

# Proposal of Directors' Remuneration Policy 2022 - 2024

Board of Directors  
30 April 2021

## *Table of Contents*

1. Purpose and Background
2. Reasoned Proposal  
Annex I: Report of the Appointments, Remuneration and Corporate Social  
Responsibility Committee

## 1. Purpose and Background

The Board of Directors of Meliá Hotels International, S.A. (the “Company”), in compliance with Article 529 *novodecies* section 4 of the Spanish Corporate Enterprises Act (hereinafter, the “CEA”), prepares this document for the purposes of substantiating the proposal of the Directors’ Remuneration Policy for years 2022 to 2024, both inclusive (hereinafter, the “Remuneration Policy”), which will be submitted for the approval of the General Shareholders’ Meeting to be held on 10 June 2021 (on first call).

According to the provisions of the CEA, the Company’s Appointments, Remuneration and Corporate Social Responsibility Committee (the “Committee”) has previously prepared and submitted to the Board a specific report on the (proposal of) Remuneration Policy, which is attached hereto as annex. Such report of the Committee, in exercise of its own duties according to Article 529 *quindecies* section 3.g) of the CEA, also includes as an annex the text of the Remuneration Policy proposed by the Committee to the Board for approval of the General Shareholders’ Meeting.

For the relevant purposes, the Board acknowledges that the contents of this Remuneration Policy provide continuity to the Remuneration Policy for years 2019 to 2021 (approved by the General Shareholders’ Meeting on 6 June 2018 and amended at the General Shareholders’ Meeting of 2019).

## 2. Reasoned Proposal

The Board of Directors, during its meeting held today, has analysed the mentioned Committee’s report and considers that duly justifies the Company’s Remuneration Policy, including its duration limited to the three-years period 2022 - 2024.

As reported by the Committee, such Policy has been formulated based on the core principles of moderation, prudence and creation of long-term value and, therefore, remains committed to the principles laid down in the previous policy for years 2019 to 2021.

In addition, the Board considers that, according to Article 529 *novodecies*, section 1 of the CEA, the Remuneration Policy proposed by the Committee is in line, where appropriate, with the remuneration system provided for in Article 37 of the Company Bylaws.

In view of the above, the Board endorses the Committee’s report in its entirety, and considers that it sufficiently substantiates the proposal of Remuneration Policy, as well as the full text thereof, as it is drafted in the annex attached to the report. Thus, the Board endorses the report and submits it to the General Shareholders’ Meeting for its consideration and, where appropriate, approval, according to the following proposed resolution:

*“To approve, for the purposes set forth in Article 529 novodecies of the Consolidated Text of the Spanish Corporate Enterprises Act and in Article 37 of the Company Bylaws, following the proposal of the Appointments, Remuneration and Corporate Social Responsibility Committee, the Directors’ Remuneration Policy for years 2022, 2023 and 2024.”*

This document, together with the specific report of the Committee attached hereto as Annex I, as well as the Remuneration Policy, shall be made available to the shareholders once the General Shareholders’ Meeting is convened, on the website of the Company ([www.meli-hotelsinternational.com](http://www.meli-hotelsinternational.com)) in the manner provided for by law, and the shareholders may request the delivery or dispatch of these documents free of charge.

# Annex I: Report on the Proposal of Directors' Remuneration Policy 2022 - 2024

Appointments, Remuneration and Corporate Social  
Responsibility Committee  
27 April 2021

## *Table of Contents*

1. Purpose
2. Definitions and Applicable Regulations
3. Report and Proposal of Remuneration Policy
  - Annex I: Excerpt of the Applicable Regulations
  - Annex II: Remuneration Policy

## 1. Purpose

This report (hereinafter, the “**Report**”) is prepared by the Appointments, Remuneration and Corporate Social Responsibility Committee of Meliá Hotels International, S.A. according to the provisions of Article 529 *novodecies* of the Spanish Corporate Enterprises Act, regarding the proposal of the Directors’ Remuneration Policy for years 2022 to 2024 that will be submitted for its approval by the General Shareholders’ Meeting to be held in June.

Within the framework of the duties and competencies of the Committee, this Report, which includes the Remuneration Policy as **Annex II**, is issued to the Board of Directors for subsequent submission to the General Shareholders’ Meeting for approval.

## 2. Definitions and Applicable Regulations

The following definitions will be applied to this Report:

**Committee:** Appointments, Remuneration and Corporate Social Responsibility Committee of Meliá Hotels International, S.A.

**Corporate Enterprises Act or CEA:** Consolidated Text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2<sup>nd</sup> July, and subsequent amendments.

**Remuneration Policy:** Directors’ Remuneration Policy for years 2022 to 2024, the proposal of which is submitted to the next General Shareholders’ Meeting for approval.

**Company:** Meliá Hotels International, S.A. and its Group, as appropriate.

**Annex I** hereto details the regulations applicable to this Report.

## 3. Committee’s Activities and Remuneration Policy Drafting Process

The Committee plays a fundamental role in the process of analysis and determination of the Company’s remuneration policy as it prepares the proposals and /or reports required by law and participates in the specific processes that are detailed throughout this Policy.

Its duties in relation to this process, as they are regulated, are the following:

- To propose to the Board of Directors the Remuneration Policy applicable to Directors, General Managers and any individuals performing top management duties under direct supervision by the Board, Executive Committees or Chief Executive Officers, as well as the individual remuneration and other contractual terms and conditions applicable to Executive Directors, ensuring compliance with such Policy;
- To conduct periodic reviews of the Remuneration Policy, assessing its adequacy and performance. In particular, to conduct periodic reviews concerning the assessment of the goals or parameters involved in the remuneration schemes applicable to the Executive Director and top management positions; and
- To ensure transparency in payments and incorporate the information concerning directors’ remuneration into the Annual Report on the Remuneration of Directors and the Annual Corporate Governance Report, submitting the Annual Report on the Remuneration of Directors to the Board for approval.

In the exercise of the aforesaid duties, the Committee has analysed the information provided by proxy advisors as well as the legislative developments in terms of remuneration and good governance, and the best practices of corporate governance.

In the preparation of this Remuneration Policy, the Committee has been supported and advised by the Compensation Department (Human Resources), Corporate Governance (Legal and Compliance) and has also benefited from the external advice of the firm Cuatrecasas.

In view of the conclusions reached, this proposal of Remuneration Policy is presented to Board of Directors and will be submitted to General Shareholders' Meeting for approval.

## 4. Report and Proposal of Remuneration Policy

The Remuneration Policy approved by the General Shareholders' Meeting held on 6 June 2018, and also amended by the General Shareholders' Meeting on 18 June 2019, expires in 2021.

While maintaining the principles of the previous Policy, the Committee submits to the Board of Directors the Proposal of the Directors' Remuneration Policy for years 2022, 2023 and 2024, which is attached hereto as Annex II, and which is adapted to the special conditions of the Company and the usual remuneration practices for similar listed companies, and is based on principles of moderation, prudence and creation of long-term value, ensuring internal equity and improving external competitiveness.

