

APPENDIX I
ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

ISSUER IDENTIFICATION

YEAR-END DATE

31/12/2019

Tax Identification No. [C.I.F.]

A-28430882

COMPANY NAME

PROSEGUR, COMPAÑIA DE SEGURIDAD, S.A.

REGISTERED OFFICE

PAJARITOS, 24 MADRID

ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

The specific determinations for the year in progress should be described, both the remuneration of directors in their status as such and as a result of their executive functions carried out for the Board pursuant to the contracts signed with executive directors and to the remuneration policy approved by the General Shareholders' Meeting.

At any event, the following aspects should be reported:

- Description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.

The principles and basic grounds of the Prosegur Compañía de Seguridad (hereinafter the “**Company**”) directors' remuneration system are set forth in paragraphs 3 to 5 of Article 22 of the Company's Articles of Association, which refer to this subject in the following terms:

“22.3. The position of Director is compensated. Remuneration for directors, in their condition as such, shall consist of an annual fixed allocation and daily allowance for attendance of each session of the Board of Directors and its committees. The remuneration the Company can pay to its directors, in their condition as such, may not exceed the maximum quantity set aside for this purpose at the General Shareholders' Meeting, which shall remain in place until it decides otherwise. The fixing of the exact amount to be paid within this limit and its distribution among the different directors shall be established by decision of Board of Directors pursuant to the proposal made in this respect by the Appointments and Remuneration Committee.

22.4. Furthermore, and regardless of that which is stipulated in the previous paragraph, the possibility of establishing remuneration systems linked to the market value of company shares, or that involve the delivery of shares or stock options, is envisaged for directors. The application of such remuneration systems must be agreed by the General Shareholders' Meeting under the terms established by law.

22.5. Apart from the remuneration envisaged in the previous paragraphs arising from the condition of being a member of the board, directors who undertake executive or consultancy functions in the Company, whatever their relation be to the latter, shall be entitled to receive the remuneration that has been agreed for performing such functions, including, where appropriate, participation in the bonus scheme that may be established generally for Company senior management, which may consist of the delivery of shares or options on the same, or share value linked remuneration, all of which must be subject to the requirements established in law at any particular time and the participation in the appropriate welfare and insurance schemes. Should they cease to perform these functions, they may be entitled to an appropriate financial compensation under the terms and conditions adopted by the Board of Directors.”

Remuneration for the aforementioned items and any other terms and conditions shall be incorporated into the pertinent contract, which must be approved by the board by means of a vote in favour of at least two-thirds of its members. Any director affected by such a vote must not be present during the deliberations on this matter and must abstain from voting.

The Directors' Remuneration Policy of the Company, therefore, distinguishes between the remuneration scheme for being a member of the board as such and the remuneration scheme for performing executive functions by executive directors.

In accordance with the foregoing, Article 29 of the Board of Director Regulation states that the latter and the Appointments and Remuneration Committee shall take all practicable steps to ensure that remuneration of external directors is in keeping with the following guidelines:

- a) External directors must be remunerated based on their actual dedication.
- b) External directors must be excluded from the welfare schemes funded by the Company in the event of termination, death or any other circumstance.
- c) The remuneration of external directors must be calculated so as to incentivise dedication but without compromising their independence.

Moreover, Article 28.2 of the Board of Director Regulation establishes that the board shall ensure that directors' remuneration is moderated on the basis of market requirements and, where applicable and if deemed appropriate, that a part shall be linked to Company profits.

The Remuneration Policy seeks to ensure that Company director remuneration reflects the dedication and responsibility undertaken and is in keeping with that which is paid by other comparable companies in both national and international markets, while also taking into account the long-term interest of all shareholders.

As far as executive directors are concerned, the basic criterion is to offer remuneration schemes that make it possible to attract, retain and motivate the most outstanding professionals to enable the Company to meet its strategic goals in the increasingly competitive and internationalised market in which it pursues its corporate activities. Accordingly, this Remuneration Policy is based on the following principles and criteria:

- a) Creating long-term value for the Company, bringing remuneration schemes into line with the strategic plan.
- b) Attracting, motivating and retaining the best professionals.
- c) Responsibly meeting targets in accordance with the Company risk management policy.
- d) Remuneration policy transparency.

As stipulated in the Company Articles of Association, the General Shareholders' Meeting must approve the Directors' Remuneration Policy. The Remuneration Policy applicable to directors in 2019 was adopted by the General Shareholders' Meeting on 29 May 2018 and shall remain in place for the 2018, 2019 and 2020 fiscal years. Any modification thereto or replacement of that policy in this period shall require the prior approval of the General Shareholders' Meeting.

