



**REGULATIONS OF THE NOMINATION AND COMPENSATION  
BOARD COMMITTEE OF  
COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. (“CEPSA”)**

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## **REGULATIONS OF THE NOMINATION AND COMPENSATION BOARD COMMITTEE OF COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. (“CEPSA”)**

In accordance with the corporate governance system of Compañía Española de Petróleos, S.A. (“CEPSA”) (the **Company**), the Board of Directors has set up and organized the Nomination and Compensation Board Committee (the Board **Committee**), as a standing advisory and non-executive body, with powers to inform, advise and recommend within its scope of authority, and to approve all reports and formal proposals to the Board of Directors and the General Shareholders’ Meeting, as required by Law from the Committee.

These Board Committee Regulations (the **Regulations**) are intended to define and delineate the roles, duties, responsibilities and internal working procedures of the Board Committee.

The Board Committee will resolve any doubts that may arise regarding the interpretation of these Regulations.

### **1. ROLE AND PURPOSE OF THE NOMINATION AND COMPENSATION BOARD COMMITTEE**

The main purpose of the Board Committee is to provide advice and assistance to the Board of Directors in the fulfilment of its responsibilities regarding the appointment and remuneration of the members of the Company's Board of Directors, as well as of the Chief Executive Officer (*Consejero Delegado*) (**CEO**), CEPSA’s Management Committee (*Comité de Dirección*) and, in any case, the person in charge of the internal auditing of the Company.

For the purposes of the Regulations, **Executives** will refer to the members of CEPSA’s Management Committee and the person in charge of the internal auditing of the Company.

In particular, the Board Committee will:

- (a) inform and make proposals regarding the general remuneration and incentive policies of the members of the Company's Board of Directors, CEO and Executives; and
- (b) draft and submit reports and proposals to the Board of Directors on the decisions to be made in the event of a conflict of interest or any other matter regarding appointments or remuneration that are submitted to the Board of Directors.

The Board Committee will also review and discuss with the Company's Executives any report required by Law or applicable regulations, and will submit them for approval, where appropriate, to the Board of Directors.

The specific duties and responsibilities of the Committee will be further developed in Article 4 of these Regulations.

### **2. COMPOSITION AND STRUCTURE OF THE NOMINATION AND COMPENSATION BOARD COMMITTEE**

#### **2.1 Composition of the Committee**

The Nomination and Compensation Board Committee will comprise a minimum of three (3) and a maximum of five (5) Non-Executive Directors, appointed by the Board of Directors, on the proposal of the Chairperson of the Board of Directors.

Members of the Board Committee will be appointed on the basis of their knowledge, skills and relevant experience for the duties they are to perform.

The Board of Directors will have the authority to appoint, re-elect, remove and replace Board Committee members. The Board Committee may present the Board of Directors with proposals to change the number of its members, in order to ensure that its composition is the most suitable for its effective operation.

Directors on the Nomination and Compensation Board Committee will serve for four-year terms, provided that their appointment as Company Directors remains in force. The Board Committee members who are re-elected as Company Directors will continue to hold their positions on the Committee unless the Board of Directors determines otherwise.

## **2.2 Chairperson**

The Board of Directors will appoint the Chairperson of the Board Committee from among its members. The Chairperson will serve for a four-year term and may be reappointed at the end of his or her term.

The Chairperson will:

- (a) review and approve the agenda for each Board Committee meeting and, as applicable, consult with the Company managers;
- (b) chair and lead Board Committee meetings;
- (c) report to the Board of Directors on Board Committee activities regarding recommendations, resolutions, actions and observations; and
- (d) establish and maintain relationships with independent advisors, including consultants, lawyers and other professionals, whenever necessary or desirable.

If the Board Committee Chairperson is absent, another Board Committee member designated by the Committee will chair the meeting.

## **2.3 Secretary**

The Board of Directors shall appoint a Secretary, who need not be a Director. The Secretary will prepare the minutes of Board Committee meetings and keep complete and full records of the proceedings of the Committee.

## **2.4 Resignation or Removal**

Board Committee members will remain in their positions until their successor is appointed, unless they resign from their position, are removed from their position by the Board of Directors or cease to be Directors.

At any time, if there are vacancies on the Board Committee, the Board of Directors may appoint new Board members to fill such vacancies, and it shall do so promptly if the number of Directors falls below two, so that the Committee can be validly formed at all times.

Any Board Committee member, or the Secretary, as applicable, will be immediately removed from their positions for any of the following reasons:

- (a) when they cease to be members of the Board of Directors or their status as Non-Executive Directors has changed even though they continue to be Company Directors;
- (b) when there are grounds for disqualification;
- (c) when there is an undisclosed conflict of interest giving rise to undue privileges;
- (d) when they have more than three (3) unjustified absences from meetings in one year; and
- (e) when they are involved in any breach of the Company's Code of Ethics and Conduct.

