



**Remuneration Report of Befesa S.A.
for the financial year 2022**

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I. OVERVIEW

The Remuneration Report outlines how the principles of the Remuneration Policy for the Board of Directors of Befesa S.A. (“Befesa” or the “Company”) were implemented in 2022. The report includes detailed and individualised information on the amount and structure of the various components of the remuneration of the Executive Directors as well as the Non-Executive Directors (NEDs) of the Board.

Since the AGM in 2020, the presentation and an advisory vote on the Remuneration Policy and the Remuneration Report for the members of the Board of Directors are part of the AGM Agenda. This is in accordance with article 7bis and article 7ter respectively of the Luxembourg Law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies as amended (the “2011 Law”), implementing the Shareholder Rights Directive II (EU) 2017/828 (the “Directive”). Hereinafter, the system of fixed and variable remuneration since the financial year 2020 shall be summarised. The Remuneration Report complies with these requirements and is governed by Befesa’s Remuneration Policy, which is available at www.befesa.com.

II. REMUNERATION OF THE EXECUTIVE DIRECTORS OF THE BOARD

1. Remuneration system

1.1 Principles and objectives

The remuneration system for the Executive Directors of Befesa S.A. is designed to ensure the sustainable and successful long-term development of the Company. Executive Directors should receive a remuneration appropriate for their tasks and responsibilities while ensuring that they are compensated for their actual performance and their contribution towards implementing Befesa's strategy.

The structure of the remuneration system for the Executive Directors of Befesa's Board is geared to sustained value creation and performance-oriented management of the Company. The remuneration system makes a significant contribution to fostering and implementing Befesa's strategy by linking the payout to relevant and ambitious performance targets. This supports the implementation of Befesa's strategy and provides incentives to align the interests of the Board's Executive Directors with the interests of Befesa's shareholders and other stakeholders.

The performance-related or variable remuneration of the Executive Directors takes into consideration the key performance indicators for managing the operating business and for assessing Befesa's financial condition. These key indicators are accompanied by strategically significant key performance factors such as successful execution of Befesa's expansion initiatives and ESG targets. The performance-related or variable remuneration of the Executive Directors is measured both on a short-term basis (over one year), as well as on a long term, multi-year basis.

In this way, the remuneration system provides the right incentives for improving short-, mid- and long-term performance in line with Befesa's strategy.

In summary, the principles set out below were followed when designing the remuneration system for the Executive Directors.

Principles of the remuneration system

Sustainable and long-term success	The remuneration system is aligned with a sustainable and successful long-term development of Befesa
Pay for performance	Remuneration of the Executive Directors is linked to measurable and relevant financial and non-financial targets including ESG and compensated in accordance with their performance
Strategy link	The remuneration system promotes the implementation of Befesa's strategy, and the Executive Directors are remunerated according to their contribution

1.2 Process for determining and reviewing the remuneration system

In establishing the total remuneration of the individual Executive Director, the Board of Directors coordinates with the Nomination and Remuneration Committee to ensure that remuneration is aligned with the tasks and achievements of each Executive Director and their respective position at Befesa. It is further ensured that the total remuneration remains competitive while not exceeding the customary remuneration without a special justified reason.

In this context, the Nomination and Remuneration Committee regularly reviews the appropriateness of the Executive Directors' remuneration in comparison with companies similar to Befesa in terms of size, complexity and economic situation, e.g., companies of market indices such as the DAX, MDAX or industry peer groups.

The review is regularly conducted by the Nomination and Remuneration Committee with the support of an independent executive compensation advisor, providing compensation studies and benchmarks based on the peer groups determined as mentioned above, for each of the positions of the three Executive Directors. Befesa's remuneration structure and levels are aligned with this market benchmark and Befesa's Remuneration Policy.

In 2023, based on feedback provided by Befesa's shareholders and the proxy advisors on Befesa's remuneration system, further improvements were made available at <https://www.befesa.com/investors/general-meeting>

In addition, Befesa revised and updated its Remuneration Policy accordingly. The Remuneration Policy 2023 will be submitted to the AGM 2023, scheduled on 15 June 2023, for an advisory vote. The Remuneration Policy 2023 is available at <https://www.befesa.com/investors/general-meeting>

1.3 Overview of remuneration components

The 2022 remuneration of the three Executive Directors of the Board of Befesa S.A. is based on the remuneration policies and components illustrated below.

At the AGM 2022, the Remuneration Policy 2022 proposed by the Nomination and Remuneration Committee and approved by the Board of Directors was submitted to the AGM for an advisory vote. Changes and updates to the remuneration components as a result of the Remuneration Policy 2022 are explained in sections 1.5 and 1.6 of this report.

Overview of the 2021 remuneration components (origin of variable payouts in 2022):

Fixed components			Performance-related components		Other components
Annual base salary	Fees	Fringe benefits	One-year variable	Multi-year variable	Extraordinary remuneration
Paid in equal monthly instalments	n/a	<ul style="list-style-type: none"> Company car Mandatory or statutory social security coverage 	Annual bonus <ul style="list-style-type: none"> Performance period: 1 year Performance criteria & weighting: <ul style="list-style-type: none"> 20% ESG 30% Execution strategic initiatives & return on growth projects 35% EBIT & EBITDA 15% Net debt & cash flow Performance scale: 0%-200% (cap) Settlement: Cash payout 	Performance Stock Plan (PSP) <ul style="list-style-type: none"> Performance period: 3 years Performance criteria & weighting: <ul style="list-style-type: none"> 50% ESG & Return on strategic projects 25% Cumulative EBIT & EBITDA 25% Cumulative cash flow Annual grant of 50,894 Performance Stocks Performance scale: 80% - 160% (cap) Share price appreciation cap: 300% Total Cap of Performance Stocks: 640% cumulated over tranche Settlement options: <ul style="list-style-type: none"> a) Share transfer b) Cash payout 	Transformational growth incentive plan (TGIP): Reward successful closing of the transformational acquisition of AZR <ul style="list-style-type: none"> Performance period: 3 years One-time award of 51,787 Phantom Shares Share price cap: 3x €71.40 (17 Aug 2021, closing date) = €211.20 Settlement: Cash payout

Overview of the 2022 remuneration policy:

Fixed components			Performance-related components		Other components
Annual base salary	Fees	Fringe benefits	One-year variable	Multi-year variable	Extraordinary remuneration
Paid in equal monthly instalments	n/a	<ul style="list-style-type: none"> Company car Social security and pension coverage 	Annual bonus <ul style="list-style-type: none"> Performance period: 1 year Performance criteria & weighting: <ul style="list-style-type: none"> 25% ESG 25% Execution strategic initiatives & return on growth projects 35% EBIT & EBITDA 15% Net debt & cash flow Performance scale: 0%-200% (cap) Settlement: Cash payout 	Stock Incentive Plan (SIP). Tranche V (2022) <ul style="list-style-type: none"> Performance period: 3 years Performance criteria & weighting: <ul style="list-style-type: none"> 50% Relative TSR vs. MDAX50 30% 3-year EBITDA CAGR 20% 3-year OCF CAGR Annual grant of 48,380 Incentive Stocks (70% Performance; 30% Restricted) Performance Stocks (70%): 0% - 200% (cap) Restricted Stocks (30%): Service Condition Share price appreciation cap: 200% Total Cap of Incentive Stocks: 510%, incl. dividends cumulated over tranche Settlement options: <ul style="list-style-type: none"> a) Befesa shares transfer b) Cash payout 	n/a - Discontinued

1.4 Fixed components

i. Annual base salary

The annual base salary is the fixed gross compensation per fiscal year, paid out monthly in equal cash instalments. In 2022, the annual base salary of the Executive Directors increased by 3.0% compared to 2021.

ii. Fees

The participation in the administrative, management or Board committees of Befesa is already compensated by the annual base salary and therefore payment of additional fees is not provided.

iii. Fringe benefits

Befesa covers the provision of a company car which can also be used for private purposes. Furthermore, Befesa provides the mandatory or statutory social security coverage as per the jurisdiction of the respective Executive Director. The Executive Directors also participate in several group wide insurance schemes, e.g., an accident insurance.

In addition, Befesa provides a D&O group insurance policy for all directors and officers of Befesa, including the members of the Board of Directors. It covers the personal liability of the insured in cases of financial loss associated with their activities on behalf of Befesa.

1.5 Performance-related components

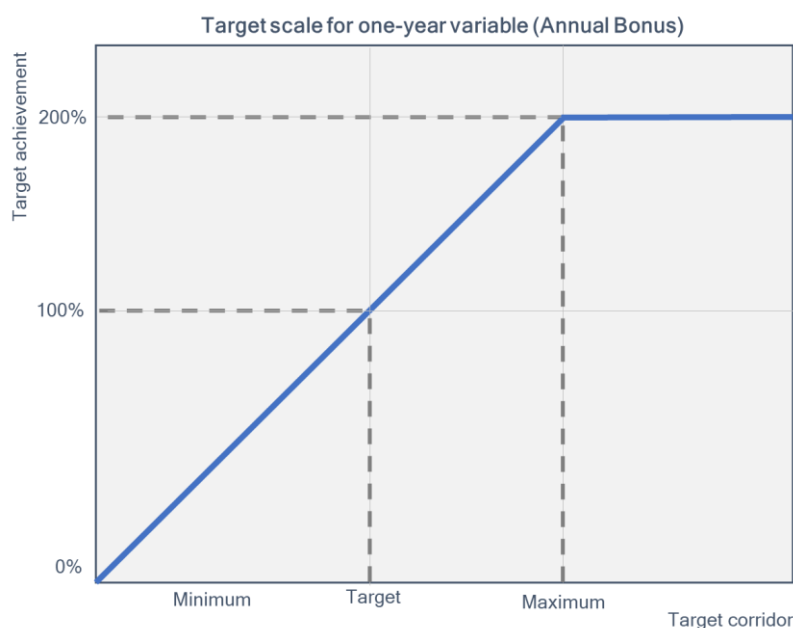
1.5.1 One-year variable

One-year variable remuneration represents the value of the Annual Bonus, based on the target achievement of the annually defined performance targets.