Moreover, at the General Shareholders' Meeting of 29 May 2017 it was decided to establish 2,000,000 euros (annual fixed allocation and daily allowance for attendance at Board and Committee meetings, excluding remuneration comprising the delivery of shares or stock options) as the maximum amount of remuneration the Company can pay to its directors in their condition as such. As stipulated in Article 22.3

of the Articles of Association, the aforementioned maximum amount shall remain in place until the General Shareholders' Meeting decides otherwise, which it has not done to date.

Furthermore, on 30 January 2017, the Board of Directors approved the modification to the contract of the Chief Executive Officer (Christian Gut Revoredo), in which the different aspects of his remuneration as executive director were regulated.

On 26 February 2019, the Board of Directors, at the proposal of the Appointments and Remuneration Committee and within the framework established by the Articles of Association and the current Director's Remuneration Policy, adopted the terms and conditions to remunerate directors for the 2019 fiscal year.

Lastly, it is the Appointments and Remuneration Committee which, after each year's close, calculates the particular amount of fixed remuneration, variable short-term remuneration and variable mid- and long-term remuneration that corresponds for the current year to the executive and non-executive directors, based on the Remuneration Policy adopted by the General Shareholders' Meeting and specified by the Board of Directors, and reports its calculation back to the board for the approval of the latter.

- Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.

In order to prepare the current directors' remuneration policy during the reference period, a report on market remuneration was commissioned in 2017 from the external consultancy Willis Towers Watson, experts in remuneration matters. It submitted a report on the board's remuneration situation in comparison to similar positions in comparable companies in terms of turnover, number of employees and market capitalisation.

- Information on whether any external advisors took part in this process and, if so, their identity.

The consultancy Willis Towers Watson presented a report on market remuneration in 2017 for the Company, which was taken into account to determine the directors' remuneration policy in force in 2019.

- Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to guarantee a suitable balance between the fixed and variable components of the remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adapt this to the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures to guarantee that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company and measures to avoid conflict of interest, as the case may be.

Furthermore, state whether the company has established any period for the accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or the handover of accrued

and consolidated financial instruments, or if any clause exists reducing the deferred remuneration or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate has been agreed.

The only director who receives variable remuneration is the Chief Executive Officer (CEO) in his condition as executive director. Executive director remuneration includes a fixed component, a short-term variable component (annual bonus) and a medium- and long-term variable component (LTI) as specified below:

- Executive director fixed remuneration is determined by taking into account the content of the executive functions attributed and taking into consideration that this part of the remuneration package must be in keeping with that of other comparable companies on the market in terms of their capitalisation, turnover and international presence. Whatever the case, because it accrues risk exposure is limited.

A report on market remuneration was commissioned of the external consultancy Willis Towers Watson, experts in remuneration matters, to determine the remuneration set for the board for 2018. It submitted a report on the board's remuneration situation in comparison to similar positions in comparable companies in terms of turnover, number of employees and market capitalisation.

Based on this report, the Appointments and Remuneration Committee proposed remunerative conditions for the CEO, which it submitted to the Board of Directors for approval on 27 February 2018. These amounts have been maintained for 2019 in accordance with the remuneration conditions ratified by the Board of Directors on 26 February 2019, since it was considered that there are no material variations in the conditions used for its determination.

- The short-term variable remuneration (annual bonus) is payable in cash and must be linked for the most part to the meeting of the Company's financial-economic targets, as well as to the fulfilment of personal targets. The degree to which these are accomplished is assessed by the Appointments and Recruitment Committee based on the results obtained. Moreover, the Appointments and Recruitment Committee also considers the quality of the long-term results, any risk associated with the variable remuneration proposal and other relevant aspects such as the impact of the exchange rate and the like. The target amount must not exceed 80% of the fixed annual remuneration. Its maximum amount is set at 150% of the latter. All of which serves to avoid the taking on of excessive risks.

The variable remuneration was also reviewed in 2018, in line with the procedure indicated in the preceding section. It has also been maintained in 2019 in accordance with the remuneration conditions ratified by the Board of Directors on 26 February 2019, since it was considered that there are no material variations in the conditions used for its determination.