However, the Committee has amended certain aspects of the current Policy for years 2019 to 2021, in order to better align with the interests of the Company's shareholders and investors, the requirements from proxy advisors and the best practices of corporate governance both at national and international level.

In this sense, the recent developments on remuneration, i.e., the reform of the Good Governance Code of Listed Companies of the CNMV and Law 5/2021 of 12<sup>th</sup> of April, amending the Consolidated Text of the Corporate Enterprises Act, as approved by Royal Legislative Decree 1/2010, of 2<sup>nd</sup> July and other financial regulations, in terms of promoting long-term commitment of shareholders in listed companies, and the social and economic impact as a result of COVID-19, also led the Committee to introduce certain changes with respect to the current Policy.

Thus, the Committee has been hampered by the lack of long-term visibility and the existing uncertainty due to the social and economic situation as a result of the pandemic / COVID-19 and the pandemic itself. The Committee is aware that the new Remuneration Policy is proposed at a particularly difficult time for the Company.

For this reason, considering the lack of visibility on one hand, and for the purposes of having a transparent Policy available and looking after the interests of shareholders and investors on the other hand, the minimum period of long-term variable remuneration for Executive Directors has been reduced and the Company's management bodies have been allowed certain flexibility to define the Executive Directors' variable remuneration scheme in terms of parameters and goals. All this with the commitment to prioritise the interests of shareholders and investors, ensure long-term sustainability and feasibility of the Company and promote, to the extent possible, the inclusion of metrics related to sustainability and ESG (Environmental, Social, Governance) risks in the variable remuneration schemes.

The Remuneration Policy, which is submitted to the General Shareholders' Meeting for approval, largely maintains the same directors' remuneration scheme as in the previous policy, while featuring the following main developments:

### **Recommendations of the Good Governance Code of Listed Companies of the CNMV**

Following the latest reform of the Good Governance Code of Listed Companies carried out by the CNMV in July 2020, the Committee has considered the following recommendations in preparing the new Remuneration Policy:

#### **GGC Recommendation**

*Recommendation No. 59 - [...] “Additionally, entities should consider establishing a reduction clause (‘malus’) based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.”*

#### **Recommendation No. 64 - Limitation of termination payments**

*“Termination payments should not exceed a fixed amount equivalent to two years of the director’s total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.*

*For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.”*

#### **Remuneration Policy**

The current Remuneration Policy (applicable to years 2019, 2020 and 2021, already included the clawback clause (which was implemented through an amendment of the Policy approved at the General Shareholders' Meeting of 2019), therefore it is proposed the inclusion of a reduction clause (malus).

Notwithstanding the fact that the Company already complied with this recommendation (as reported in the ACGR for 2020), and that the compensation for termination of the service agreement of the Chief Executive Officer is equivalent to one year of the total remuneration, it is proposed the inclusion of the regulation of the items included in the compensation for greater transparency.

### **Reform of the Spanish Corporate Enterprises Act**

From the start, the Committee has been following the project for amendment of the Spanish Corporate Enterprises Act, which concluded recently with the transposition of Directive (EU) 2017/828 on encouragement of long-term shareholder engagement. In particular, in the drafting of the Remuneration Policy, the impact of the said reform in terms of remuneration has been

considered, in compliance with the provisions of the new article 529 *novodecies* of the Spanish Corporate Enterprises Act.

In this sense, the following contents have been included in the proposal of Remuneration Policy:

#### **Art. 529 *novodecies* CEA**

*“The Policy shall contribute to the business strategy, long-term interests and sustainability of the company and explain how it does so.”*

*“The Policy shall be clear and understandable and describe the different components of fixed and variable remuneration, including all bonuses and other benefits in whatever form, which can be awarded to directors and indicate their relative proportion.”*

*“The Policy shall explain how the pay and employment conditions of employees of the company were taken into account when setting the remuneration policy”.*

*“The Policy shall specify information on any deferral periods and on the possibility for the company to reclaim variable remuneration.”*

*“The Policy shall indicate the duration of the contracts or arrangements with directors and the applicable notice periods, the main characteristics of supplementary pension or early retirement schemes and the terms of the termination and payments linked to termination”*

*“The Policy shall explain the decision-making process followed for its determination, review and implementation, including, measures to avoid or manage conflicts of interests and, where applicable, the role of the appointments and remuneration committee or other committees concerned”*

*“The companies may apply temporary exceptions to the remuneration policy, provided that such policy includes the procedure to be followed and the conditions in which these exceptions may be applied, as well as the components of the policy which may be covered by the exception. Exceptional circumstances should only cover situations where the*

#### **Remuneration Policy**

The principles applicable to the Company’s remuneration model are developed in sections 3 and 6 of the Policy, reinforcing the basis of the Policy to consider all stakeholders.

The Policy has been restructured in a clear and transparent manner, including charts and a further description of all the elements comprising the remuneration scheme of the Board of Directors.

A specific section regarding the alignment of the Policy with the employees’ remuneration scheme is included.

A specific section regulating the deferral mechanisms applicable to short- and long-term variable remuneration, as well as recovery mechanisms (clawback and malus clauses) are included.

In addition to incorporating the recommendation 64 of the Good Governance Code of Listed Companies, section 7 provides details of the terms and conditions of the service agreement entered into with the Chief Executive Officer.

The Policy includes section 5 relating to the bodies participating in the determination and implementation process of the Remuneration Policy (the General Shareholders’ Meeting, the Board of Directors and the Appointments, Remuneration and Corporate Social Responsibility Committee).

According to the background and the current context, a specific section in relation to the exceptional regime in terms of remuneration is included.

*exception to the remuneration policy is necessary to serve the long-term interests and sustainability of the company as a whole or assure its viability”.*

### **Other technical improvements**

In addition to the mentioned amendments, the Committee has introduced the following new technical improvements in order to provide greater transparency and clarity to the Remuneration Policy:

- Restructuring of the Policy, as detailed in the section below of this document.
- Inclusion of a specific section regarding remuneration for the performance of duties as director in other Group companies.
- Inclusion of a specific section in relation to the regime applicable to new directors.
- Inclusion of a section in relation to payment deferral of variable remuneration.
- Separate regulation of the variable remuneration control mechanisms (malus & clawback clauses)

## **5. Structure of the Policy**

The Remuneration Policy is structured in a clear, understandable and transparent manner, including:

- (i) A first introductory section which details the main issues giving rise to the new Policy;
- (ii) A second section with definitions;
- (iii) A third section which states the general principles that guided the Policy;
- (iv) A fourth section regarding the alignment of the Remuneration Policy with the remuneration scheme of the Group’s employees;
- (v) A fifth section in relation to the decision-making process in terms of remuneration and the statutory framework of the Directors’ remunerations;
- (vi) A sixth section with comprehensive regulation of the remuneration structure of the Board of Directors, including the exceptional regime.
- (vii) A section describing the elements of the service agreement of the Chief Executive Officer; and, finally,
- (viii) the regime regarding approval and implementation.