The Annual Bonus paid in the financial year 2022 was based on the Remuneration Policy 2021, and thus the performance targets reached in 2021, across four performance criteria and weighted as follows:

Performance criteria	Weighting
ESG: Environmental / Climate Change, Social / Health & Safety, Governance / Corporate	20%
Execution of strategic initiatives and return on growth projects	30%
EBIT and EBITDA	35%
Net debt and cash flow	15%

The target corridor for each performance criterion ranges from 0% to 200%. The overall one-year variable payout is capped at a maximum of 200%. Linear interpolation is used to calculate intermediate values.



The Board of Directors sets ambitious target values for each financial performance criterion, i.e., EBIT and EBITDA; Net debt and cash flow, which are derived from the budget plan, but also take market factors into consideration. Once the fiscal year has ended, the actual values are compared with the respective target values for each of these financial performance criteria and the target achievement is determined. For each of the non-financial performance criteria, i.e. ESG and Execution of strategic initiatives and return on growth projects, the percentage of target achievement is assessed and determined by the Nomination and Remuneration Committee. Subsequently, the overall achieved performance level is assessed by the Nomination and Remuneration Committee and proposed for approval to the Board of Directors.

The target values for the Annual Bonus paid in the financial year 2022 (based on the one-year variable according to the Remuneration Policy 2021) by Executive Director were as follows:

In euros	Target corridor		
	Minimum (0%)	Target (100%)	Maximum (200%)
Mr Javier Molina, Executive Chair	-	620,293	1,240,586
Mr Asier Zarraonandia, CEO	-	414,120	828,240
Mr Wolf Uwe Lehmann, CFO	-	413,529	827,057
Total	-	1,447,941	2,895,883

Changes to the one-year variable weighting per the Remuneration Policy 2022 (payout in 2023)

In the Remuneration Policy 2022, the weight of the 'ESG: Environmental / Climate Change, Social / Health & Safety, Governance / Compliance' criterion was increased from 20% to 25%, whereas that of the 'Execution of strategic initiatives and return on growth projects' was reduced from 30% to 25%. This re-balance of the weighting is aligned with the higher importance of ESG ratings and sustainability improvements. Overall, the 50/50 balance between financial and non-financial performance criteria remains unchanged. This change was reviewed and proposed by the Nomination and Remuneration Committee and subsequently approved by the Board of Befesa S.A.

Overall, the weighting for the performance criteria is as follows:

Performance criteria	Weighting
ESG: Environmental / Climate Change, Social / Health & Safety, Governance / Compliance	25%
Execution of strategic initiatives and return on growth projects	25%
EBIT and EBITDA	35%
Net debt and cash flow	15%

The mechanism of the one-year variable remuneration remains unchanged. Therefore, the performance level for each performance criterion will continue to range from 0% to 200%. The overall one-year variable payout continues to be capped at a maximum 200%.

Performance level reached in 2021 upon which the Annual Bonus paid in 2022 was based

In 2021, the total performance level reached across the four performance criteria was 140%, upon which the Annual Bonus paid out in March 2022 was based (payout in 2021 for 2020: 135%). Details for 2021 target achievement are as follows:

Performance criteria	Weighting ¹	Performance	Weighting x Performance
ESG: Environmental / Climate Change, Social / Health & Safety, Governance / Compliance	20%	120%	24%
Execution of strategic initiatives and return on growth projects	30%	200%	60%
EBIT and EBITDA	35%	103%	36%
Net debt and cash flow	15%	130%	20%
Total	100%		140%

¹ The 2021 one-year variable remuneration was paid out in March 2022, before the changes in the weighting of the performance criteria approved in April 2022, per the Remuneration Policy 2022. Therefore, the weighting applied was per the Remuneration Policy 2021.

ESG:

The 120% performance level achieved under “ESG: Environmental / Climate Change, Social / Health & Safety, Governance / Compliance” is based, among others, on achieving a new low Lost Time Injury Rate (LTIR) of 0.81, a 36% yoy improvement; managing successfully through COVID pandemic, minimising operational downtimes; expanding Befesa’s Compliance Management System (CMS) to provide regular IT security training.

Strategy and return on growth projects:

The 200% performance level achieved under “Execution of strategic initiatives and return on growth projects” is based, among others, on the successful acquisition of American Zinc Recycling Corp. (AZR) in August 2021 upon which Befesa became the global leader in steel dust recycling; in China, completed the construction of the Jiangsu plant and progressed in the construction of the Henan plant besides major COVID constraints. Note: Befesa entered the MDAX in September 2021.

EBIT and EBITDA:

The 103% performance level achieved under “EBIT and EBITDA” is based, among others, on achieving record EBIT and EBITDA of €149m and €198m, up 67% and 56% yoy, respectively.

Net debt and cash flow:

The 130% performance level achieved under “Net debt and cash flow” is based, among others, on achieving a low x2.38 net leverage and a new high cash position of €224m. Note: Befesa’s credit ratings improved to ‘BB+’ with Standard & Poor’s.

1.5.2 Multi-year variable

1.5.2.1 Tranche I to IV (Performance Stock Plan)

Multi-year variable remuneration received by the Executive Directors is in the form of a share-based Performance Stock Plan (PSP). This plan was launched in 2017 and was awarded in annual tranches until 2021 with a performance period of three years for each tranche. The general reference base for long-term remuneration is a sustained increase in the value of the Befesa company.

The final pay out for each tranche will depend on the share price at the end of the respective vesting period and the performance achieved over the three-year performance and vesting period. It will also include the corresponding dividends payable to the awarded Performance Stocks during the vesting period.

The performance targets covered three performance criteria, weighted as follows:

Performance criteria	Weighting
Cumulative EBIT and EBITDA	25%
Cumulative cash flow	25%
ESG: Environmental / Climate Change, Social / Health & Safety, Governance / Compliance; Return on strategic projects	50%

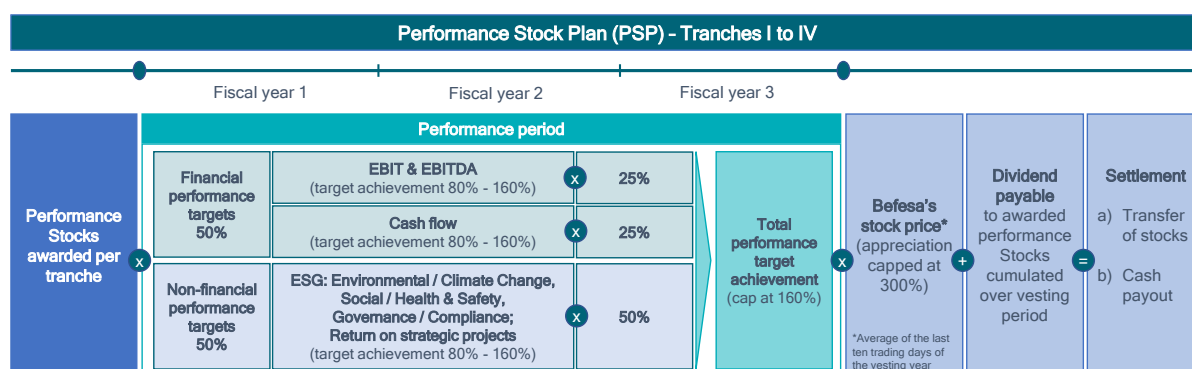
The target achievement can range between 80% and 160%. Target achievement between these boundaries is interpolated linearly.

A relating performance scale is determined for each tranche; this includes a performance hurdle corresponding to 80% target achievement and a maximum corresponding to 160% target achievement.

The share price appreciation between the awarding and vesting of each tranche is capped at 300%. When combined, the cap of 160% on the performance target and the cap of 300% on the share price appreciation provides a maximum overall cap of 640% for the multi-year variable remuneration.

Once a performance period has ended, the definitive number of performance shares is derived by multiplying the number of Performance Stocks awarded by the total target achievement, rounded to the nearest integer. The settlement of the Performance Stocks can be carried out by transferring the final number of Performance Stocks into Befesa S.A. shares.

The mechanism of remunerating each of the four Tranches I to IV of the PSP awarded to the Executive Directors is summarised below:



1.5.2.2 Tranche II (2019-2021): Target achievement and payout

The following target achievement and resulting payout amounts were determined for Tranche II, which vested over the financial years 2019 to 2021 and was paid out in 2022.

