievement of minimum performance levels, no variable remuneration is paid and is therefore not guaranteed. The percentage of short- and long-term variable remuneration can be relevant if the maximum level of target achievement is reached.

- In addition, measures that help to avoid excessive risk-taking and foster a culture of commitment to objectives include the following:
 - ✓ The corporate governance system, internal regulations and control and compliance systems, which establish oversight mechanisms and checks and balances to avoid the concentration of decision-making power in areas that may involve a high degree of risk.
 - ✓ The payment of the annual variable remuneration takes place after the date of formulation and audit of the annual accounts and after the degree of achievement of the objectives has been determined.
 - ✓ Payment deferral periods, where applicable, are established for the two cycles of the long-term incentive.
 - ✓ The CEO's contract incorporates *malus* and *clawback* clauses
 - ✓ In relation to measures aimed at avoiding conflicts of interest on the part of directors, the Board of Directors' Regulations establish a series of obligations derived from their duties of loyalty and avoiding situations of conflict of interest.

8. Validity of the Remuneration Policy

In accordance with **Article 529 novodecies of the Capital Companies Act**, the Company will apply this Remuneration Policy for Directors in 2022 as of its date of approval and during financial years 2023 and 2024.

For information purposes, it is hereby noted that the current Long-Term Incentive Plan described in this Policy is applicable for the period 2019-2023, and the second and final cycle finishes in 2023. For this reason, during the year, the Company will address the development of a new long-term incentive for a new period starting in January 2024, the terms and conditions of which will be submitted for approval at the first General Meeting of Shareholders to be held in 2024.