## **6. Conclusion**

Considering the characteristics of the Remuneration Policy, the Committee concludes that this Policy is in line with legal provisions, recommendations and internal regulations as mentioned in this Report, therefore, it is proposed that the Board of Directors submits to the General Meeting the following resolution:

*“To approve, for the purposes set forth in Article 529 novodecies of the Consolidated Text of the Spanish Corporate Enterprises Act and in Article 37 of the Company Bylaws, following the proposal of the Appointments, Remuneration and Corporate Social Responsibility Committee, the Directors’ Remuneration Policy for years 2022, 2023 and 2024.” \*\*\**



## Annex I

### Excerpt of the Applicable Regulations

### Corporate Enterprises Act

**Article 217. Directors' remuneration.**

*1. Directors positions are unremunerated, unless the company by-laws provide otherwise and establish the remuneration scheme.*

*2. The established remuneration system shall determine the concept or concepts for which directors should be remunerated and which may consist, among others, of one or various of the following:*

- a) a fixed assignment,*
- b) attendance fees,*
- c) shares in the profits,*
- d) variable remuneration with general indicators or benchmarks,*
- e) remuneration in shares or linked to their growth,*
- f) compensation for dismissal, assuming that the dismissal was not motivated by incompleteness of the director's duties and*
- g) any savings systems or provision deemed appropriate.*

*3. The maximum amount of annual remuneration for directors in their capacity as such, must be approved by the general meeting and shall remain valid until amendment of the same is approved. Unless the general meeting decides otherwise, distribution of remuneration among each director is established by agreement with the same and, in the case of the board of directors, by said board's decision, which must take the duties and responsibilities of each director into consideration.*

*4. In all cases, directors' remuneration must remain proportionate to the significance of the company, the economic situation at that moment and the market standards of comparable companies.*

*The established remuneration system must be designed to promote the long-term profitability and sustainability of the company and incorporate the necessary precautions to avoid excessive risk-taking or rewarding unfavourable results.*

**Article 529 quince. Appointments and remuneration committee.**

*"[...] 3. Without prejudice to the other duties stipulated in the by-laws or in compliance with them, the board of directors' regulations, the appointments and remuneration committee shall have, as a minimum, the following duties:*

*[...]*

*g) Propose to the board of directors, the directors' and managing directors' remuneration policy and of whoever else performs senior management duties under the direct supervision of the board, executive committees or delegated directors, in addition to the individual remuneration and other contractual conditions of executive directors, ensuring compliance with the same.*

*[...]"*

**Article 529 octodecies. Remuneration of directors for the performance of executive duties<sup>1</sup>.**

"1. Remuneration for the executive functions of managing directors and other directors to whom such functions are attributed by virtue of other titles shall comply with the Articles of Association and, in any case, with the remuneration policy approved according to the provisions of Article 529r and the contracts approved as established in the provisions of Article 249.

2. The remuneration policy shall establish at least the amount of the fixed annual remuneration corresponding to the directors for the performance of their executive duties and other provisions referred to in the following article.

3. The board of directors shall be responsible for the individual determination of the remuneration of each director for the performance of the executive duties assigned to him/her within the framework of the remuneration policy and in accordance with the provisions of his/her contract, subject to a report from the appointments and remuneration committee."

**Article 529 novodecies. Approval of the directors' remuneration policy<sup>2</sup>.**

"1. The directors' remuneration policy shall comply with the remuneration system provided for in the bylaws and shall be approved by the general shareholders' meeting as a separate item on the agenda, to be applied for a maximum period of three financial years. However, proposals for new director remuneration policies must be submitted to the general meeting of shareholders prior to the end of the last financial year of application of the previous policy, and the general meeting may determine that the new policy shall apply from the date of approval and for the following three financial years. Any amendment or replacement of the policy during this period shall require the prior approval of the general meeting of shareholders in accordance with the procedure established for its approval.

2. The remuneration policy, together with the date and result of the vote, shall be accessible on the company's website free of charge as soon as it is approved and at least for as long as it is applicable.

3. The remuneration policy shall meet the following requirements:

- (a) it shall contribute to the corporate strategy and to the long-term interests and sustainability of the company and explain how it does so.
- (b) it shall be clear and comprehensible and shall describe the different components of fixed and variable remuneration, including all bonuses and other benefits in whichever form, which may be granted to directors, indicating their relative proportion.
- (c) it shall set out how the conditions of remuneration and employment of the company's employees have been taken into account in determining the remuneration policy.
- (d) where a company grants variable remuneration, the remuneration policy shall set out clear, comprehensive and varied criteria for such grant and identify the financial and non-financial performance criteria, including, where appropriate, those relating to corporate social responsibility, explaining how they contribute to the achievement of the objectives set out

<sup>1</sup> Wording modified by Law 5/2021, of 12 April, in force from 3 May 2021.

<sup>2</sup> Wording modified by Law 5/2021, of 12 April, in force from 13 October 2021.

*in point (a), and the methods to be applied to determine the extent to which the performance criteria have been met.*

- (e) it shall report on any deferral period and on the possibility for the company to claim back variable remuneration.*
- (f) where the company grants share-based remuneration, the policy shall specify the vesting periods, as well as, where applicable, the retention of shares after vesting, and explain how such remuneration contributes to the achievement of the objectives set out in point (a).*
- (g) it shall state the duration of contracts or agreements with directors, the notice periods applicable, the main features of supplementary pension or early retirement schemes, the conditions of termination and the payments linked thereto.*
- (h) it shall explain the decision-making process followed in determining, reviewing and implementing them, including measures to avoid or manage conflicts of interest and, where appropriate, the role of the nomination and remuneration committee and any other committees that may have been involved.*
- (i) in the event of a review of the policy, describe and explain any significant changes and how any votes taken and opinions received from shareholders on the policy and the annual director remuneration reports since the date of the most recent vote on the remuneration policy at the general meeting of shareholders have been taken into account.*

*4. The proposed remuneration policy of the board of directors shall state the reasons and must be supported by a specific report from the appointments and remuneration committee. Both documents shall be made available to shareholders on the company's website from the time the general meeting is called, who may also request that they be delivered or sent free of charge. The notice announcing the general meeting shall mention this right.*

*5. Any remuneration received by directors for the exercise or termination of their office and for the performance of executive duties shall be in accordance with the directors' remuneration policy in force at any given time, except for such remuneration as has been expressly approved by the shareholders at the general meeting.*

*6. Companies may apply temporary exceptions to the remuneration policy, provided that the policy sets out the procedure to be used and the conditions under which such exceptions may be used and specifies the components of the policy that may be subject to exception.*

*The exceptional circumstances referred to in this paragraph shall only cover situations where a derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability.*