- Variable remuneration in the medium- and long-terms (long-term incentive - LTI) is for the most part linked to Company performance with respect to certain economic-financial parameters that are in keeping with Company strategic goals, with the aim in mind of fostering the retention and motivation of executive directors and creating long-term value. These parameters are established in the LTI itself. The current plan (2018-2020 Long-term Incentive Plan - LTI) has a three-year timeframe to coincide with the duration of the Group's strategic plan for the 2018-2020 period. Plan objectives are tied to Company Value Creation at both global and unit level (region and country) depending on the position involved and the sphere of responsibility of the beneficiary and, where appropriate, personal targets. Value Creation is

calculated on metrics that are important to the business, such as EBITA, debt, CAPEX, etc. during the reference period. The bonus to be received shall, where appropriate, be paid 100% in Company shares and, notwithstanding the possibility of settling the share component in cash (at market value).

In the event the Managing Director, for whatever reason, gives up his role before the close of the fiscal year, he will lose all rights to the annual payment of the variable from said fiscal year. At the Company's request, the Managing Director agrees to return the amount corresponding to any variable annual remuneration received when it is proven that the payment was not adjusted to the established performance conditions or when the payment was made due to data whose inaccuracy is subsequently proven.

Accordingly, the Company's remuneration mix strikes a reasonable balance in terms of time and proportionality between remuneration and targets, on taking into account the functions entrusted to the directors, their personal targets and Company economic-financial targets in the short-term and long-term strategic goals and value creation, in addition to deferral payment schemes, payment linked to the share value and the existence of clawback clauses.

- Amount and nature of fixed components that are due to be accrued during the year by directors in their status as such.

Board of Director fixed remuneration components for the 2019 fiscal year for their condition as such were set at the following amounts by the Board of Directors on 26 February 2019:

- Board of Directors: fixed remuneration of 79,500 euros and daily allowance of 1,850 euros, for the Chair and for Members.
- Auditing Committee: fixed remuneration of 33,750 euros for the Chairman and 25,000 euros for Members; both roles have a daily allowance of 1,850 euros.
- Appointments and Remuneration fixed remuneration of 17,850 euros for the Chairman and 14,700 euros for Members; both roles have a daily allowance of 1,400 euros.

In addition, the following fixed annual remuneration was established for performance of their functions:

- Role of Chairman of the Board of Directors: 470,595 euros.
- Role of Vice-chairman of the Board of Directors: 157,500 euros.

- Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

The fixed components of CEO remuneration in the 2019 fiscal year to perform his senior management functions was set at 460,000 euros.

- Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

To offer a competitive and attractive remuneration package, board members shall receive payments in kind such as (albeit not restricted to) life and accident insurance, health insurance, annual check-up or company car in accordance with Company policies. Whatever the case, remuneration in kind shall not exceed 20% of the fixed annual remuneration.

A life and healthcare insurance premium for the CEO and the Chairman, as well as other items amounting to a total of 73,000 euros, is established for the 2019 fiscal year.

- Amount and nature of variable components, differentiating between those established in the short and long term. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration in the year in progress, explaining the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, deadline necessary and techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year.

State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

Explain the variable components of the remuneration systems

Only the CEO receives variable remuneration, which consists of a short-term variable (annual bonus) and a medium- and long-term variable (long-term incentive - LTI).

This short-term variable (annual bonus) is payable in cash and is directly related to the degree to which Group Value Creation is achieved, as per the goal set for the fiscal year. The amount of variable remuneration is determined at the close of each fiscal year on the basis of the percentage of annual fixed remuneration. These goals are selected by taking into account relevancy for the Company, both in its different areas of business and different geographical areas, as well as sustainable Value Creation. The Appointments and Remuneration Committee approves the degree of Value Creation achieved and the variable remuneration derived from this. A gross objective amount of 307,500 euros was established for the 2019 fiscal year and a maximum remuneration amount of 461,250 euros.

Moreover, the CEO participates in the long-term incentive plan called the 2018-2020 LTI that was approved by the General Shareholders' Meeting and which constitutes CEO medium- and long-term variable remuneration. 2018-2020 Plan goals are tied to Company Value Creation at both global and unit level (region and country) depending on the position involved and the sphere of responsibility of the beneficiary and, where appropriate, personal targets. Value Creation is based on metrics that are important to the business over a three-year timeframe, in accordance with the regulation governing the plan that is approved by the Board of Directors. The bonus to be received shall, where appropriate, be paid 100% in Company shares and, notwithstanding the possibility of settling the share component in cash (at market value).

An objective incentive of 318,952 units is set, which can be converted into ordinary Company shares, along with a theoretical total amount for the 2018-2020 period. This total amount would be 478,428 units that can be converted into ordinary Company shares.

LTI goals are tied to Company Value Creation at both global and unit level (region and country) depending on the position involved and the sphere of responsibility of the beneficiary and, where appropriate, personal targets. Value Creation is calculated on metrics that are important to the business, such as EBITA, debt, CAPEX, etc. during the reference period.