### **3. WORKING PROCEDURES AND OPERATING PRINCIPLES OF THE NOMINATION AND COMPENSATION BOARD COMMITTEE**

#### **3.1 Board Committee meetings**

The Board Committee will meet as often as required to perform its duties, and at least three (3) times per year. It will also meet every time the Chairperson requires a report to be issued or proposals to be made.

Convening notices for Board Committee meetings, specifying their time and location, will be sent by the Secretary of the Committee via email, or any other legally valid means, to each Board Committee member, at least seven (7) calendar days in advance, unless there are justifiable reasons for giving shorter notice.

A Board Committee member unable to attend a meeting shall notify the Secretary of the Committee in advance, explaining the reasons for his or her absence, and may authorize another attending member to act as his or her proxy by means of a written communication, addressed to the Secretary, providing any relevant instructions.

Waiver of notice shall apply if all of the Board Committee members are present and unanimously resolve to hold a meeting, unless one of the Committee members attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called.

Meetings will be held in the Company's registered office or in the venue indicated in the convening notice, whether in Spain or abroad.

Committee members may participate in the meetings from different locations, both in Spain and abroad, via video conference, conference call or any other similar system that allows attendees to directly and simultaneously take part in the meeting and its discussions. Board Committee members who attend the meeting, regardless of their location, will be regarded, for all purposes, as attending the meeting.

#### Quorum for Board Committee meetings

Board Committee meetings will be quorate when the majority of its members are present, whether in person, via video conference, conference call or any other equivalent system which allows direct and simultaneous communication among all attendees, or are represented by proxy.

Persons requested or invited to attend Board Committee meetings may take part in discussions, but will not be taken into account for quorum purposes.

### **3.2 Board Committee resolutions**

Board Committee resolutions will be passed by an absolute majority of the Directors attending the meeting. In the event of a tie, the Chairperson will have the casting vote.

In exceptional cases, if circumstances require it and with the express consent of all its members, resolutions may be adopted in writing, without a meeting. These resolutions shall be confirmed in the following Board Committee meeting.

### **3.3 Minutes of Board Committee meetings**

All Board Committee resolutions, together with the details of the attending members, will be recorded in the minutes drafted by the Secretary.

The Secretary will provide a draft of the minutes of the relevant meeting to the Board Committee members for review, prior to their approval and signature.

## **4. DUTIES AND POWERS OF THE NOMINATION AND COMPENSATION BOARD COMMITTEE**

Without prejudice to the powers and duties assigned to it by Law, the Board Committee will have the following duties and responsibilities, which shall be regarded as guidelines, with the understanding that the Board Committee may change or reinforce these duties as required by specific circumstances, and to the extent permitted by Law.

### **4.1 Appointments and successions in office**

The Board Committee will:

- (a) consult with the Chairperson and the CEO, in particular as regards matters pertaining to the Executive Directors on the Board of Directors and Company Executives;
- (b) propose, review and recommend the designation of potential candidates to fill Board vacancies;
- (c) review and recommend to the Board of Directors the approval of the number of Directors and the composition of the Board of Directors;
- (d) establish gender diversity objectives and prepare guidelines and timelines to achieve such targets, where appropriate;
- (e) assess the competencies, knowledge, and experience required on the Board of Directors. For these purposes, it will establish the duties and skills required for the candidates to fill each vacancy and will assess the time and dedication required to effectively perform the duties of a member. In particular, it will:
  - (i) supervise and recommend to the Board of Directors the approval of the criteria and standards to become a member, including the assessment of the necessary and desirable competencies; and
  - (ii) supervise and recommend to the Board of Directors the approval of the appointment of candidates who are qualified to become members of the Board of Directors and/or

the re-election of Directors, assessing and ensuring the ongoing independence of independent members;