*7. Without prejudice to paragraph 1 of this Article:*

- (a) if the proposal for a new remuneration policy is rejected by the general meeting of shareholders, the company shall continue to remunerate its directors in accordance with the remuneration policy in force at the date of the general meeting and shall submit a new proposal for a remuneration policy to the next ordinary general meeting of shareholders for approval; and*
- (b) if the annual report on directors' remuneration is rejected in the consultation vote at the annual general meeting, the company may only continue to apply the remuneration policy in force at the date of the general meeting until the next annual general meeting.*

## Company Bylaws

### *“Article 37 - Remuneration of Directors*

*37.1. Remuneration of Directors. Directors shall be remunerated. The remuneration of Directors for this position consists of an annual amount, global for each of them, which maximum amount shall be approved by the General Shareholders Meeting, which will be valid until a modification is approved, without prejudice to the payment of the fees or remuneration that they may receive from the company, owing to a contractual relationship other than that derived from the position of Director (for instance, for professional services provided or derived from their employment relationship, as the case may be), which shall be subject to the legal system applicable thereto.*

*The determination of the remuneration of each Director in their position as such shall be for the Board of Directors, which shall take into account the functions and responsibilities assigned to each Director, if they are members of Board Committees and other objective circumstances that may be considered relevant.*

*The remuneration shall be composed of two elements:*

- a) A fixed annual allowance.*
- b) Allowance to attend the sessions of the Board of Directors and of the Committees in which he is a member.*

*The remunerations policy of the Directors in their positions as such shall comply with this article and shall be approved by the General Meeting in the manner set forth in the Law.*

*The Directors who perform executive duties in the Company shall additionally receive the amounts corresponding to the performance of such executive duties, according to the remunerations policy of the Directors approved by the General Meeting and the Board of Directors shall approve the terms and conditions of the contracts that the Directors make with the Company, in the manner set forth in the Law, these Bylaws and the Regulations of the Board of Directors.*

*37.2. Other remuneration systems. In addition, and regardless of the remuneration considered in the previous section, remuneration systems based on the share price or related to the provision of stock or stock options are foreseen for the Directors.*

*The application of such systems must be approved by the General Shareholders Meeting which will also decide the number of shares to be assigned in each financial year to this remuneration system, the price or calculation system of the price at which stock options may be exercised, the price of the shares which, as the case may be, maybe taken as reference and the duration of such plan and any other conditions considered appropriate.*

*After compliance with legal requirements, similar remuneration systems may also be established for company personnel (executive or otherwise).”*

## Regulations of the Board of Directors

*Article 15.- The Appointments, Remuneration and Corporate Social Responsibility Committee  
[...]*

*15.2 Organisation and responsibilities. [...] The responsibilities of the Appointments, Remuneration and Corporate Social Responsibility Committee, and without prejudice to any others that the Law, the Company Bylaws and these Regulations, are at least as follows:*

*[...]*

### *c) Remuneration Policy*

- To propose to the Board the remuneration policy for Directors and CEOs or those who develop their senior management functions under direct control of the Board, of Executive Committees or CEOs, as well as individual remuneration and other contractual conditions of the Executive Directors, ensuring its compliance.*
- To regularly review said remuneration policy, assessing their appropriateness and return. In particular, periodically review the evaluation of the objectives or parameters that are part of the remuneration schemes of the executive director and senior management*
- To ensure transparency in remuneration as well as for the inclusion in the Annual Report on Remuneration of Directors and in the Annual Corporate Governance Report of information on the remuneration of directors, and to submit to the Board the approval of the Annual Remuneration Report of the Directors.*

### *Article 24.- Remuneration of Directors*

*24.1 Directors, in its capacity as such, have the right to receive the remuneration set by the General Shareholders' Meeting in accordance with the Company Bylaws.*

*24.2 The determination of the remuneration of each Director in its capacity as such, within the maximum amount approved by the General Meeting of Shareholders in accordance with the preceding paragraph, corresponds to the Board of Directors. The Board of Directors will ensure that the remuneration of Directors is related to their effective dedication, the roles and responsibilities attributed to each Director, the Delegates Commissions' membership and other objective circumstances that are relevant. The Board will also ensure that the amount received by External Independent Directors provides incentives to encourage dedication but does not hinder their independence.*

*24.3 The remuneration of the Board of Directors will be transparent; the total amount being reported in the Annual Report on Corporate Governance.*

*24.4 The amounts received should be compatible with and independent of salaries, other remuneration, compensation, pension, share options or any other form of payments established in general for all Executive Directors or in particular for any one of them, for the performance of executive duties, whatever the nature of their relationship with the company, whether it be*

*through employment - general or senior management -, commercial or on a service basis, relationships that will be compatible with their condition as members of the Board of Directors.*

*To this end, the Executive Directors will sign the corresponding contracts with the Company in accordance with the Law and the Company Bylaws.*

## Annex II

# Directors' Remuneration Policy 2022-2024

10 June 2021

### *Table of Contents*

1. Definitions
2. Background and Regulatory Framework
3. Principles
4. Alignment of the Policy with the Employees' Remuneration Scheme
5. Competent Bodies and Decision-Making Process
6. Remuneration Structure
7. Basic Terms and Conditions of the Executive Directors' Agreements
8. Approval and Implementation

## 1. Definitions

**CNMV:** Spanish Securities Market Commission.

**Committee or Appointments, Remuneration and CSR Committee:** Company's Appointments, Remuneration and Corporate Social Responsibility Committee.

**Executive Director or Chief Executive Officer:** The directors performing management duties in the Company or its Group, irrespective of their legal link therewith. Directors who perform management duties and, simultaneously, are or represent a significant shareholder or which is represented in the Board of Directors, shall be considered an executive director.

For the purposes of this Policy and, at the date of approval hereof, Mr. Gabriel Escarrer Jaume, Executive Vice President and Chief Executive Director of Meliá is the sole Director performing executive duties.

**Agreement:** commercial agreement of service provision.

**Group:** Meliá and all dependent companies over which Meliá exercises direct or indirect control according to Article 42 of the Spanish Commercial Code.

**ACGR:** Annual Corporate Governance Report.

**ARRD:** Annual Report on the Remuneration of Directors.

**Corporate Enterprises Act or CEA:** Spanish Royal Legislative Decree 1/2010 of 2<sup>nd</sup> July, approving the consolidated text of the Corporate Enterprises Act.

**Meliá or the Company:** Meliá Hotels International, S.A.

**Policy or Remuneration Policy:** Directors' Remuneration Policy of Meliá for years 2022, 2023 and 2024 or for the previous three-year period 2019, 2020 and 2021, as appropriate.

## 2. Background and Regulatory Framework

The Remuneration Policy has been designed in accordance with the commercial legislation in force stipulated in the Corporate Enterprises Act, in line with best practices and recommendations on remunerations and corporate governance, all within the framework of the Company Bylaws and the Regulations of the Board of Directors.

This Policy continues to adhere to the principles of moderation, prudence and creation of long-term value that guided the previous Policy, ensuring at all times internal equity and improving external competitiveness.