The Long-term Incentive is inflation/devaluation linked. If the goals are not met, the Appointments and Remuneration Committee can vary these and the level of compliance achieved in accordance with the circumstances that prevailed throughout and/or at the end of the Plan timeframe.

- Main characteristics of long-term savings systems. Among other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are consolidated for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, in the terms provided, between the company and the director.

State if the accrual or consolidation of any of the long-term savings plans is linked to achieving certain objectives or parameters related to the short- or long-term performance of the director.

N/A

- Any type of payment or severance pay for early termination or dismissal of the director, or deriving from the termination of the contractual relation, in the terms provided, between the company and the director, whether voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, permanence or loyalty, which entitle the director to any type of remuneration.

No specific notice periods have been established for termination of the relationship of the Executive Directors with the company, nor have termination payments or redundancy payouts for the cancellation or termination of said relationship been established.

- State the conditions that contracts should respect for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, compensation and golden parachute clauses for early termination of the contractual relationship between the company and the

executive director. Include, among others, the pacts or agreement on con-competition, exclusivity, permanence and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

The basic terms and conditions of the CEO contract are as follows:

- Term: the Company's CEO contract is for an undetermined period of time and can be freely terminated by either of the parties at any moment in time by means of writing notification to the other party without any need for prior notice and without the CEO being entitled to any compensation for such a termination.
 - Professional ethics: CEOs must perform their duties in good faith and loyally, refraining from participating, either directly or indirectly, in any situation that might lead to a conflict between their personal interests and those of the Company.
 - Professional confidentiality: CEOs are bound to observe professional secrecy concerning any confidential data or information owned by the Company that they come to have knowledge of in the performance of their duties. Furthermore, they must undertake to refrain from making undue use of any such information, either in their own benefit or that of a third party, to the detriment of the Company.
- The nature and estimated amount of any other supplementary remuneration accrued by directors in the year in progress in consideration for services rendered other than those inherent in the post.

N/A

- Other remunerative items or by-products, as the case may be, of the company granting the director advance payments, loans, guarantees or any other remuneration.

N/A

- The nature and estimated amount of any other planned supplementary remuneration accrued by directors in the year in progress that are not included in the previous sections, whether payment is satisfied by the company or another group company.

<p>Mr. Christian Gut Revoredo likewise holds the position of Executive Chairman of Prosegur Cash, S.A. a listed subsidiary of the Company, combining both relations (Company CEO and Executive Chairman of Prosegur Cash, S.A.) and dividing the time he dedicates to each company reasonably and fairly to adequately attend to their respective business interests.</p>

Accordingly, he likewise receives the corresponding remuneration from Prosegur Cash, S.A. as per the terms and conditions of its Directors' Remuneration Policy and the Prosegur Cash, S.A. annual report on the remuneration of directors.

At its meeting of 26 February 2019, the Board of Directors approved the remuneration of the CEO and considered that, as far as the dedication of Mr. Gut Revoredo is concerned (in his condition as CEO of the Company and Executive Chairman of Prosegur Cash, S.A.), it was reasonable to estimate a dedication of 50% to each one.

Moreover, Chantal Gut Revoredo is the Proprietary Director of Prosegur Cash, S.A.

The remuneration received by Chantal Gut Revoredo and Christian Gut Revoredo for their respective posts of Proprietary Director and Executive Chairman of Prosegur Cash, S.A. is indicated in that company's 2019 report on the remuneration of its directors.

A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:

- A new policy or a modification of the policy already approved by the General Meeting.
- Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- Proposals that the board of directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and which are proposed to be applicable to the current year.

The Remuneration Policy for directors that was adopted by the General Shareholders' Meeting on 29 May 2018 and that shall remain in place for the 2018, 2019 and 2020 fiscal years. Any modification thereto or replacement of this policy during the aforementioned period shall require the prior approval of the General Shareholders' Meeting in accordance with the procedure established for its approval.

With respect to the amounts established for the performance of senior management functions by executive directors, with the start of the new 2018-2020 Strategic Plan an adjustment to CEO remuneration was approved for this period given that the conditions in each plan do not change. Accordingly, the external consultancy Willis Towers Watson, experts in remuneration matters, were commissioned to draw up a report on remuneration in the market. It submitted a report on the board's remuneration situation in comparison to similar positions in comparable companies in terms of turnover, number of employees and market capitalisation.

The establishment of a new Long-term Incentive Plan was approved (2018-2020 LTI Plan) in the 2018 fiscal year. The plan has a three-year timeframe to coincide with the duration of the Group's 2018-2020 Strategic Plan, while its goals are tied to global Value Creation..