- (iii) For purposes of (i) and (ii) above, the Committee may consider the following criteria, among others it may deem appropriate, in recommending candidates for appointment to the Board:
- diversity of gender, personal background, perspective and experience;
  - personal and professional integrity and reputation;
  - experience in corporate management, M&A, operations, finance, ESG, etc.;
  - experience in the energy sector;
  - experience as a board member or executive officer of another company; and/or
  - any other relevant qualifications, attributes or skills
- (f) present the Board of Directors with proposals for the appointment of Independent Directors;
- (g) supervise and recommend to the Board of Directors the approval of the appointment of Board Committee members;
- (h) supervise and recommend to the Board of Directors the approval of the appointment of the CEO;
- (i) advise on proposals for the appointment and removal of Executives, proposing the basic terms of their contracts;
- (j) review and approve the size and composition of the Management Committee, including the review of Executive succession plans;
- (k) examine and organise the succession plan for the Chairperson of the Board of Directors and CEO of the Company and, where appropriate, make proposals to the Board of Directors to ensure that such succession occurs in an orderly and planned manner;
- (l) review and approve the nomination of any individual who is regarded as an Executive for the purposes of these Regulations, ensuring that such candidates have the skills and attributes required;
- (m) supervise the human resources and training policies in order to ensure correct implementation of the succession plans; and
- (n) submit reports and proposals to the Board of Directors on the decision to be made in the event of a conflict of interest or any other matter regarding the candidacies submitted by the Board of Directors.

## **4.2 Remuneration**

The Board Committee will have the following duties, which shall be performed autonomously:

- (a) propose, supervise and recommend the remuneration policy for Directors and Executives to the Board of Directors, as well as individual remuneration and other contractual conditions of the Executive Directors, ensuring that they are fulfilled;
- (b) propose the basic conditions for Executive contracts to the Board of Directors, as well as review and approve employment contracts, including job offers, retirement agreements, change-of-control agreements or any other specific employment contract affecting Executives;
- (c) ensure compliance of the remuneration policy established by the Company and guarantee that it promotes the fulfilment of strategic goals and encourages individual performance;
- (d) periodically review the remuneration policy applied to Directors and Executives, ensuring that their individual remuneration is proportional to the remuneration awarded to the other Directors and Executives of the Company;
- (e) ensure that any conflicts of interest do not threaten or compromise the independence of the external advice provided to the Board Committee;
- (f) verify information on the remuneration of Directors and Executives contained in the various corporate documents;
- (g) consult with the Chairperson and the CEO regarding matters related to remuneration, and in particular, matters regarding the Executive Directors and Executives;
- (h) supervise and recommend to the Board of Directors the approval of the CEO's remuneration package, including the base salary, incentives, seniority incentives, benefits and retirement scheme;
- (i) supervise and recommend to the Board of Directors the approval of the annual targets and goals for corporate incentives, including ESG (in particular CO2 emissions abatement) targets and metrics with the aim of developing short and long-term incentives linked to ESG performance and commitments, respectively;
- (j) supervise and approve Executive remuneration, including the competitive basis levels to set the salary, incentives, seniority incentives, benefits and retirement plans;
- (k) review and approve new Executive remuneration packages;
- (l) review and approve an aggregate base for Senior Managers remuneration;
- (m) assess the CEO's performance on the basis of the targets and goals approved, at least once a year;
- (n) monitor the Executives remuneration programmes in order to establish whether they are adequately coordinated to achieve their purpose and, when advisable, make recommendations to ensure their consistency and competitiveness;
- (o) manage and, if applicable, delegate the authority to manage Executive remuneration schemes; and
- (p) submit reports and proposals to the Board of Directors on the decisions to be made in the event of a conflict of interest or any matter regarding remuneration submitted to the Board of Directors.



### **4.3 OTHER DUTIES**

The Board Committee will also have the following duties:

- (a) prepare reports for the Board of Directors on a regular basis;
- (b) review any other matter within the scope of its responsibilities as established by the Board Committee at any given time and make recommendations in this regard to the Board of Directors as the Committee sees fit;
- (c) self-assess its effectiveness and report to the Board of Directors on an annual basis; and
- (d) if applicable, conduct an annual assessment of the advisors' performance and independence.

### **4.4 AUTHORITY AND ADVICE**

To perform its duties, the Board Committee may obtain any kind of information or any documents held by the Company regarding any such matters that fall within the Board Committee's scope, and may consult with the Company's Executives in the performance of its duties.

Moreover, the Board Committee may request independent advice on matters regarding the duties falling under its authority.

Board Committee members must consider that, in order to properly perform their fiduciary duties towards the Company, including the evaluation of Executive remuneration, advice from external experts may be warranted, and the Board Committee will have the exclusive authority to engage the experts required, at the Company's expense, to provide the Board Committee or its members with such independent advice on the matter.

## **5. AMENDMENT OF THE REGULATIONS**

The Board Committee will review these Regulations on a regular basis and propose any changes it sees fit to the Board of Directors.

Any amendments hereto must be approved by the Board of Directors at its own discretion, at the proposal of its Chairperson, the Chairperson of the Board Committee or the Board Committee itself.

## **6. EFFECTIVE DATE**

These Regulations were approved by the Company's Board of Directors on 20 November 2018 and amended by resolution of the Board on 28 July 2021 and November 8, 2022, respectively, and are valid and binding with effect as of the date of their approval.