However, the recent developments on remuneration, i.e., the reform of the Good Governance Code of Listed Companies of the CNMV and the amendment of the Corporate Enterprises Act and other financial regulations, in terms of promoting long-term commitment of shareholders in listed companies and the social and economic impact as a result of COVID-19, led the Committee and the Board of Directors to introduce some changes with respect to the previous Policy.



This Policy identifies, includes and regulates, inter alia, the procedures for the definition and approval of the Remuneration Policy, as well as its review, general characteristics, compatibility and alignment with the long-term strategy, goals, values and interests of the Company and its stakeholders, the general principles of the Remuneration Policy, as well as the different remuneration schemes applied.

Finally, it is worth mentioning that the preparation of this Policy by the Board of Directors and the Appointments, Remuneration and CSR Committee has been hampered by the lack of long-term visibility, the existing uncertainty given the social and economic situation as a result of the pandemic / COVID-19 and the pandemic itself, as well as the dependence of the business on the regulatory and mobility measures than may be taken at any time.

For this reason, considering the lack of visibility on one hand, and for the purposes of having a transparent Policy available and looking after the interests of shareholders and investors on the other hand, the minimum period of long-term variable remuneration for Executive Directors has been reduced and the Company's management bodies have been allowed certain flexibility to define the Executive Directors' variable remuneration scheme in terms of parameters and goals.

### 3. Principles

The Remuneration Policy is aimed at creating value in the long term for the Group, and seeks to align with the Strategy Plan, the interests of employees, shareholders and other stakeholders and the Company's long-term sustainability.

The Company Bylaws and the Regulations of the Board of Directors include principles of moderation, prudence and creation of long-term value, and expressly provide that in determining remuneration, the Directors' actual dedication is taken into account, at all times in line with market practices to maintain competitiveness, and with the economic and social situation.

Likewise, the remuneration policy defined in the Company Bylaws and the Regulations of the Board seeks that the Directors' remuneration is adapted according to their category of Independent Directors or Executive Directors, so that, according to the general principles detailed below, it provides incentives for dedication, qualification and responsibilities assumed by each director ensuring that, in any case, remuneration does not constitute an impediment to their independence, particularly, in respect of External Independent Directors, whilst maintaining a separate remuneration scheme for the Company's Executive Directors in order to fairly and competitively compensate the additional responsibilities of those performing management duties in the Company or its Group.

In any case, the Regulations of the Board of Directors provide that the remuneration of the Board of Directors shall be transparent and that sufficient information in line with the recommendations of good governance of listed companies is provided well in advance. In particular, the total amount of remuneration is reported in the Notes to the Annual Accounts and in the ACGR.

As a result and development of the above, this Policy has been designed based on the general principles aforesaid, namely:

- To promote profitability, business strategy and interests and long-term sustainability of the Company and, at the same time, include the necessary measures to avoid excessive risk-taking and reward of unfavourable results.

- To define a remuneration scheme according to dedication and responsibility assumed by Directors and to market conditions (considering sectors and similar companies) in order to attract and retain the most suitable profiles to cover the knowledge, competencies and experience required in the Board, ensuring that there are suitable candidates to hold office as Directors.
- To promote and reinforce achievement of results of the Company and the Group.
- Information transparency and commitment to shareholders and investors.
- To implement the applicable principles governing this Policy in the remuneration policy applicable to the other Group's employees (schemes adapted to dedication and responsibility, long-term results, talent retention, etc.)

#### **4. Alignment of the Policy with the Employees' Remuneration Scheme**

In order to define the remuneration scheme of the directors and formulate this Policy, and in compliance with the provisions of the new Article 529 *novodecies* 3.c) of the Corporate Enterprises Act, the remuneration scheme and policy of the Group's employees have been considered.

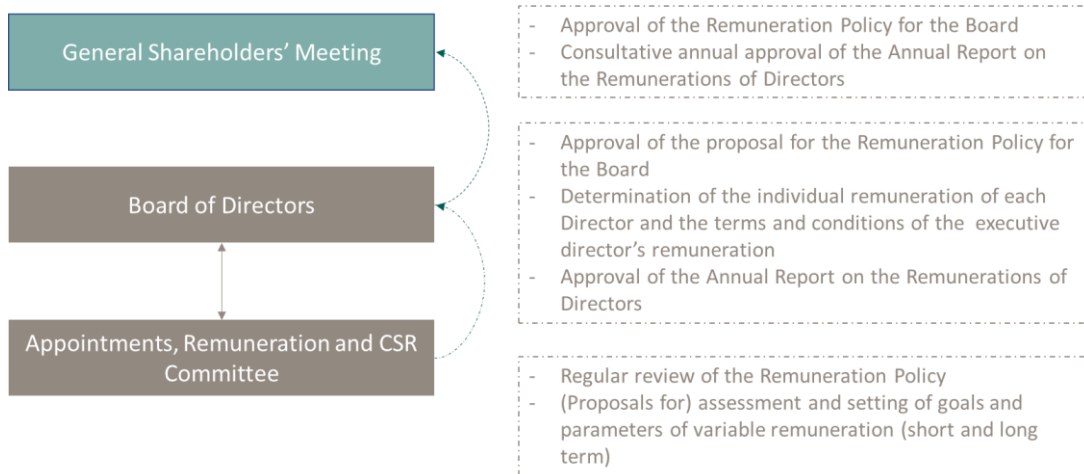
According to the Group's internal regulations, the remuneration of the Meliá's staff includes, inter alia, the following items:

- Fixed remuneration, which is determined by the position held and according to the salary range established.
- Short-term and/or long-term variable remuneration (if appropriate, and in any event, it is not guaranteed), which allows to reward goal achievement. It is always set as a percentage of the fixed annual remuneration.

In this sense, the Remuneration Policy is in line with that of the other employees, sharing the following principles:

- Non-discrimination on the grounds of gender, age, cultural background, religion and race, or any other circumstance. In this regard, all the Group's employees are remunerated on the basis of their professional worth, experience, dedication and the responsibility assumed.
- The remuneration packages of the Executive Director and the Company's management team, whose performance may have an impact on the realisation of the risks identified in the Risk Map, comprise variable components related to short-term and/or long-term goals as defined in the Strategic Plan. The responsibilities assigned to these staff categories also include specific risk management functions, such as adopting the necessary measures to identify the main risks and reporting them to the Audit and Compliance Committee via the appropriate channels.

## 5. Competent Bodies and Decision-Making Process



### 5.1 Appointments, Remuneration and CSR Committee

The Appointments, Remuneration and CSR Committee plays a fundamental role in the process of analysis and determination of the Company's remuneration policy as it prepares proposals and/or reports required by law and participates in the processes which are detailed throughout this Policy.