A.3 Identify the direct link to the document where the current company remuneration policy is

posted, which must be available on the web page of the company.

http://www.prosegur.com/accionistas_inversores/junta_general_accionistas/junta_general_ordinaria_de_accionistas

- A.4 Explain, taking into account the data provided in Section B.4, the outcome of voting, of a consultative nature, by shareholders at the General Shareholders' Meeting on the annual report on remuneration for the previous year.

The 2018 annual report on remuneration was almost unanimously approved by the shareholders in attendance at the Shareholders' Meeting held on 4 June 2019. The approval of the Company's remuneration practices by the shareholders is an express indication of the alignment of the remuneration system with the corporate interest.

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

- B. 1. Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and, as the case may be, the identity and the role of the external advisors whose services have been used in the process to apply the remuneration policy in the year ended.

Explain the structure and components of the remuneration policy.
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During the fiscal year 2019, the remuneration corresponding to the directors for their activities as such (i.e., aside from any activity as executives) was structured, within the legal and statutory framework, in accordance with the following criteria and remunerative items, within the maximum limit set to this effect by the General Shareholders' Meeting, in compliance with the provisions in Article 22 of the Articles of Association and the Remuneration Policy for Directors approved by the General Shareholders' Meeting of 29 May 2018, which is currently in place:

To determine the individual fixed remuneration for directors in their condition as such, which has accrued during the 2019 fiscal year, the following aspects were established:

- whether or not they perform and duty on the Board;
- the number of Board and, where appropriate, Committee meetings they have attended: and
- whether or not they belong to or perform a duty on any Committee.

On the proposal of the Appointments and Remuneration Committee, the following parameters of the Remuneration Policy approved by the Board of Directors at its meeting of 26 February 2019 were applied. This policy establishes that director remuneration for their condition as such shall consist of an annual fixed allowance, which varies depending on the governing body and position held, and daily allowances for attending each session of the Board of Directors and those of its Committees. The specific amounts involved are indicated in detail in section A.1 above.

The amounts resulting from the aforementioned parameters were proposed by the Appointments and Remuneration Committee for approval by the Board of Directors, which duly approved them, thus leading to their payment by the Company.

The amounts approved for the 2019 fiscal year by the Board of Directors at its meeting of 26 February 2019 were applied to determine the individual fixed remuneration of the CEO accrued for the 2019 fiscal year.

To determine the short-term variable remuneration of the CEO paid in the 2019 fiscal year, the Appointments and Remuneration Committee agreed, considering the excellent performance of the CEO and the results achieved for the 2018 fiscal year, in addition to his special contribution to creating value in the Group, to present to the Board of Directors the payment of 81% of the annual incentive.

As far as the CEO's medium- and long-term variable remuneration is concerned, 2018 saw the commencement of the 2018-2020 Long-Term Incentive Plan of the Company, approved by the Shareholders' Meeting on 29 May 2018, as detailed in section B.2. The Plan sets out a measurement period covering the three years from 2018 to 2020, a period during which the shares will not vest. The vesting period will begin once the measurement period is over, that is, as from 2021.

- B. 2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting them to the long-term objectives, values and interests of the company, including a reference to the measures that have been adopted to guarantee that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been attained between the fixed and variable components of the remuneration, the measures that have been adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, if appropriate.

As far as the remuneration of directors for their condition as such is concerned, it is considered that the application of a fixed remuneration is effective in restricting risk exposure and adjusting it to Company long-term goals.

As far as executive director remuneration is concerned, which as indicated in section A1 only applies to the CEO, his remuneration differs from the above in that in addition to a fixed remuneration, he receives a variable one, both in the short-term and the long-term (LTI).

a) The fixed remuneration is determined taking into account the content of the executive functions attributed and considering that this part of the remuneration should be in keeping with market figures. Whatever the case, because it accrues risk exposure is limited.

b) The short-term variable remuneration, which consists of an annual bonus, shall be payable in cash and must be linked for the most part to the meeting of the Company's financial-economic targets, as well as to the fulfilment of personal targets. The degree to which these are accomplished is assessed by the Appointments and Recruitment Committee based on the results obtained. Moreover, the Appointments and Recruitment Committee also considers the quality of the long-term results, any risk associated with the variable remuneration proposal and other relevant aspects such as the impact of the exchange rate and the like. The target amount must not exceed 80% of the fixed annual remuneration. Its maximum amount is set at 150% of the latter. All of which serves to avoid the taking on of excessive risks.