	Share Price at Award ¹	Number of awarded Performance Stocks	Target achievement	Number of vested Performance Stocks	Settlement Price	2022 payout in €
Mr Javier Molina, Executive Chair	€36.84	21,429	127%	27,257	€68.82	1,875,837
Mr Asier Zarrakonandia, CEO		14,286		18,171		1,250,558
Mr Wolf Uwe Lehmann, CFO		15,179		19,307		1,328,718

¹ The Share Price at Award is calculated based on the average of the closing prices of the Befesa stock on the Xetra trading market of the Frankfurt Stock Exchange over a period of 10 trading days prior to the award on 1 January 2019.

The Settlement Price amounted to €68.82 per Performance Stock. This resulted from the average of the closing prices of the Befesa stock on the Xetra trading market of the Frankfurt Stock Exchange over a period of 10 trading days prior to the end of the Performance Period of Tranche II in December 2021, i.e., €65.60, combined with the applicable dividends over the vesting period of €3.22 per share.

Target achievement details for Tranche II are as follows:

Performance criteria	Weighting	Performance	Weighting x Performance
Cumulative EBIT and EBITDA	25%	89%	22%
Cumulative cash flow	25%	100%	25%
ESG: Environmental / Climate Change, Social / Health & Safety, Governance / Compliance; Return on strategic projects	50%	160%	80%
Total	100%		127%

Cumulative EBIT and EBITDA:

The 89% performance level achieved under “Cumulative EBIT and EBITDA” is based, among others, on achieving a €484m cumulative EBITDA across the years 2019-2021 (2019: €160m; 2020: €127m; 2021: €198m) with the year 2020 impacted by the outbreak of the COVID pandemic and achieving a new record earnings level in 2021.

Cumulative cash flow:

The 100% performance level achieved under “Cumulative cash flow” is based, among others, on achieving a €313m cumulative operating cash flow across the years 2019-2021 (2019: €103m; 2020: €93m; 2021: €118m) with the year 2020 impacted by the outbreak of the COVID pandemic and achieving a new record operating cash flow level in 2021.

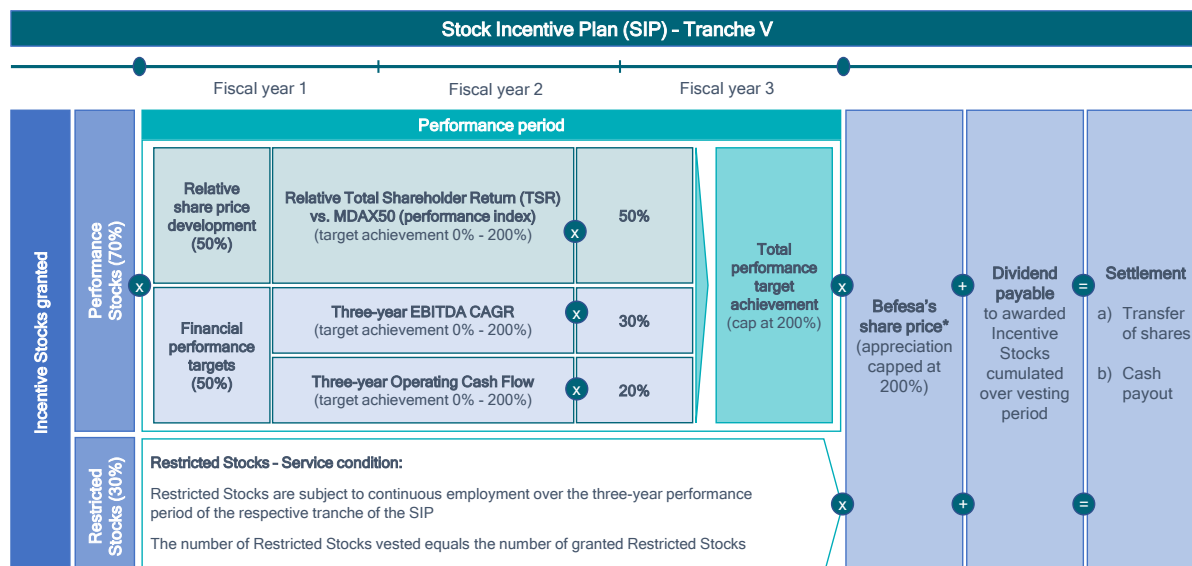
ESG:

The 160% performance level achieved under “ESG: Environmental / Climate Change, Social / Health & Safety, Governance / Compliance; Return on strategic projects” is based, among others, on achieving a record low LTIR of 0.81 in 2021 down from 3.22 in 2018, a 75% improvement; successful acquisition of AZR in 2021 as well as the expansion in China despite the COVID pandemic.

Overall, within the target window of 80% to 160% achievement, 127% was achieved.

1.5.2.3 Tranche V (Stock Incentive Plan granted in 2022 per the Remuneration Policy 2022)

The mechanism of remunerating of Tranche V of the Stock Incentive Plan (SIP) awarded to the Executive Directors is summarised below:



Tranche V is for a performance period of three years, from 1 January 2022 to 31 December 2024.

The number of Incentive Stocks awarded for Tranche V is divided into 70% performance-based (Performance Stocks) and 30% time or retention-based (Restricted Stocks).

The 70/30 distribution aims to balance challenging performance requirements while strengthening the retention aspect in a highly competitive labour market. Individual amounts awarded for Tranche V to the three Executive Directors are disclosed in the following table:

	Number of Incentive Stocks awarded for Tranche V ¹		
	Performance Stocks (70%)	Restricted Stocks (30%)	Total Incentive Stocks
Mr Javier Molina, Executive Chair	13,120	5,623	18,743
Mr Asier Zarraonandia, CEO	11,560	4,800	16,360
Mr Wolf Uwe Lehmann, CFO	9,294	3,983	13,277
Total	33,974	14,406	48,380

1 Implied by dividing the individual award value by the average stock price of the closing prices of Befesa stock on Xetra trading market of the Frankfurt Stock Exchange over a period of ten trading days prior to Award Date, i.e., 1 January 2022 for Tranche V, which amounted to €65.60; The Share Price at Award of €65.60 also determines the number of Incentive Stocks awarded in the future Tranches VI to VIII.

Following the nomination of Mr Zarraonandia as CEO in July 2022, the Board of Directors approved to increase the number of Incentive Stocks to be awarded to the CEO from 13,277 to 16,360, for the Tranches V to VIII of the SIP. Details of Tranches VI to VIII are explained in section 3.2 of this report.

Performance Stocks: Performance targets, criteria, weighting, and scale

Tranche V is broken down into three sub-tranches with separate performance targets, weighted as follows:

Performance criteria	Weighting
Relative Total Shareholder Return (TSR) measured against MDAX ¹	50%
Three-year EBITDA CAGR ²	30%
Three-year Operating Cash Flow CAGR ²	20%

1 The TSR of the Befesa S.A. stock (and MDAX) are respectively defined as the difference between the 'End Price Befesa' ('End Price MDAX') by the 'Start Price Befesa' ('Start Price MDAX') in percent; The 'Start Price Befesa' ('Start Price MDAX') are respectively calculated as the arithmetic average of the closing prices of the Befesa S.A. stock (MDAX), during the sixty trading days prior to the beginning of the Performance Period, rounded to two decimal points. The 'End Price Befesa' ('End Price MDAX') are respectively determined as the arithmetic average of the closing prices of the Befesa S.A. stock (MDAX), during the sixty trading days prior to the end of the Performance Period, rounded to two decimal points.

2 Actual EBITDA and Operating Cash Flow figures determined according to audited financial statements.

For each performance criterion, the determination of targets and the respective target achievement between 0% and 200% (cap) is required. For the relative TSR target, the target achievement is determined on a straight-line basis between 0% and 200%. For the additional

financial targets, the target achievement is determined linearly within brackets derived from business expectations.

The targets for Tranche V are as follows:

Total Shareholder Return (TSR) target scale:

Relative TSR Befesa vs. MDAX	Target achievement
25 pp	200%
12.5 pp	150%
0 pp	100%
-12.5 pp	50%
-25 pp	0%

The TSR corridor (+/- 25 pp) is a standard approach, median of market within DAX companies and was defined based on a detailed market benchmark performed with the support of a leading independent remuneration advisor.

Three-year EBITDA compound annual growth rate (CAGR) scale:

EBITDA CAGR 2022-2024	Target achievement
>=10%	200%
8%	150%
6%	100%
4%	75%
2%	50%
<=0%	0%

Three-year Operating Cash Flow compound annual growth rate (CAGR) scale:

Operating Cash Flow CAGR 2022-2024	Target achievement
>=10%	200%
8%	150%
6%	100%
4%	75%
2%	50%
<=0%	0%

Once a performance period has ended, the actual number of vested Performance Stocks is derived by multiplying the number of awarded Performance Stocks by the total target achievement, rounded to nearest integer. The share price appreciation between the awarding and vesting of each tranche is capped at 200%.

Restricted Stocks

The number of Restricted Stocks is subject to continuous employment and is met if the plan participant is employed at Befesa at the end of the three-year Performance Period of the respective tranche of the SIP (Service Condition).

If the Service Condition is met, the number of vested Restricted Stocks is equal to the number of awarded Restricted Stocks. The share price appreciation between awarding and vesting of each tranche is capped at 200%.

The Total Cap of the Incentive Stocks is at 510% of the Award Value. This is a result of the maximum number of Performance Stocks from performance target achievement (200%) and the number of vested Restricted Stocks combined with the cap of 200% stock price increase compared to the Stock Price at Award. The dividend pay outs are included in the Total Cap.