Its duties, pursuant to Article 39 *Ter* of the Company Bylaws and Article 15 of the Board of Directors Regulation, are the following:

- To propose to the Board the Remuneration Policy applicable to Directors, General Managers and any individuals performing top management duties under direct supervision by the Board, Executive Committees or Chief Executive Officers, as well as the individual remuneration and other contractual terms and conditions applicable to Executive Directors, ensuring compliance with such Policy;
- To conduct periodic reviews of the Remuneration Policy, assessing its adequacy and performance. In particular, to conduct periodic reviews concerning the assessment of the goals or parameters involved in the remuneration schemes applicable to the Executive Director and top management positions; and
- To ensure transparency in payments and incorporate the information concerning directors' remuneration into the ARRD and the ACGR, submitting the ARRD to the Board for approval.

As part of the decision-making process, the Committee is supported and advised by the Compensation Department (Human Resources), which carries out a prior analysis of remuneration data of similar companies, Corporate Governance (Legal and Compliance) as well as external professionals.

The Chairman of the Appointments, Remuneration and CSR Committee, where appropriate, may attend the General Shareholders' Meeting to report on the activities of the Committee in terms of remuneration.

## 5.2 Board of Directors

The involvement of the Board of Directors in determining the remuneration occurs in two relevant occasions.

On one hand, the Board of Directors analyses the proposals and reports prepared by the Appointments, Remuneration and CSR Committee on remuneration issues, using the tools provided by the Committee (statistical or comparative information, third-party reports, etc.) in order to formulate the proposals to be submitted to the General Shareholders' meeting for approval, such as the maximum amount of overall annual remuneration or the articles of the Company Bylaws or regulatory provisions concerning remuneration.

On the other hand, once the maximum amount referred to in the preceding paragraph is approved at the General Shareholders' Meeting, the Board of Directors, at the proposal of the Appointments, Remuneration and CSR Committee, defines the individual remuneration of each director taking into account at all times the duties and responsibilities assigned to each Director, the membership to the Board's Delegated Committees and other objective circumstances deemed relevant (i.e. Delegated Committees Chairmanship, Board Secretariat, ...).

In addition to the above, and with regard to Directors performing executive duties in the Company, the Board of Directors, following a proposal of the Appointments, Remuneration and CSR Committee, is the body responsible for approving the terms and conditions of the agreements entered into by and between such Directors and the Company in the manner prescribed in the Corporate Enterprises Act, the Company Bylaws and the Regulations of the Board of Directors. Under such agreements, which in any case must comply with this Remuneration Policy, the Executive Directors may receive certain additional amounts for the performance of these executive duties.

Likewise, the Board of Directors, prior report of the Committee, prepares annually the ARRD, which is made available to the shareholders at the time of convening the General Shareholders' Meeting and which is submitted to consultative vote as a separate item on the agenda.

## 5.3 General Shareholders' Meeting

In accordance with Article 37 of the Company Bylaws, the role of the General Shareholders' Meeting is to approve the maximum amount of the total fixed annual remuneration to which all the Directors are entitled in their capacity as such. This is without prejudice to the payment of fees or remuneration that they can obtain from the Company for the rendering of professional services or derived from staff work, as appropriate.

In addition, the application of any remuneration systems with reference to market value of the shares or that entail the delivery of shares or option rights over shares, must also be approved by the General Meeting in addition to determining the value of the shares taken as a reference, the number of shares awarded to each Director, the exercise price of the option rights, the term of this remuneration system and other conditions deemed appropriate.

## 6. Remuneration Structure

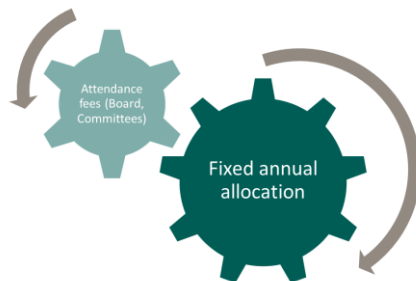
According to the Company Bylaws, a separate remuneration system is established for Directors in their capacity as such and for the Executive Directors of the Company since the latter have additional responsibilities.

### 6.1 Maximum amount of annual remuneration for Directors

The maximum amount of remuneration for Directors in their capacity as such is established in ONE MILLION TWO HUNDRED THOUSAND EURO (€ 1,200,000), such amount will remain in force until the General Shareholders' Meeting approves its amendment.

This limit will be applied to the amount resulting from the sum of the items mentioned in section 6.2 below (Fixed Remuneration, Attendance Fees, [...]), which remunerate the performance of the Directors' duties in their capacity as such, i.e., except for the amounts paid for the performance of executive duties.

### 6.2 Remuneration structure of Directors in their capacity as such



According to the provisions of Article 37.1 of the Company Bylaws, the remuneration of Directors in their capacity as such consists of:

- **Fixed annual remuneration**, for supervisory and decision-making duties.
- **Fees for attendance** at the meetings of the Board of Directors and the Committees of which they are part.

The Board of Directors, at the proposal of the Committee, may determine a separate remuneration linked to the membership in the various Board's Committees, Chairmanship thereof for the position of Secretary of the Board of Directors, in line with the remuneration principle of rewarding on the basis of level of responsibility and dedication required.

The Board of Directors fixes the amount to be paid within the maximum limit (section 6.1.) and its distribution among the Directors, taking into account positions, duties and responsibilities of each Director, whether they belong to Board committees, and other objective circumstances that it considers to be relevant.

The accrual of the remuneration in respect to the fixed annual allocation is monthly in arrears, so that the remuneration of each Director will be proportional to the period in which they have held office during the year in which the remuneration is fixed.

In any event, the information on the amounts paid to the Directors in their capacity as such during the year will be included in the ARRD which is submitted annually to the General Meeting.

The foregoing is without prejudice to the payment by the Company of reasonable travel and accommodation expenses arising in connection with the Directors' attendance at the meetings of the Board of Directors and the Committees to which they belong.

The remuneration of Directors in their capacity as such does not include loans, advances or guarantees.

### **6.3 Remuneration structure for the performance of executive duties**

In addition to the above, the remuneration package of Executive Directors includes:

- I. Fixed annual remuneration.
- II. Short-term variable remuneration.
- III. Long-term variable remuneration.
- IV. Remuneration in kind and other benefits.

These elements are further developed in the relevant Agreement, which has been approved according to the provisions of Article 249 of the CEA and the basic elements thereof are referred to in section 7 of this Policy.

This remuneration system is intended to strike a balance between fixed and variable components, so that the fixed component represents a sufficiently large part of total remuneration, while variable components ensure that the personal performance of Directors is sustainable and aligned with risks, ensuring that variable remuneration accrual and collection parameters are determined in a very strict manner in both cases.

#### **6.3.1 Fixed annual remuneration**

Executive Directors are entitled to fixed annual remuneration given the higher level of dedication and responsibility which their position involves. This remuneration must be competitive in relation to usual sector standards for positions with executive responsibilities.

Fixed annual remuneration will be fixed by the Board of Directors at the proposal of the Appointments, Remuneration and CSR Committee. In order to determine it, the Committee shall consider the market analysis carried out by top tier consulting firms in this field in order to establish a remuneration adapted to the duties performed by the Executive Directors at any time. Likewise, other factors such as average increases in the remuneration of the Company's executives shall be taken into account.