c) The medium- and long-term variable remuneration (long-term incentive - LTI) is for the most part linked to Company performance with respect to certain economic-financial parameters that are in keeping with Company strategic goals, with the aim in mind of fostering the retention and motivation of executive directors and creating long-term value. These parameters are established in the LTI itself, with a three-year timeframe to coincide with the duration of the Group's 2018-2020 strategic plan, while its goals are tied to the creation of value globally and unit level (by region and country). For CEOs, the incentive to be received shall be fully (100%) paid in units that can be converted into ordinary Company shares. A maximum (representing 150% achievement of the incentive) of 478,428 convertible units is established that may be delivered to the CEO for the 2018-2020 Plan. Lastly, the LTI envisages a permanence period in the case of CEOs of two additional fiscal years to receive the incentive. The foregoing thus limits excessive risk, aligns the LTI with strategic goals and focuses on Company long-term profitability, while at the same time striking an appropriate balance between fixed and variable remuneration in the short-, medium- and long-term.

Accordingly, the Company's remuneration mix strikes a reasonable balance in terms of time and proportionality between remuneration and targets, by taking into account the functions entrusted to the directors, their personal targets and Company's economic-financial targets in the short-term, and long-term strategic goals and value creation, in addition to payment deferral schemes linked to the share value.

B. 3. Explain how the remuneration accrued over the year meets the provisions contained in the current remuneration policy.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, as the case may be, how the variations in the performance of the company have influenced changes in the remuneration of directors and how the latter contribute to the short- and long-term results of the company.

Directors' remuneration in the 2019 fiscal year was structured in accordance with that which is stipulated in the Articles of Association and the Company Remuneration Policy.

The total accrued remuneration for directors in their condition as such did not exceed the maximum limit of 2,000,000 euros (annual fixed allocation and daily allowance for attendance at Board and Committee meetings, excluding remuneration comprising the delivery of shares or stock options) set by the General Shareholders' Meeting of 29 May 2017. Individual remuneration for each one was determined by applying the remunerative items approved by the Board of Directors at their meeting of 26 February 2019, which were indicated in detail in section A.1 above.

The individual fixed remuneration of the CEO for executive duties that accrued during the 2019 fiscal year was determined by applying the amounts approved by the Board of Directors at their meeting of 26 February 2019, which were indicated in detail in section A.1 above.

Lastly, the CEO variable remuneration that accrued during the 2019 fiscal year was determined on the basis of the results obtained, applying the remuneration policy parameters approved by the Board of Directors at their meeting of 26 February 2019 and the 2018-2020 Long-term Incentive Plan (LTI) approved by the General Shareholders' Meeting of 29 May 2018 as indicated in detail in section B.2.

B. 4. Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes against that may have been cast:

	Number	% of total
Votes cast	551,337,337	89.34%

	Number	% over votes cast
Votes against	9,720,521	1.76%
Votes in favour	541,446,372	98.21%
Abstentions	170,444	0.03%

Observations

B. 5. Explain how the fixed components accrued during the year by the directors in their capacity as such have been determined and how they have changed with respect to the previous year.

The fixed components accrued during the fiscal year by directors in their condition as such were determined in accordance with the remuneration approved for the 2019 fiscal year consisting of an annual fixed allocation and the establishing of a daily allowance for attending each meeting of the Board of Directors and those of the Committees of which they are members. These amounts are as follows:

- Board of Directors: fixed remuneration of 79,500 euros and daily allowance of 1,850 euros, for the Chair and for Members.

- Auditing Committee: fixed remuneration of 33,750 euros for the Chairman and 25,000 euros for Members; both roles have a daily allowance of 1,850 euros.

- Appointments and Remuneration Committee: fixed remuneration of 17,850 euros for the Chair and 14,700 euros for Members; both roles have a daily allowance of 1,400 euros.

In addition, the following fixed annual remuneration was established for performance of their functions:

- Role of Chairman of the Board of Directors: 470,595 euros.

- Role of Vice-chairman of the Board of Directors: 157,500 euros.

The above fixed component remuneration amounts established for the Board of Directors for 2019 were the same as those in 2018.

The resulting sum of these, after adding Directors' attendance at Board of Administration Meetings and those of the Committees they serve on, amounts to 1,594,000 euros in 2018, as opposed to 1,567,000 euros in 2017.

B. 6. Explain how the salaries accrued by each one of the executive directors over the past financial year for the performance of management duties were determined, and how they have changed with respect to the previous year.

After the favourable report of the Appointments and Remuneration Committee, the Board of Directors approved the CEO remuneration for the 2019 fiscal year on 26 February 2019:

(i) Fixed remuneration: 460,000 euros.