The SIP may be settled either by the transfer of Befesa S.A. shares or by a cash payout of the respective value. The Incentive Stocks are entitled to the dividends cumulated over the Performance Period of the tranche. Corresponding dividends will be paid out in cash at settlement of the tranche.

1.5.2.4 Development of the stock plans

The following table gives an overview of the development of the stock plans for each Executive Director of Befesa S.A. Tranches I to IV (2018-2023) are of the Performance Stock Plan (PSP), whereas Tranche V (2022-2024) of the Stock Incentive Plan (SIP).

	Tranche	Performance Period	Share Price at Award ¹	Share Price at the end of Performance Period ²	Number of PS at the beginning of the fiscal year	Awarded PS	Expired PS ³	Paid out PS	Number of PS at the end of the fiscal year ⁴
Mr Javier Molina, Executive Chair	V	Jan 2022 - Dec 2024	€65.60			18,743			18,743
	IV	Jan 2021 - Dec 2023	€49.03			21,429			21,429
	III	Jan 2020 - Dec 2022	€36.57	€44.02	21,429	21,429			21,429
	II	Jan 2019 - Dec 2021	€36.84	€65.60	21,429	21,429	-	27,258	
	I	Jan 2018 - Dec 2020	€38.75	€49.03	21,429	21,429	1,071	20,358	
Mr Asier Zarranonandia, CEO	V	Jan 2022 - Dec 2024				16,360			16,360
	IV	Jan 2021 - Dec 2023	€49.03			14,286			14,286
	III	Jan 2020 - Dec 2022	€36.57	€44.02	14,286	14,286			14,286
	II	Jan 2019 - Dec 2021	€36.84	€65.60	14,286	14,286	-	18,172	
	I	Jan 2018 - Dec 2020	€38.75	€49.03	14,286	14,286	714	13,572	
Mr Wolf Uwe Lehmann, CFO	V	Jan 2022 - Dec 2024				13,277			13,277
	IV	Jan 2021 - Dec 2023	€49.03			15,179			15,179
	III	Jan 2020 - Dec 2022	€36.57	€44.02	15,179	15,179			15,179
	II	Jan 2019 - Dec 2021	€36.84	€65.60	15,179	15,179	-	19,308	
	I	Jan 2018 - Dec 2020	€38.75	€49.03	15,179	15,179	759	14,420	

1 The Share Price at Award is calculated based on the average of the closing prices of the Befesa stock on the Xetra trading market of the Frankfurt Stock Exchange over a period of 10 trading days prior to the award of each tranche on 1 January of the respective year.

2 Prior to include the applicable dividends over the vesting period.

3 In Tranche I, the number of Performance Stocks was reduced due to the 95% overall target achievement.

4 In Tranche II, the number of Performance Stocks increased due to the 127% overall target achievement.

1.6 Other components

Extraordinary items / Transformational Growth Incentive Plan

Note that per the Remuneration Policy 2023 the extraordinary compensation is discontinued. Nevertheless, an extraordinary compensation was granted in 2021 in the context of the game-changing acquisition of AZR. The last payout is due on 17 August 2023.

In April 2021, the Board of Directors of Befesa S.A. decided, in line with the remuneration policy, to introduce the Transformational Growth Incentive Plan (TGIP). The target of the TGIP was to incentivise the success of a transformational acquisition opportunity. The operational integration following the transaction as well as the retention of the Executive Directors are critical for the success of this opportunity.

The TGIP was awarded in the form of Phantom Stocks, vesting in three tranches. The first third of the TGIP vested at closing of the AZR acquisition, the second third at the first anniversary, and the remaining third at the second anniversary of the acquisition. After vesting, the value of the Phantom Stocks is paid out in cash. The settlement stock price is based on the average closing price of the Befesa S.A. shares on the Frankfurt Stock Exchange, determined over a period of 10 trading days prior and including the vesting date. The Phantom Stocks bear the rights of dividend pay outs.

The total number of Phantom Stocks awarded to the three Executive Directors are:

	Share Price at Award	Total number of Phantom Stocks awarded
Mr Javier Molina, Executive Chair	€70.40	64,287
Mr Asier Zarraonandia, CEO		45,537
Mr Wolf Uwe Lehmann, CFO		45,537
Total		155,361

The pay out of the value of the Phantom Stocks is subject to a cap of three times the stock price at the award date.

With the closing of the AZR acquisition on 17 August 2021, the first third of the TGIP vested and was paid out.

On 17 August 2022, the second third of the TGIP vested and was paid out. The Settlement Price amounted to €49.18 per Phantom Stock. This resulted from the average of the closing prices of the Befesa stock on the Xetra trading market of the Frankfurt Stock Exchange over a period of 10 trading days prior and including the vesting date, i.e., €47.93, combined with the applicable dividends over the vesting period of €1.25 per stock.

The number of vested Phantom Stocks and pay outs to the three Executive Directors in the financial year 2022 were the following:

	Number of Phantom Stocks vested in 2022	Settlement Price	2022 payout in €
Mr Javier Molina, Executive Chair	21,429	€49.18	1,053,835
Mr Asier Zarraonandia, CEO	15,179		746,473
Mr Wolf Uwe Lehmann, CFO	15,179		746,473
Total	51,787		2,546,781

The remaining third of the TGIP will vest on 17 August 2023.

Going forward, the Board of Befesa S.A. discontinued the extraordinary remuneration to the Executive Directors as stated in the Remuneration Policy 2023.

2. Remuneration overview 2022

The following table provides an overview of the remuneration awarded to the Executive Directors of Befesa S.A. in the fiscal years 2022 and 2021. Figures are disclosed on a cash / paid out basis.

Remuneration	Mr Javier Molina, Executive Chair				Mr Asier Zarranandia, CEO				Mr Wolf Uwe Lehmann, CFO			
	2022		2021		2022		2021		2022		2021	
	€	%	€	%	€	%	€	%	€	%	€	%
Base salary	527,848	12	512,474	13	373,226	13	362,355	13	426,544	14	414,120	15
Fringe benefits	37,811	1	37,397	1	30,241	1	29,924	1	25,480	1	26,085	1
Fixed remuneration	565,659	13	549,871	14	403,467	14	392,279	14	452,024	15	440,205	16
One-year variable, Annual Bonus ¹	868,410	20	838,593	21	579,768	19	559,062	21	578,940	19	559,062	20
Multi-year variable, Performance Stock Plan (PSP) ²	1,875,837	43	1,054,704	27	1,250,558	42	703,136	26	1,328,718	43	747,082	27
Variable remuneration	2,744,247	63	1,893,297	48	1,830,326	61	1,262,198	47	1,907,658	61	1,306,144	47
Transformational Growth Incentive Plan (TGIP)	1,053,835	24	1,491,673	38	746,473	25	1,056,610	39	746,473	24	1,056,610	38
Total remuneration	4,363,741	100	3,934,840	100	2,980,266	100	2,711,087	100	3,106,154	100	2,802,959	100

1 The Annual Bonus amounts correspond to the pay outs in the respective fiscal year for the prior year's performance.

2 Multi-year variable remuneration disclosed for 2022 corresponds to the payout for Tranche II, vested over the years 2019 to 2021 and paid out in 2022, based on the approved 127% overall target achievement and a settlement price of €68.82 per Performance Stock. For 2021, it corresponds to the payout for Tranche I, vested over the years 2018 to 2020 and paid out in 2021, based on the approved 95% overall target achievement and a settlement price of €51.81 per Performance Stock.

The total remuneration paid out to the Executive Directors in the financial year 2022 did not exceed, neither individually nor on a total basis, the Maximum Remuneration considered in the Remuneration Policy 2022, and no clawback applied.

In €	2022 Remuneration	Maximum Remuneration (Remuneration Policy)
Mr Javier Molina, Executive Chair	4,363,741	9,000,000
Mr Asier Zarranandia, CEO	2,980,266	7,000,000
Mr Wolf Uwe Lehmann, CFO	3,106,154	7,000,000
Total	10,450,162	23,000,000