This fixed amount shall represent a sufficient part of total remuneration to maintain an appropriate balance between fixed and variable remuneration components.

The fixed annual remuneration of the Executive Director for 2021 amounts to SEVEN HUNDRED AND SIXTY-ONE THOUSAND AND EIGHTY-EIGHT EUROS AND SIX CENTS (€ 761,088.06). This is without taking into account any applicable reductions due to the social and economic situation as a result of COVID-19 and that the Company has informed to the market.

This amount shall remain fixed until the Board of Directors agrees to change it, where appropriate, in accordance with the criteria above described. In the case of changes, these will be included in the ARRD which is annually submitted to consultative vote at the General Shareholders' Meeting, and which is available to the shareholders on the company's website.

### **6.3.2 Short-term variable remuneration.**

Short-term variable remuneration items, if any, are set as a percentage of fixed remuneration, as described below. Its goal is to encourage the achievement of predetermined, specific and quantifiable strategic goals related to the management of the Executive Directors, therefore, short-term variable remuneration is directly linked to the achievement of such goals.

For its determination, assessment of its compliance and calculation of the final amount, the Board of Directors, based on the proposal of the Appointments, Remuneration and CSR Committee, will weigh the different goals linked to the most critical results of the Company and the annual targets established, applying, if feasible, the same criteria also set for the senior management of the Company.

Every year, the Board of Directors, at the proposal of the Committee, will fix and assess the level of compliance of short-term variable remuneration of Executive Directors.

The target amount (100%) of short-term variable remuneration will correspond with a percentage of the fixed salary, establishing a minimum theoretical collection of 0% and maximum of 150%, with an intermediate assessment scale ranging from 60% to 150% according to goal categories.

Currently, such percentage is SIXTY PER CENT (60%) of the fixed annual remuneration, without prejudice to the power of the Board and the Committee to update and adjust such percentage and report it in the ARRD.

Levels of compliance with these goals can be divided into the following:

**Economic goals:** In which maximum compliance is 150% and minimum compliance is 0%, with a scale that links collection ratio to percentage of compliance. The assessment of these goals is based on compliance with annual targets (budget) defined individually for each goal, using the actual accounting amount on annual closure as reference for fulfilment.

All goals of this type have quantifiable targets and results, so that the percentage of compliance is the result of dividing the actual amount by the budgeted amount.

**Non-economic goals:** They have a maximum compliance of 130% and a minimum of 0%, with a four-level of compliance gradual scale (0%, 75%, 100% and 130%).

Sustainability-related goals are included in non-economic goals.

The assessment of these goals will be based on a performance scale, defined by the Appointments, Remuneration and CSR Committee, divided into cumulative levels of compliance with milestones.

Annually, indicators and targets linked to short-term variable remuneration will be adjusted based on the Group's priorities.

### 6.3.3 Long-term variable remuneration

Executive Directors may be also entitled to long-term variable remuneration which is intended to align with the shareholders' interests and maximise their profitability, create value and long-term sustainability and performance of the Group, as well as to foster retention and motivation of Executive Directors, and which includes: (i) payments in cash, (ii) payment in shares or option rights over shares, (iii) as well as any other remuneration system linked to the value of the shares or the creation of value for shareholders in the long term.

In any event, long-term variable remuneration shall meet the following criteria:

- The schemes shall cover a minimum period of TWO (2) years, with ONE-(1)-year grace period between schemes.

In any event, this period shall allow to remunerate continued performance in order to assess contribution to sustainable value creation.

- This remuneration may be linked to the results of the Company's Strategic Plan, in which case the targets and goals shall have the same duration as the accrual of long-term variable remuneration.
- The metrics to be applied and the goals to be fulfilled shall be defined by the Board of Directors, at the proposal of the Committee, ensuring in any event that they are linked to the creation of value and are not merely derived from the general evolution of the stock markets or the sector of the Company's activity.

The Board of Directors' freedom of decision may include metrics that measure the creation of value directly or indirectly.

In any event, metrics and goals shall promote the sustainability of the company and will include non-financial criteria that are appropriate for the creation of long-term value.

Among others, the following scales may be determined:

- Total Shareholder Return (and its corresponding rate) of the reporting period, as a scale to measure the creation of value for the shareholder;
- Net debt/EBITDA ratio on consolidated basis at the end of the last year of the reporting period.
- Ordinary profit before tax of the reporting period.

The Board of Directors, prior consideration of the Committee's recommendation, shall define with reference to the metrics or agreed metrics, at least, the following:

- Minimum level below which an achievement will be deemed to not have been reached; and
- In the case of several metrics, the weighing given to each of them in measuring the level of achievement in the reporting period.



- Long-term remuneration schemes shall include the necessary measures to avoid excessive risk-taking and rewarding of unfavourable results.
- The target amount (100%) of this multi-year variable remuneration will be based on an amount corresponding to a percentage (%) of the fixed amount of the fixed salary of the Executive Director determined by the Appointments, Remuneration and CSR Committee.
- Maximum collection amount will be 150% and minimum collection amount will be 0%.

#### **6.3.4 Remuneration in kind and other benefits**

**Life and accident insurance:** The Executive Directors may have a life and accident insurance policy according to market practices. Maximum insured capital will be equal to a fixed annual salary.

**Private health insurance:** The Executive Directors may have a private health insurance for themselves and their family unit.

**Social welfare plans:** Executive Directors may have a social welfare plan to cover retirement, death or disability. The plan shall be arranged through contributions of the Company to a Life Insurance policy according to the terms and conditions that are common in the market at any time, with a maximum contribution of 10% of their fixed annual salary. Additionally, the Board of Directors, at the proposal of the Committee, may approve extraordinary contributions to such Plan for Executive Directors, including the details, if any, in the ARRD.

As stated in section 6.3.3 above, remuneration systems **referenced to the Company's stock quotes** or involving payment in shares or option rights over shares, may be established. The implementation of such remuneration systems must be agreed by the General Shareholders' Meeting, which shall determine the value of the shares taken as a reference, the number of shares awarded to each Director, the exercise price of the option rights, the term of this remuneration system and other conditions as deemed appropriate.

The Executive Directors shall be entitled to reimbursement of any reasonable costs (travel, accommodation, meals, mobile phone, representation or any other costs) incurred in the exercise of their services to the Company, provided they are supported by adequate evidence.

### **6.4 Remuneration for the performance of duties as director in other Group companies**

The Executive Directors performing duties as administrator/director in other Group companies may receive from such companies the remuneration applicable to the position according to their corporate governance rules and applicable regulations, giving details thereof in the ARRD.

### **6.5 Remuneration Policy applicable to new Directors**

The remuneration system described in section 6 of this Policy will be applied to any Director who, during the validity of this Policy, may be appointed by the General Meeting or designated by the Board of Directors by co-option or to perform executive duties.