(ii) Short-term variable remuneration: gross objective target amount of 307,500 euros and maximum gross amount of 461,250 euros.

(iii) Participation in the 2018-2020 Long-term Incentive Plan: the same number of shares (in equivalent terms) as given in the 2015-2017 Long term Incentive Plan, allocating 318,952 Company shares as a theoretical total amount for the 2018-2020 period.:

Compared to the previous fiscal year, the fixed remuneration and short-term variable remuneration have been maintained at the same amounts as established in 2018. With respect to long-term variable remuneration, it has been maintained under the conditions established in the LTI Plan of the previous year.

B. 7. Explain the nature and the main characteristics of the variable components of the remuneration systems accrued in the year ended.

In particular:

- Identify each one of the remuneration plans that have determined the different types of variable remuneration accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, the

periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated.

In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions to acquire unconditional ownership (consolidation) and to exercise these options or financial instruments, including the price and term to exercise them.

- Each one of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other external directors), that are beneficiaries of remunerations systems or plans that include variable remuneration.
- As the case may be, information is to be provided on periods for the accrual or deferment of payment applied and/or the periods for withholding/unavailability of shares or other financial instruments, if they should exist.

Explain the short-term variable components of the remuneration systems

<p>Only the CEO receives short-term variable remuneration that is tied to targets under the following terms and conditions for the 2019 fiscal year, consisting of an annual bonus payable in cash, which is linked for the most part to the achievement of Company economic-financial targets and the meeting of personal ones. The target amount must not exceed 80% of the fixed annual remuneration. Its maximum amount is set at 150% of the latter.</p>

<p>The short-term variable remuneration for the CEO for the 2019 fiscal year is a target amount of 307,500 euros gross.</p>

Explain the long-term variable components of the remuneration systems
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<p>2018 saw the implementation of the Company's 2018-2020 Long-term Incentive Plan, which coincides with the duration of the Group's strategic plan for the period 2018-2020, and its objectives are linked mainly to Value Creation at both global and unit level (region and country) according to the position held and the scope of responsibility of the beneficiary and, where appropriate, personal targets. Value Creation is calculated on the basis of metrics relevant to the business during the three-year reference period, in accordance with the regulations of the plan approved by the Board of Directors. The incentive to be received, if any, shall be paid in Company shares in the 2021 fiscal year, once the degree of achievement of the objectives has been measured.</p>

<p>A target incentive is set of 318,952 units convertible into ordinary shares of the Company, as the total theoretical amount for the period 2018-2020. The maximum amount would be</p>
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478,428 units convertible into ordinary shares of the Company.

- B. 8. Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been consolidated and deferred or, in the case of the latter, consolidated and paid, on the basis of data that have subsequently proved to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction or clawback clauses, why they were implemented and the years to which they refer.

N/A

- B. 9. Explain the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions to consolidate economic rights for directors and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.

N/A

- B. 10. Explain, where appropriate, the severance pay or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract in the terms provided for therein, accrued and/or received by directors during the year ended.

N/A

B. 11. Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, where appropriate, explain such changes. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

N/A

B. 12. Explain any supplementary remuneration accrued by directors as consideration for services rendered outside of their post.

N/A

B. 13. Explain any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, their key characteristics and the amounts eventually returned, as well as the obligations taken on by way of guarantee or collateral.

N/A

B. 14. Itemise the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary components.

The CEO and the President receive remuneration in kind, which consists of life and accident and healthcare insurance within the limits established by the Remuneration Policy.

Total remuneration in kind for the 2019 fiscal year was 72,958 euros.

B. 15. Explain the remuneration accrued by directors by virtue of payments settled by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.

N/A

B. 16. Explain any other items of remuneration other than those mentioned in the previous sections, whatever their nature or the group company that settles the payment, particularly when this is a related operation or its settlement distorts the true image of the total remuneration accrued by the director.

N/A

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year t
Christian Gut Revoredo	Executive	From 01/01/19 to 31/12/19
Helena Revoredo Delvecchio	Nominee	From 01/01/19 to 31/12/19
Chantal Gut Revoredo	Nominee	From 01/01/19 to 31/12/19
Fernando D'Ornellas	Independent	From 01/01/19 to 31/12/19
Eugenio Ruiz-Gálvez Priego	Other external	From 01/01/19 to 31/12/19
Ángel Durández Adeva	Independent	From 01/01/19 to 31/12/19
Fernando Vives Ruiz	Independent	From 01/01/19 to 31/12/19
Isidro Fernández Barreiro	Other external	From 01/01/19 to 31/12/19