3. Multi-year variable plan: Stock Incentive Plan

3.1 Background and rationale

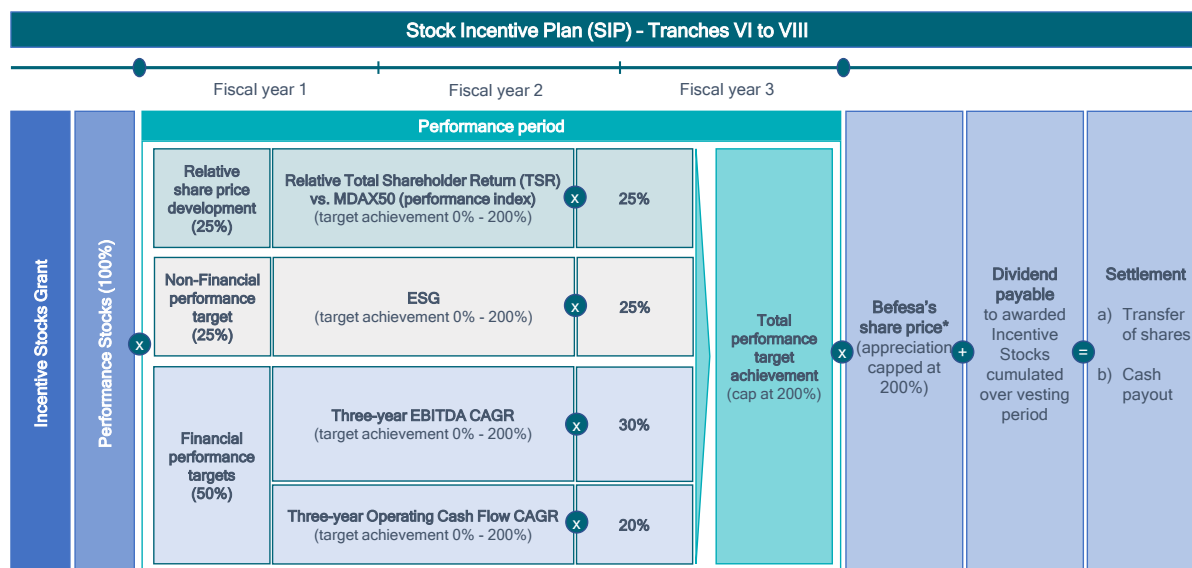
In March 2022, Befesa launched a new multi-year variable remuneration, the Stock Incentive Plan (SIP). The design was based on the compensation study and benchmark conducted by Befesa with the support of an independent remuneration advisor to ensure that the multi-year variable remuneration of the Executive Directors is well aligned with the latest market practices. The SIP is targeted at supporting and rewarding the long-term operational performance and the relative capital market performance of the Befesa share. Furthermore, SIP aims to increase transparency and resolve shareholder concerns around performance targets and target achievement by using public and auditable KPIs.

This SIP was approved by the Board of Directors of Befesa S.A. upon a proposal by the Nomination and Remuneration Committee.

In 2022, the first tranche of the SIP (Tranche V) was awarded. Details of Tranche V are disclosed under section 1.5.2.3 of this report. In 2023, based on feedback provided by Befesa's shareholders and the proxy advisors improvements to the SIP plan design were made and will apply for the upcoming Tranches VI to VIII.

3.2 Tranches VI to VIII (Grants: 2023-2025 per the Remuneration Policy 2023)

The mechanism of remunerating Tranches VI to VIII of the SIP awarded to the Executive Directors is summarised below:



Tranche structure

Tranches VI to VIII of the SIP are awarded in three annual tranches with a performance period of three years for each tranche, thereby covering the performance of the fiscal years 2023 to 2027 as follows:

Tranche	Performance period
VI	1 January 2023 to 31 December 2025
VII	1 January 2024 to 31 December 2026
VIII	1 January 2025 to 31 December 2027

The number of Incentive Stocks awarded for each Tranche VI to VIII are 100% performance-based (Performance Stocks). In connection with the introduction of the Remuneration Policy 2023 the time or retention-based Restricted Stocks were discontinued. The number of Incentive Stocks for each tranche to the three Executive Directors are disclosed in the following table:

	Number of Incentive Stocks for Tranches VI to VIII ¹		
	Performance Stocks (100%)	Restricted Stocks (0%)	Total Incentive Stocks
Mr Javier Molina, Executive Chair	18,743	-	18,743
Mr Asier Zarraonandia, CEO	16,360	-	16,360
Mr Wolf Uwe Lehmann, CFO	13,277	-	13,277
Total	48,380	-	48,380

¹ The number of Incentive Stocks to be awarded in the future for Tranches VI to VIII are determined based on the €65.60 Share Price at Award used for Tranche V of the SIP.

Following the nomination of Mr Zarraonandia as CEO in July 2022, the Board of Directors approved to increase the number of Incentive Stocks to be awarded to the CEO from 13,277 to 16,360, for the Tranches V to VIII of the SIP.

Performance Stocks: Performance targets, criteria, weighting, and scale

Each Tranche VI to VIII is broken down into four sub-tranches with separate performance targets, weighted as follows:

Performance criteria	Weighting
Relative Total Shareholder Return (TSR) measured against MDAX ¹	25%
ESG	25%
Three-year EBITDA CAGR ²	30%
Three-year Operating Cash Flow CAGR ³	20%

1 The TSR of the Befesa S.A. stock (and MDAX) are respectively defined as the difference between the 'End Price Befesa' ('End Price MDAX') by the 'Start Price Befesa' ('Start Price MDAX') in percent; The 'Start Price Befesa' ('Start Price MDAX') are respectively calculated as the arithmetic average of the closing prices of the Befesa S.A. stock (MDAX), during the sixty trading days prior to the beginning of the Performance Period, rounded to two decimal points. The 'End Price Befesa' ('End Price MDAX') are respectively determined as the arithmetic average of the closing prices of the Befesa S.A. stock (MDAX), during the sixty trading days prior to the end of the Performance Period, rounded to two decimal points.

2 Actual EBITDA and Operating Cash Flow figures determined according to audited financial statements.

For each performance criterion, the determination of targets and the respective target achievement between 0% and 200% (cap) is required. For the relative TSR target the target achievement is determined on a straight-line basis between 0% and 200%. For the remaining targets, the target achievement is determined linearly within brackets derived from business expectations.

The targets for Tranches VI to VIII are as follows:

Total Shareholder Return (TSR) target scale:

Relative TSR Befesa vs. MDAX	Target achievement
25 pp	200%
12.5 pp	150%
0 pp	100%
-12.5 pp	50%
-25 pp	0%

The TSR corridor (+/- 25 pp) was defined based on a detailed market benchmark performed with the support of a leading independent remuneration advisor. Per the market benchmark, it is a standard approach, median of market, within DAX companies to have this corridor.

The **ESG** performance criteria used is based on market best practices, recommendations from leading independent remuneration advisors, as well as alignment with Befesa's ESG targets per the ESG Report, across the following three main areas:

- Environmental / Climate change: Implementation of the CO₂ reduction plan to achieve the target of 20% CO₂ intensity rate improvement by 2030 as well as the ambition to reach net zero by 2050. Specific KPIs include: increase in the percent of

green power usage, decrease in the CO₂ intensity, level of execution of projects included in the CO₂ reduction plan, during the performance period.

- Social / Health and safety: Employee's health and safety, measured by a reduction on the Lost Time Injury Rate (LTIR) during the performance period.
- Governance / Compliance: Continuing progress on strong compliance and governance practices, e.g., annual risk assessment update, no covenant breaches nor corporate governance misconduct, maintaining and improving internal audit practices across the Company.

In addition, other factors considered as part of Befesa's ESG performance include, among others: maintaining, improving, and extending strong ESG ratings by external agencies, maintaining and improving the dialogue with stakeholders, updating ESG materiality analysis. These criteria are set to incentivise sustainable action by the Board of Directors.

Three-year EBITDA compound annual growth rate (CAGR) scale:

EBITDA CAGR 2022-2024	Target achievement
>=10%	200%
8%	150%
6%	100%
4%	75%
2%	50%
<=0%	0%

Three-year Operating Cash Flow compound annual growth rate (CAGR) scale:

Operating Cash Flow CAGR 2022-2024	Target achievement
>=10%	200%
8%	150%
6%	100%
4%	75%
2%	50%
<=0%	0%

Once a performance period has ended, the actual number of vested Performance Stocks is derived by multiplying the number of awarded Performance Stocks by the total target achievement, rounded to nearest integer. The share price appreciation between the awarding and vesting of each tranche is capped at 200%.

4. Miscellaneous

4.1 Details on shareholding requirement

There is a minimum shareholding requirement in place since Befesa's IPO. The share ownership requirement applies to all Executive Directors and is anchored in the multi-year variable plans.

As such, the three Executive Directors of the Board have a shareholding requirement determined as follows:

Shareholding Requirement		
	As a percentage of annual gross base salary	Equivalent amount in € million
Mr Javier Molina, Executive Chair	300%	1.5
Mr Asier Zorraonandia, CEO	200%	0.8
Mr Wolf Uwe Lehmann, CFO	200%	0.8

4.2 Severance, change-of-control, non-compete payments

In 2022, no severance, no change-of-control nor non-compete payments were made to the Executive Directors of Befesa S.A. The contracts of the Executive Directors of Befesa S.A. comply with the Remuneration Policy 2022 with respect to severance payments, change-of-control and non-compete clauses.

III. REMUNERATION OF NON-EXECUTIVE DIRECTORS OF THE BOARD

1. Remuneration system

1.1 Principles and objectives

The remuneration system for the Non-Executive Directors (NEDs) takes account of the responsibilities and scope of activities of the non-executive members of the Board of Directors of Befesa S.A. The supervisory and advisory activities carried out by the NEDs are intended to promote the business strategy and to support the long-term development of Befesa.

1.2 Process for determining and reviewing the remuneration system

Befesa aims to provide a competitive and market adequate remuneration, taking into account, in particular, the time commitment of the NED. Thereby, the remuneration of the NEDs of Befesa's Board of Directors shall not exceed the customary remuneration while also remaining competitive. In this context, the appropriateness of the NED's remuneration is reviewed in comparison with companies similar to Befesa among others, in terms of geographic footprint, size and economic situation, e.g. companies listed in the MDAX. During spring of 2022, Befesa performed an up-to-date remuneration benchmarking for the remuneration of the NEDs with the support of an independent remuneration consultant. The most recent benchmarking had been performed in 2019. The results highlight that the fixed remuneration is at the lower end of the benchmark, particularly when considering that the variable remuneration has been discontinued in accordance with the new Remuneration Policy 2022 and that Befesa does not pay separate fees for the participation in committees.