## 6.6 Payment deferral

In line with good governance principles, short-term variable remuneration is paid following a reasonable period after the end of the financial year with payments being made within 60 calendar days following the formulation of the annual accounts, prior approval by the Board at the proposal of the Appointments, Remuneration and CSR Committee.

The multi-year variable remuneration (long term) is paid following a reasonable period after the end of the last financial year of the Strategic Plan, with payments being made within 60 calendar days following the formulation of the annual accounts for such year, prior approval by the Board of Directors at the proposal of the Committee.

If remuneration systems referenced to the Company's stock quotes or involving payment in shares or option rights over them are established, the Board of Directors may agree a payment deferral schedule other than as set out in this section, which will be included in the relevant ARRD which is annually submitted to consultative vote at the Shareholders' General Meeting.

## 6.7 Variable remuneration control mechanisms (malus and clawback clauses)

The Board of Directors, following a proposal of the Committee, if any, shall have the power to cancel (totally or partially) the payment of short- and long-term variable remuneration (malus clauses) or claw back the amount of remuneration already paid (clawback clauses) in special circumstances.

These circumstances include fraud, serious breach of law or internal regulations, sanctions, convictions due to facts attributable to the Executive Director, as well as the significant restatement of the financial statements which were used by the Board as a basis for assessment of performance level, provided that the restatement is confirmed by external auditors and is not related to an amendment of the accounting regulations.

The Board of Directors shall determine the amounts to be reduced or clawed back, following examination by the Appointments, Remuneration and CSR Committee and, where appropriate, by the Audit and Compliance Committee, considering the specific circumstances giving rise to the claim.

Malus and clawback clauses shall be applied to variable remuneration for the year in which the event giving rise to the application of these clauses occurred. Clawback clauses shall remain in force for the next THREE (3) years.

However, if the above events result in a termination due to serious breach of the duties of the Executive Director, malus clauses may be applied to all of the variable remuneration accrued and pending payment on the date on which the termination decision is adopted, depending on the damage caused.

## 6.8 Exceptional regime

The Board of Directors, prior substantiated proposal of the Appointments, Remuneration and CSR Committee may apply temporary exceptions to the remuneration scheme established in this Policy, according to the following terms and conditions:

- The application of this regime of exceptions shall be duly justified on the grounds of exceptionality and necessity, always in view of the long-term interests of the Company and the Group and the sustainability and feasibility of such regime.
- The Company shall inform the market as soon as possible of the application of this exceptional regime, whether through publication of Inside Information / Other Relevant Information on the CNMV website, or through annual reports (ACGR and ARRD), as appropriate.
- The Board of Directors may agree the suspension, cancellation (total or partial), extension, replacement or temporary amendment of the following components of the remuneration scheme:
  - Fixed annual remuneration of Directors in their capacity as such.
  - Fixed annual remuneration of Executive Directors.
  - Short- and long-term variable remuneration, including parameters, goals, assessment system, target amount, etc.
  - Remuneration in kind and other benefits.

## 7. Basic Terms and Conditions of the Executive Directors' Agreements

In 2015, the Executive Director signed an agreement with the Company which was approved by the Board of Directors in accordance with Article 249 of the Corporate Enterprises Act. The agreement provides for the duties as Chief Executive Officer and his obligations towards the Company, as well as the information on the remuneration to be paid for the performance of such duties.

In addition to the aforesaid remunerations, the essential terms and conditions of the agreement entered into by and between the Company and the Executive Director (which, in any case, must be observed as parameters with any executive director) are as follows:

Element	Description
Duration	The duration of the Agreement shall be indefinite and is subject to the exercise of the position as Chief Executive Officer of the Company.
Notice period	In case of voluntary termination by the Director, resignation must be carried out with, at least, three-months prior notice.
Exclusivity	During the term of the agreement, Directors shall not engage in any other employment, commercial or professional activity without the consent of the Company.
Non-competition	In accordance with Article 229 (f) of the Corporate Enterprises Act, the Executive Directors may not, directly or indirectly, perform activities or professional services involving an effective, current or potential competition with the Company or its Group.

	<p>Such non-compete obligation shall have a minimum post-contractual application of one year with the commitment of the Company to compensate the Directors with one annual payment of the annual total remuneration they may have as Executive Directors at the time of termination of the agreement. If the post-contractual non-compete obligation is breached, Directors must return to the Company any amounts received in this connection and compensate the Company with an amount equal to 150% of the amount received in this connection.</p>
<p>Compensation</p>	<p>Directors shall be compensated with an amount equal to one year's total annual remuneration, under the following circumstances:</p> <ul style="list-style-type: none"> <li>• <b>Unilateral termination by the Executive Director:</b> Due to serious and negligent breach by the Company of its contractual obligations under the agreement or to a substantial modification of his functions, powers or service conditions for reasons not attributable to the Executive Director.</li> <li>• <b>Unilateral termination by the Company:</b> not as a result of a breach by the Director.</li> </ul> <p>In compliance with recommendation no. 64 of the Good Governance Code of Listed Companies of the CNMV, the compensation amount shall be calculated including any payments whose accrual or payment obligation arises as a consequence or on the occasion of the termination of the contractual relationship that linked the director with the Company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.</p>
<p>Clawback &amp; malus clauses</p>	<p>The Company may request refund or reduction (total or partial) of the variable remuneration of Executive Directors if any of the following occurs:</p> <ul style="list-style-type: none"> <li>• It is proved that variable remuneration has been fully or partially settled and paid on the basis of clearly incorrect or inaccurate information.</li> <li>• In case the director has been sanctioned for breaching the Code of Ethics and/or other applicable internal regulations.</li> <li>• In case of sanctions or convictions for events attributable to the Executive Director.</li> <li>• In case of significant restatement of the annual accounts, except when this results from an amendment of the applicable regulations.</li> </ul>

## 8. Approval and Implementation

This Policy and the relevant report of the Board of Directors shall be submitted to the General Shareholders' Meeting for approval, which is expected to be held on 10 June 2021, and will be applied for 2022, 2023 and 2024 years, without prejudice to any payments to be made to the Executive Directors for any deferred amounts of variable remuneration of previous years.

Any amendment or replacement of this Policy during the 2022 - 2024 three-years period, requires the prior approval of the General Shareholders' Meeting pursuant to the provisions of current legislation.

The Remuneration Policy shall be analysed and reviewed periodically by the Appointments, Remuneration and CSR Committee which shall submit to the Board of Directors any proposals for its amendment as deemed necessary according to the evolution of the Company and the market, as well as the updates required to comply at all times with the regulatory provisions and recommendations of good corporate governance.

In particular, as mentioned in the explanatory report of the Policy, once greater long-term visibility which allows to establish a long-term variable remuneration scheme is available, this will be reported in the ARR and the Company will propose the amendment, where appropriate, of this Policy to the General Shareholders' Meeting.

The Board of Directors is the body responsible for defining a control and monitoring system of the specific requirements of the Remuneration Policy to be applied to the members of the Board of Directors which ensures compliance with and effective implementation of the provisions set forth in this Policy.

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