C.1 Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) **Remuneration from the reporting company:**

i) **Remuneration in cash (thousand euros)**

Name	Fixed remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other grounds	Total in year t	Total in year t-1
Helena Revoredo Delvecchio	460.000	16.650	79.500		249.075				805.225	614.471
Christian Gut Revoredo	470.595	14.800	79.500						564.895	830.729

Chantal Gut Revoredo		15.750	94.200						109.950	111.350
Fernando D'Ornellas		26,850	127.950						154,800	152.500
Eugenio Ruiz-Galvez Priego		16.650	79.500						96.150	92.450
Ángel Durández Adeva		30.550	119.200						149.750	140.050
Fernando Vives Ruiz		19.450	97.300						116.800	114.500
Isidro Fernandez Barreiro	157.500	28.700	119.200						305.400	301.250

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Name	Name of plan	Financial instruments at start of year t		Financial instruments granted during year t		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of year t	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares/handed over	Price of the consolidated shares	Gross profit from shares handed over or consolidated financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
Christian Gut Revoredo	2018-2020 LTI Plan	478,428	478,428	0	0	0	0	0	0	0	478,428	478,428

Observations

The number of financial instruments at the start of 2019 amounted to 478,428, corresponding to the maximum amount of the 2018-2020 Long-Term Incentive Plan, compared to the 318,952 financial instruments reflected in the same section of the 2018 report, which correspond to the target amount of the 2018-2020 Long-Term Incentive Plan, as indicated in sections A.1 and B.7 of this report.

iii) Long-term savings systems

	Remuneration from consolidation of rights to savings system
Director 1	0

Name	Contribution over the year from the company (thousand €)				Amount in accumulated funds (thousand €)				
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights						
	Year t	Year t-1	Year t	Year t-1	Year t		Year t-1		
					Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights	
Director 1									

Observations

Details of other items

Name	Item	Amount remunerated
Christian Gut Revoredo	Life and healthcare insurance	31,106
Helena Revoredo Delvecchio	Life and healthcare insurance	41,852

Observations

b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (thousand euros):

Name	Fixed remuneration	Per diem allowances	Remuneration for membership of Board's committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other grounds	Total in year 2018	Total in year t-1
Christian Gut Revredo	52	14.85	-	460	276.750		-	-	803.6	1,702.892
Chantal Gut Revredo	52	13.2	-	-	-	-	-	-	65.2	65.2

Observations

ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Name	Name of Plan	Financial instruments at start of year t		Financial instruments granted during year t		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of year t	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of the consolidated shares	Gross profit from shares handed over or consolidated financial instruments (thousands of €)	No. of instruments	No. of instruments	No. of equivalent shares
Christian Gut Revoredo	2018-2020 LTI Plan	1,322,855	1,322,855			-	-	-	-	-	1,322,855	1,322,855

Observations

iii) Long-term savings systems

	Remuneration from consolidation of rights to savings system
Director 1	

Name	Contribution over the year from the company (thousands of €)				Amount of accumulated funds (thousands of €)	
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Fiscal year t	Fiscal year t-1

	Year t	Year t-1	Year t	Year t-1	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
Director 1								

Observations

iv) Details of other items

Name	Item	Amount remunerated

Director 1		
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c) Summary of remuneration (thousand €)

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

		Remuneration accrued in the Company				Remuneration accrued in group companies				
Name	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration from savings systems	Remuneration from other items	Company total for fiscal year t	Total cash remuneration	Gross profit of consolidated shares or financial instruments	Remuneration from savings systems	Remuneration from other items	Total year t group

Christian Gut Revoredo	805.225		-	31.106	836.331	804				804
Helena Revoredo Delvecchio	564.895	-	-	41.852	606.747	-	-	-	-	-
Chantal Gut Revoredo	109.95				109.95	65				65
Fernando D'Ornellas	154,800				154,800					
Eugenio Ruiz-Galvez Priego	96.15				96.15					
Ángel Durández Adeva	149.75				149.75					
Fernando Vives Ruiz	116.8				116.8					

Isidro Fernandez Barreiro	305.4				305.4					
Total:	2.302,970			72.958	2.375,928	869				869

D. OTHER INFORMATION OF INTEREST

If there are any relevant issues relating to directors' remuneration that you have not been able to address in the previous sections of this report, but which are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

N/A

This annual remuneration report has been approved by the Board of Directors of the company at their meeting of 27 February 2020.

State whether any director has voted against or abstained from approving this report.

Yes

No

Name or corporate name of the members of the Board of Directors who did not vote in favour of approving this report	Reason (voted against, abstained, did not attend)	Explain reasons