1.3 Overview of remuneration components

The remuneration system of the NEDs of the Board of Befesa S.A. is comprised of the components described below.

Overview of the 2022 remuneration components in accordance with the Remuneration Policy 2022:

Fixed remuneration		Performance-related components
Annual fixed remuneration	Fringe benefits	Multi-year variable
Paid in four equal instalments	D&O Insurance	n/a - Discontinued

Fixed components

The annual fixed remuneration of an ordinary NED covers attendance to Board and committee meetings and memberships in committees. Each NED participates at least in one committee. Befesa prefers to include the participation in committees in the annual base salary instead of through separate fees, assuming a similar involvement of the NEDs and reducing the complexity of the NED remuneration.

In addition, Befesa provides a D&O group insurance policy for all NEDs of Befesa. It covers the personal liability of the insured in cases of financial loss associated with their activities on behalf of Befesa.

2022 fixed remuneration

Based on the analysis of the current market practice, Befesa decided to eliminate the possibility to pay variable remuneration to its NEDs and decided instead to continue with the fixed remuneration only. The elimination of the variable remuneration is compensated by an increase in the annual fixed remuneration - effective as of 16 June 2022 - and is also intended to continuously promote the independence of the NEDs.

The annual fixed remuneration was increased as indicated in the following table:

Position	Annual fixed remuneration in €	
	Before 16 June 2022	Effective as of 16 June 2022
Chair of the Board of Directors or Lead Independent Director ¹	150,000	220,000
Chair of a Board Committee (excluding the Lead Independent Director)	80,000	120,000
Ordinary NED	60,000	90,000

¹ Due to the specific functions entrusted to him, the Board of Directors awarded with the same fixed remuneration to the Lead Independent Director.

Performance-related components

For the three-year period from 2019 to 2021, the six NEDs who were members of the Board of Directors at that time were awarded a one-time multi-year variable compensation (Phantom Stocks). Please note that the multi-year variable remuneration scheme to the NEDs of the Board of Befesa was a one-time award and this possibility to pay variable compensation has been eliminated.

The performance targets were determined and measured over the three-year performance period, between 1 January 2019 to 31 December 2021, and covered three performance criteria, weighted as follows:

Performance criteria	Weighting
Cumulative EBIT and EBITDA	25%
Cumulative cash flow	25%
ESG: Environmental / Climate Change, Social / Health & Safety, Governance / Compliance; Return on strategic projects	50%

The overall degree of target achievement across the three performance criteria was 127%.

The one-time award consisted of 9,975 Phantom Stocks in total, which vested over the fiscal years 2019, 2020 and 2021, and was settled in cash after the AGM 2022.

The Settlement Price amounted to €60.67 per Phantom Stock. This resulted from the average of the closing prices of the Befesa stock on the Xetra trading market of the Frankfurt Stock Exchange over a period of twenty trading days before the settlement, i.e., €58.77, combined with the applicable dividends payable during the fiscal years 2020 and 2021, i.e., €1.90 per share.

The individual awarded and vested Phantom Stocks as well as the corresponding payout in 2022 was as follows:

	Number of awarded Phantom Stocks	Target achievement	Number of vested Phantom Stocks	Settlement Price	2022 payout in € ¹
Mr Romeo Kreinberg	3,183	127%	4,049	€60.67	245,653
Mrs Frauke Heistermann	1,273		1,619		98,225
Mr Georg Graf Waldersee	1,698		2,160		131,047
Mr Helmut Wieser	1,273		1,619		98,225
Mr Manuel Soto	1,273		1,619		98,225
Mr Santiago Zaldumbide	1,273		1,619		98,225
Mrs Natalia Latorre Arranz	-		-		-
Dr José Domínguez Abascal	-		-		-
Total	9,975				12,688

¹ The multi-year variable remuneration scheme to the NEDs of the Board of Befesa was a one-time award and was discontinued.

2. Remuneration overview 2022

The following table provides an overview of the remuneration awarded to the NEDs of Befesa S.A. in the fiscal years 2022 and 2021. All figures are disclosed on a cash / paid-out basis.

Name	Mr Romeo Kreinberg ¹				Mrs Frauke Heistermann				Mr Georg Graf Waldensee			
Position	Lead Independent Director, Chair of the Nomination and Remuneration Committee				Ordinary NED				Chair of the Audit Committee			
Status	Served from 01.01.2022 to 31.12.2022				Served from 01.01.2022 to 31.12.2022				Served from 01.01.2022 to 31.12.2022			
Remuneration	2022		2021		2022		2021		2022		2021	
	€	%	€	%	€	%	€	%	€	%	€	%
Fixed remuneration	187,917	43	150,000	100	76,250	44	60,000	100	101,667	44	80,000	100
Multi-year variable, 2019 to 2021, One-time awarded Phantom Stocks	245,653	57	-	-	98,225	56	-	-	131,047	56	-	-
Variable remuneration	245,653	57	-	-	98,225	56	-	-	131,047	56	-	-
Total remuneration	433,570	100	150,000	100	174,475	100	60,000	100	232,714	100	80,000	100

1 Mr Kreinberg served from 01.01.2022 to 12.07.2022 as Chair of the Board of Directors, and from 12.07.2022 to 31.12.2022 as Lead Independent Director.

Name	Mr Helmut Wieser				Mr Manuel Soto				Mr Santiago Zaldumbide			
Position	Ordinary NED				Ordinary NED				Ordinary NED			
Status	Served from 01.01.2022 to 31.12.2022				Served from 01.01.2022 to 15.06.2022				Served from 01.01.2022 to 15.06.2022			
Remuneration	2022		2021		2022		2021		2022		2021	
	€	%	€	%	€	%	€	%	€	%	€	%
Fixed remuneration	76,250	44	60,000	100	27,500	22	60,000	100	27,500	22	60,000	100
Multi-year variable, 2019 to 2021, One-time awarded Phantom Stocks	98,225	56	-	-	98,225	78	-	-	98,225	78	-	-
Variable remuneration	98,225	56	-	-	98,225	78	-	-	98,225	78	-	-
Total remuneration	174,475	100	60,000	100	125,725	100	60,000	100	125,725	100	60,000	100

Name	Mrs Natalia Latorre Arranz				Mr José Domínguez Abascal			
Position	Ordinary NED				Chair of the Sustainability Committee			
Status	Served from 16.06.2022 to 31.12.2022				Served from 16.06.2022 to 31.12.2022			
Remuneration	2022		2021		2022		2021	
	€	€	€	%	€	%	€	%
Fixed remuneration	48,750	100	-	100	48,750	100	-	-
Multi-year variable, 2019 to 2021, One-time awarded Phantom Stocks	-	-	-	-	-	-	-	-
Variable remuneration	-	-	-	-	-	-	-	-
Total remuneration	48,750	100	-	100	48,750	100	-	-

APPENDIX

This appendix presents the annual figures (Appendices A. and C.) as well as the annual change (Appendix B.) of the remuneration of each individual member of the Board of Directors of Befesa S.A., of the performance of the Company, and of the average remuneration on a full-time equivalent basis of employees other than Executive Directors, over the last reported financial years.

A. Accrual view

Absolute figures	2018	2019	2020	2021	2022
Remuneration of the Executive Directors¹					
Mr Javier Molina Montes					
Total remuneration	€ 2,182,715	2,652,020	2,812,166	4,179,286	3,456,477
Fixed remuneration	530,015	534,641	549,252	549,871	565,659
Variable remuneration	1,315,568	1,780,247	1,925,782	2,137,743	1,836,983
One-year variable (Annual Bonus)	964,000	803,400	612,000	838,593	868,410
Performance Stock Plan, Tranche I (2018-2020)	351,568	351,568	351,568	0	0
Performance Stock Plan, Tranche II (2019-2021)	0	625,279	625,279	625,279	0
Performance Stock Plan, Tranche III (2020-2022)	0	0	336,935	336,935	336,935
Performance Stock Plan, Tranche IV (2021-2023)	0	0	0	336,935	336,935
Stock Incentive Plan, Tranche V (2022-2024)	0	0	0	0	294,702
Extraordinary remuneration	337,132	337,132	337,132	1,491,673	1,053,835
Retention Plan (2018-2020)	337,132	337,132	337,132	0	0
TGIP (2021-2023)	0	0	0	1,491,673	1,053,835
Mr Asier Zarraonandia Ayo					
Total remuneration	€ 1,505,691	1,806,497	1,914,141	2,874,051	2,436,189
Fixed remuneration	376,937	380,891	391,912	392,279	403,467
Variable remuneration	890,379	1,187,231	1,283,855	1,425,162	1,286,249
One-year variable (Annual Bonus)	656,000	536,000	408,000	559,062	579,768
Performance Stock Plan, Tranche I (2018-2020)	234,379	234,379	234,379	0	0
Performance Stock Plan, Tranche II (2019-2021)	0	416,853	416,853	416,853	0
Performance Stock Plan, Tranche III (2020-2022)	0	0	224,624	224,624	224,624
Performance Stock Plan, Tranche IV (2021-2023)	0	0	0	224,624	224,624
Stock Incentive Plan, Tranche V (2022-2024)	0	0	0	0	257,234
Extraordinary remuneration	238,375	238,375	238,375	1,056,610	746,473
Retention Plan (2018-2020)	238,375	238,375	238,375	0	0
TGIP (2021-2023)	0	0	0	1,056,610	746,473
Mr Wolf Uwe Lehmann					
Total remuneration	€ 1,584,653	1,932,806	2,050,621	2,976,112	2,463,524
Fixed remuneration	423,192	432,439	439,589	440,205	452,024
Variable remuneration	889,027	1,227,933	1,338,598	1,479,297	1,265,028
One-year variable (Annual Bonus)	640,000	536,000	408,000	559,062	578,940
Performance Stock Plan, Tranche I (2018-2020)	249,027	249,027	249,027	0	0
Performance Stock Plan, Tranche II (2019-2021)	0	442,906	442,906	442,906	0
Performance Stock Plan, Tranche III (2020-2022)	0	0	238,664	238,664	238,664
Performance Stock Plan, Tranche IV (2021-2023)	0	0	0	238,664	238,664
Stock Incentive Plan, Tranche V (2022-2024)	0	0	0	0	208,759
Extraordinary remuneration	272,434	272,434	272,434	1,056,610	746,473
Retention Plan (2018-2020)	272,434	272,434	272,434	0	0
TGIP (2021-2023)	0	0	0	1,056,610	746,473

Note: Remuneration figures under the "Accrual view" are on a cash / paid out basis, except for the multi-year variable and retention plans, which are prorated across the corresponding vesting / retention periods.

- 1 Tranches I and II consider the amounts paid in 2021 and 2022, respectively, equally prorated across the corresponding vesting years, 2018-2020 for Tranche I, and 2019-2021 for Tranche II.
Retention Plan (2018-2020) considers the amounts paid in 2020 equally prorated across the corresponding retention years 2018, 2019 and 2020.
Tranches III to V assume for illustrative purposes a 100% Target Achievement and €47.17 Settlement Price (L10 days average share price as of 31 December 2022: €44.02, plus L3 year €3.15 cumulative dividend payout per share), equally prorated across the corresponding vesting years.

Absolute figures		2018	2019	2020	2021	2022
Remuneration of the Non-Executive Directors²						
Mr Romeo Kreinberg						
Total remuneration	€	150,000	231,884	231,884	231,884	187,917
Fixed remuneration		150,000	150,000	150,000	150,000	187,917
One-time variable (Tranche II, 2019-2021)		0	81,884	81,884	81,884	0
Mrs Frauke Heistermann						
Total remuneration	€	60,000	92,742	92,742	92,742	76,250
Fixed remuneration		60,000	60,000	60,000	60,000	76,250
One-time variable (Tranche II, 2019-2021)		0	32,742	32,742	32,742	0
Mr Georg Graf Waldерsee						
Total remuneration	€	60,000	103,682	123,682	123,682	101,667
Fixed remuneration		60,000	60,000	80,000	80,000	101,667
One-time variable (Tranche II, 2019-2021)		0	43,682	43,682	43,682	0
Mr Helmut Wieser						
Total remuneration	€	0	62,742	92,742	92,742	76,250
Fixed remuneration		0	30,000	60,000	60,000	76,250
One-time variable (Tranche II, 2019-2021)		0	32,742	32,742	32,742	0
Mrs Natalia Latorre Arranz						
Total remuneration	€	0	0	0	0	48,750
Fixed remuneration		0	0	0	0	48,750
One-time variable (Tranche II, 2019-2021)		0	0	0	0	0
Mr José Domínguez Abascal						
Total remuneration	€	0	0	0	0	48,750
Fixed remuneration		0	0	0	0	48,750
One-time variable (Tranche II, 2019-2021)		0	0	0	0	0
Mr Manuel Soto						
Total remuneration	€	60,000	92,742	92,742	92,742	27,500
Fixed remuneration		60,000	60,000	60,000	60,000	27,500
One-time variable (Tranche II, 2019-2021)		0	32,742	32,742	32,742	0
Mr Santiago Zaldumbide						
Total remuneration	€	60,000	92,742	92,742	92,742	27,500
Fixed remuneration		60,000	60,000	60,000	60,000	27,500
One-time variable (Tranche II, 2019-2021)		0	32,742	32,742	32,742	0
Mr Johannes Maret						
Total remuneration	€	60,000	30,000	0	0	0
Fixed remuneration		60,000	30,000	0	0	0
One-time variable (Tranche II, 2019-2021)		0	0	0	0	0
Mr Roland Oelschläger						
Total remuneration	€	60,000	30,000	0	0	0
Fixed remuneration		60,000	30,000	0	0	0
One-time variable (Tranche II, 2019-2021)		0	0	0	0	0
Company performance						
Adjusted EBITDA	€m	176.0	159.6	127.0	197.6	214.6
Adjusted EBIT	€m	147.0	124.0	89.5	149.3	150.3
Operating cash flow	€m	103.8	102.5	92.5	117.9	137.3
Net debt	€m	376.8	416.9	393.6	470.6	549.0
Average remuneration on a full-time equivalent basis of employees³						
Total Comps & benefits cost	€	61,953,592	62,096,894	71,822,389	84,929,682	99,294,299
Comps & benefits cost excl. Board of Directors	€	56,170,533	54,969,038	64,318,927	74,173,700	90,343,525
Total headcount as of 31 Dec, as reported		1,128	1,147	1,137	1,550	1,847
Headcount excl. Executive Directors of the Board		1,126	1,144	1,134	1,547	1,844
Average remuneration on a FTE basis of employees	€	49,885	48,050	56,719	47,947	48,993

2 One-time variable remuneration paid to certain Non-Executive Directors consider the amounts paid in 2022, equally prorated across the vesting years 2019, 2020 and 2021. Remunerations paid in 2019 to Mr Wieser, Mr Maret and Mr Oelschläger, and in 2022 to Mrs Latorre Arranz, Mr Domínguez Abascal, Mr Soto and Mr Zaldumbide, are prorated for the periods respectively served as Non-Executive Directors.

3 Average remuneration on a FTE basis of employees calculated as Compensation & benefits cost excl. Board of Directors, divided by Headcount excl. Executive Directors of the Board. Total Comps & benefits cost are accounting figures and consider the accrual of the multi-year variable remuneration at 100% Target Achievement and the share price at the moment of accrual.

B. Annual change based on the "Accrual view"

Annual change		2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
Remuneration of the Executive Directors					
Mr Javier Molina Montes, Executive Chair					
Total remuneration	€	469,305	160,146	1,367,120	-722,809
	%	22%	6%	49%	-17%
Fixed remuneration	€	4,626	14,611	619	15,788
	%	1%	3%	0%	3%
Variable & extraordinary remuneration	€	464,679	145,535	1,366,501	-738,597
	%	28%	7%	60%	-20%
Mr Asier Zarraonandia Ayo, CEO					
Total remuneration	€	300,806	107,644	959,910	-437,863
	%	20%	6%	50%	-15%
Fixed remuneration	€	3,954	11,021	368	11,188
	%	1%	3%	0%	3%
Variable & extraordinary remuneration	€	296,853	96,624	959,542	-449,050
	%	26%	7%	63%	-18%
Mr Wolf Uwe Lehmann, CFO					
Total remuneration	€	348,153	117,814	925,491	-512,588
	%	22%	6%	45%	-17%
Fixed remuneration	€	9,247	7,150	616	11,819
	%	2%	2%	0%	3%
Variable & extraordinary remuneration	€	338,906	110,664	924,875	-524,407
	%	29%	7%	57%	-21%

Note: All annual changes are based on absolute figures per the "Accrual view".

Annual change		2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
Remuneration of the Non-Executive Directors					
Mr Romeo Kreinberg, Lead Independent Director, Chair of the Nomination and Remuneration Committee					
Total remuneration	€	81,884	-	-	-43,967
	%	55%	-	-	-19%
Fixed remuneration	€	-	-	-	37,917
	%	-	-	-	25%
Variable remuneration	€	81,884	-	-	-81,884
	%	-	-	-	-100%
Mrs Frauke Heistermann, Independent Director					
Total remuneration	€	32,742	-	-	-16,492
	%	55%	-	-	-18%
Fixed remuneration	€	-	-	-	16,250
	%	-	-	-	27%
Variable remuneration	€	32,742	-	-	-32,742
	%	-	-	-	-100%
Mr Georg Graf Waldersee, Independent Director, Chair of the Audit Committee					
Total remuneration	€	43,682	20,000	-	-22,015
	%	73%	19%	-	-18%
Fixed remuneration	€	-	20,000	-	21,667
	%	-	33%	-	27%
Variable remuneration	€	43,682	-	-	-43,682
	%	-	-	-	-100%
Mr Helmut Wieser, Independent Director					
Total remuneration	€	62,742	30,000	-	-16,492
	%	-	48%	-	-18%
Fixed remuneration	€	30,000	30,000	-	16,250
	%	-	100%	-	27%
Variable remuneration	€	32,742	-	-	-32,742
	%	-	-	-	-100%
Mrs Natalia Latorre Arranz, Independent Director					
Total remuneration	€	-	-	-	48,750
	%	-	-	-	-
Fixed remuneration	€	-	-	-	48,750
	%	-	-	-	-
Variable remuneration	€	-	-	-	-
	%	-	-	-	-
Mr José Domínguez Abascal, Independent Director, Chair of the Sustainability Committee					
Total remuneration	€	-	-	-	48,750
	%	-	-	-	-
Fixed remuneration	€	-	-	-	48,750
	%	-	-	-	-
Variable remuneration	€	-	-	-	-
	%	-	-	-	-
Mr Manuel Soto, Independent Director					
Total remuneration	€	32,742	-	-	-65,242
	%	55%	-	-	-70%
Fixed remuneration	€	-	-	-	-32,500
	%	-	-	-	-54%
Variable remuneration	€	32,742	-	-	-32,742
	%	-	-	-	-100%
Mr Santiago Zaldumbide, Independent Director					
Total remuneration	€	32,742	-	-	-65,242
	%	55%	-	-	-70%
Fixed remuneration	€	-	-	-	-32,500
	%	-	-	-	-54%
Variable remuneration	€	32,742	-	-	-32,742
	%	-	-	-	-100%
Mr Johannes Maret, Director					
Total remuneration	€	-30,000	-30,000	-	-
	%	-50%	-100%	-	-
Fixed remuneration	€	-30,000	-30,000	-	-
	%	-50%	-100%	-	-
Variable remuneration	€	-	-	-	-
	%	-	-	-	-
Mr Roland Oelschläger, Director					
Total remuneration	€	-30,000	-30,000	-	-
	%	-50%	-100%	-	-
Fixed remuneration	€	-30,000	-30,000	-	-
	%	-50%	-100%	-	-
Variable remuneration	€	-	-	-	-
	%	-	-	-	-

Annual change		2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
Company performance					
Adjusted EBITDA	€m	-16.4	-32.6	70.6	17.0
	%	-9%	-20%	56%	9%
Adjusted EBIT	€m	-23.0	-34.5	59.8	1.1
	%	-16%	-28%	67%	1%
Operating cash flow	€m	-1.3	-10.0	25.4	19.4
	%	-1%	-10%	27%	16%
Net debt	€m	40.1	-23.3	77.0	78.4
	%	11%	-6%	20%	17%
Average remuneration on a full-time equivalent basis of employees					
Befesa's employees	€	-1,835	8,669	-8,772	1,046
	%	-4%	18%	-15%	2%

C. Cash payout view

Absolute figures	2018	2019	2020	2021	2022	
Remuneration of the Executive Directors¹						
Mr Javier Molina Montes						
Total remuneration	€	1,494,015	1,338,041	2,172,648	3,934,840	4,363,741
Fixed remuneration		530,015	534,641	549,252	549,871	565,659
Variable remuneration		964,000	803,400	612,000	1,893,297	2,744,247
One-year variable (Annual Bonus)		964,000	803,400	612,000	838,593	868,410
Performance Stock Plan, Tranche I (2018-2020)		0	0	0	1,054,704	0
Performance Stock Plan, Tranche II (2019-2021)		0	0	0	0	1,875,837
Performance Stock Plan, Tranche III (2020-2022)		0	0	0	0	0
Performance Stock Plan, Tranche IV (2021-2023)		0	0	0	0	0
Stock Incentive Plan, Tranche V (2022-2024)		0	0	0	0	0
Extraordinary remuneration		0	0	1,011,397	1,491,673	1,053,835
Retention Plan (2018-2020)		0	0	1,011,397	0	0
TGIP (2021-2023)		0	0	0	1,491,673	1,053,835
Mr Asier Zarraonandia Ayo						
Total remuneration	€	1,032,937	916,891	1,515,037	2,711,087	2,980,266
Fixed remuneration		376,937	380,891	391,912	392,279	403,467
Variable remuneration		656,000	536,000	408,000	1,262,198	1,830,326
One-year variable (Annual Bonus)		656,000	536,000	408,000	559,062	579,768
Performance Stock Plan, Tranche I (2018-2020)		0	0	0	703,136	0
Performance Stock Plan, Tranche II (2019-2021)		0	0	0	0	1,250,558
Performance Stock Plan, Tranche III (2020-2022)		0	0	0	0	0
Performance Stock Plan, Tranche IV (2021-2023)		0	0	0	0	0
Stock Incentive Plan, Tranche V (2022-2024)		0	0	0	0	0
Extraordinary remuneration		0	0	715,125	1,056,610	746,473
Retention Plan (2018-2020)		0	0	715,125	0	0
TGIP (2021-2023)		0	0	0	1,056,610	746,473
Mr Wolf Uwe Lehmann						
Total remuneration	€	1,063,192	968,439	1,664,891	2,802,959	3,106,154
Fixed remuneration		423,192	432,439	439,589	440,205	452,024
Variable remuneration		640,000	536,000	408,000	1,306,144	1,907,658
One-year variable (Annual Bonus)		640,000	536,000	408,000	559,062	578,940
Performance Stock Plan, Tranche I (2018-2020)		0	0	0	747,082	0
Performance Stock Plan, Tranche II (2019-2021)		0	0	0	0	1,328,718
Performance Stock Plan, Tranche III (2020-2022)		0	0	0	0	0
Performance Stock Plan, Tranche IV (2021-2023)		0	0	0	0	0
Stock Incentive Plan, Tranche V (2022-2024)		0	0	0	0	0
Extraordinary remuneration		0	0	817,302	1,056,610	746,473
Retention Plan (2018-2020)		0	0	817,302	0	0
TGIP (2021-2023)		0	0	0	1,056,610	746,473

1 All remuneration figures disclosed are as actually paid out in the respective year.

Absolute figures		2018	2019	2020	2021	2022
Remuneration of the Non-Executive Directors²						
Mr Romeo Kreinberg						
Total remuneration	€	150,000	150,000	150,000	150,000	433,570
Fixed remuneration		150,000	150,000	150,000	150,000	187,917
One-time variable (Tranche II, 2019-2021)		0	0	0	0	245,653
Mrs Frauke Heistermann						
Total remuneration	€	60,000	60,000	60,000	60,000	174,475
Fixed remuneration		60,000	60,000	60,000	60,000	76,250
One-time variable (Tranche II, 2019-2021)		0	0	0	0	98,225
Mr Georg Graf Waldерsee						
Total remuneration	€	60,000	60,000	80,000	80,000	232,714
Fixed remuneration		60,000	60,000	80,000	80,000	101,667
One-time variable (Tranche II, 2019-2021)		0	0	0	0	131,047
Mr Helmut Wieser						
Total remuneration	€	0	30,000	60,000	60,000	174,475
Fixed remuneration		0	30,000	60,000	60,000	76,250
One-time variable (Tranche II, 2019-2021)		0	0	0	0	98,225
Mrs Natalia Latorre Arranz						
Total remuneration	€	0	0	0	0	48,750
Fixed remuneration		0	0	0	0	48,750
One-time variable (Tranche II, 2019-2021)		0	0	0	0	0
Mr José Domínguez Abascal						
Total remuneration	€	0	0	0	0	48,750
Fixed remuneration		0	0	0	0	48,750
One-time variable (Tranche II, 2019-2021)		0	0	0	0	0
Mr Manuel Soto						
Total remuneration	€	60,000	60,000	60,000	60,000	125,725
Fixed remuneration		60,000	60,000	60,000	60,000	27,500
One-time variable (Tranche II, 2019-2021)		0	0	0	0	98,225
Mr Santiago Zaldumbide						
Total remuneration	€	60,000	60,000	60,000	60,000	125,725
Fixed remuneration		60,000	60,000	60,000	60,000	27,500
One-time variable (Tranche II, 2019-2021)		0	0	0	0	98,225
Mr Johannes Maret						
Total remuneration	€	60,000	30,000	0	0	0
Fixed remuneration		60,000	30,000	0	0	0
One-time variable (Tranche II, 2019-2021)		0	0	0	0	0
Mr Roland Oelschläger						
Total remuneration	€	60,000	30,000	0	0	0
Fixed remuneration		60,000	30,000	0	0	0
One-time variable (Tranche II, 2019-2021)		0	0	0	0	0
Company performance						
Adjusted EBITDA	€m	176.0	159.6	127.0	197.6	214.6
Adjusted EBIT	€m	147.0	124.0	89.5	149.3	150.3
Operating cash flow	€m	103.8	102.5	92.5	117.9	137.3
Net debt	€m	376.8	416.9	393.6	470.6	549.0
Average remuneration on a full-time equivalent basis of employees³						
Total Comps & benefits	€	61,953,592	62,096,894	71,822,389	84,929,682	99,294,299
Comps & benefits excl. Board of Directors	€	57,853,448	58,393,523	65,999,813	75,010,796	87,479,955
Total headcount as of 31 Dec, as reported		1,128	1,147	1,137	1,550	1,847
Headcount excl. Executive Directors of the Board		1,126	1,144	1,134	1,547	1,844
Average remuneration on a FTE basis of employees	€	51,380	51,043	58,201	48,488	47,440

2 All remuneration figures disclosed are as actually paid in the respective year. Remunerations paid in 2019 to Mr Wieser, Mr Maret and Mr Oelschläger, and in 2022 to Mrs Latorre Arranz, Mr Domínguez Abascal, Mr Soto and Mr Zaldumbide, are prorated for the periods respectively served as Non-Executive Directors.

3 Average remuneration on a FTE basis of employees calculated as Compensation & benefits cost excl. Board of Directors, divided by Headcount excl. Executive Directors of the Board. Total Comps & benefits cost are accounting figures and consider the accrual of the multi-year variable remuneration at 100% Target Achievement and the share price at the moment of accrual.

Luxembourg, 2 May 2023

Befesa S.A.

Board of Directors