

ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

ISSUER IDENTIFICATION

YEAR END DATE

31/12/2020

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. COMPANY REMUNERATION POLICY FOR CURRENT 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 as regards the remuneration of directors for their directorships and for their performance of executive functions pursuant to the contracts signed with executive directors and to the remuneration policy approved by the General Shareholders' Meeting.

In any event, at minimum, 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 directors' remuneration system of the Prosegur Compañía de Seguridad (hereinafter the "Company") are set forth in paragraphs 3 to 5 of Article 22 of the Company's Bylaws, which refer to this subject in the following terms:

"22.3. The position of Director is compensated. Remuneration for directors, in their capacity 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 which the Company can pay to its directors, in their capacity as such, may not exceed the maximum quantity set aside for this purpose by 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, notwithstanding what 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 may 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 the Company's senior management, which may consist of the delivery of shares or options on the same, or share-based 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 Sustainability, Corporate Governance, Appointments and Remuneration Committee shall take all practicable steps to ensure that remuneration of non-executive 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's risk management policy.
- d) Remuneration policy transparency.

As stipulated in the Company Bylaws, the General Shareholders' Meeting must approve the Directors' Remuneration Policy. The Remuneration Policy applicable to directors in 2020 was adopted by the General Shareholders' Meeting on 29 October 2020 and shall remain in place for the 2020, 2021 and 2022 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 which the Company can pay to its directors in their capacity as such. As stipulated in Article 22.3 of the Bylaws, 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 27 February 2020, the Board of Directors, at the proposal of the Sustainability, Corporate Governance, Appointments and Remuneration Committee and within the framework established by the Bylaws and the current Director's Remuneration Policy, adopted the terms and conditions to remunerate directors for the 2020 fiscal year.

Lastly, it is the Sustainability, Corporate Governance, 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. Moreover, according to article 11 of the Regulations of the Sustainability, Corporate Governance, Appointments and Remuneration Committee, that Committee is in charge of the periodical review of the remuneration policy applied to directors, including the remuneration systems with, or referenced to, shares in the Company and its application, weighting their suitability and performance, as well as ensuring that their individual remuneration is proportionate to that paid to the other directors.

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

The Remuneration Policy during the reference period complies with the revision of the former policy based on a report on market remuneration requested from the external consultant 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 consultant Willis Towers Watson presented a report on market remuneration in 2020 for the Company, which was taken into account to determine the directors' remuneration policy in force in 2020 onwards.

- 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.

Furthermore, state whether the company has established any period for the accrual or vesting 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 vested financial instruments, or if any clause has been agreed that reduces the deferred remuneration unvested 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.

The only director who receives variable remuneration is the Chief Executive Officer (CEO) in his capacity as executive director. Executive directors' 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 directors' 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. As it accrues in any case, risk exposure is limited in any case.

A report on market remuneration was commissioned from the external consultant Willis Towers Watson, experts in remuneration matters, to determine the remuneration set for the board for 2020. 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 Sustainability, Corporate Governance, Appointments and Remuneration Committee proposed remunerative conditions for the CEO, which it submitted to the Board of Directors for approval on 27 February 2020. These amounts have been maintained for 2020 in accordance with the remuneration conditions ratified by the Board of Directors on 27 February 2020, since it was considered that there are no material variations in the conditions used for its determination, except for the voluntary decision of the CEO, in the context of the situation derived from the COVID-19 pandemic, to temporarily reduce his fixed monthly remuneration by 65% between the months of March and September.

- 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 Sustainability, Corporate Governance, Appointments and Remuneration Committee based on the results obtained. 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.

It falls to the Sustainability, Corporate Governance, Appointments and Remuneration Committee to evaluate the achievement of the objectives of the annual bonus at the end of each fiscal year, for which it may receive advice from an independent expert. This evaluation is done based on the audited results, which are analysed, firstly, by the Audit Committee, and on the degree of achievement of the objectives. The Sustainability, Corporate Governance, Appointments and Remuneration 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.

- 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 the Company's strategic goals, with the aim 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), to be decided by the Company.

In the event the CEO, for whatever reason, resigns from his post 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 CEO agrees to return the amount corresponding to any variable annual remuneration received when it is proven that the payment was not adapted 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 the Company's 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 for their status as such.

The fixed remuneration components for the 2020 fiscal year for the members of the Board, in their capacity as directors, were set at the following amounts by the Board of Directors on 27 February 2020:

- Board of Directors: fixed remuneration of 83,500 euros and daily allowance of 2,200 euros, for the Chair and for Members.
- Audit Committee: fixed remuneration of 36,000 euros for the Chairman and 26,000 euros for Members; both roles have a daily allowance of 2,200 euros.
- Sustainability, Corporate Governance, Appointments and Remuneration Committee : fixed remuneration of 20,000 euros for the Chairman and 15,000 euros for Members; both roles have a daily allowance of 2,200 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.

Moreover, in the context of the situation derived from the impact of the COVID-19 pandemic, the Sustainability, Corporate Governance, Appointments and Remuneration Committee ratified, on 31 March 2020, the voluntary decision of the Chairman of the Board, of the CEO and of the non-executive directors to contribute to the collective effort made by the entire team of professionals of the Company in view of the pandemic generated by COVID-19, by temporarily reducing their fixed monthly remuneration, effective starting in March 2020, by different percentages (65%, in

the case of the Chairman and CEO, and 40% in the case of non-executive directors). This temporary reduction in fixed monthly remuneration remained in force through September 2020.

- 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 component of the CEO's remuneration in the 2020 fiscal year, for the performance of 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 for the benefit of the director.

To offer a competitive and attractive remuneration package, board members shall receive payments in kind such as (inter alia) 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 79,000 euros, is established for the 2020 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 and to their risk profile, and the methodology, required timeframe 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. Explanation of the applicable criteria and factors regarding the time required and methods used to check the performance terms and conditions or any other type of term or condition to which accruals and vesting of each variable remuneration component are associated have been effectively fulfilled.

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

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 Sustainability, Corporate Governance, 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 2020 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 the CEO's medium- and long-term variable remuneration. The goals of the 2018-2020 Plan 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 measured 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), to be decided by the Company.

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 Sustainability, Corporate Governance, 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 case of defined benefit systems, the conditions under which economic rights vest for directors and their compatibility with any other 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.

State if the accrual or vesting 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 other questions, information should be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, indemnification and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the covenants or agreement on non-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's 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 loyalty, 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 directorship.

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.

Mr. Christian Gut Revoredo also holds the position of Executive Chairman of Prosegur Cash, S.A., a listed subsidiary of the Company, combining both relationships (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. Accordingly, he also receives the corresponding remuneration from Prosegur Cash, S.A. as per the terms and conditions of its Directors' Remuneration Policy and Prosegur Cash, S.A.'s annual report on the remuneration of directors.

At its meeting of 27 February 2020, 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 capacity 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, Ms. Chantal Gut Revoredo is a 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 2020 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 applied to the current year.

The Remuneration Policy for directors was adopted by the General Shareholders' Meeting on 29 October 2020 and will remain in force for fiscal years 2020, 2021 and 2022. 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 2018-2020 Strategic Plan, an adjustment to the CEO's remuneration was approved for this period, given that the conditions in each plan do not change. Accordingly, the external consultant 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_ordi_naria_de_accionistas

- A.4 Explain, taking into account the data provided in Section B.4, how there has been taken into account the shareholders' vote in the general meeting to which the annual report on remuneration for the previous year was submitted on an advisory basis.

The 2020 annual report on remuneration was almost unanimously approved by the shareholders in attendance at the Shareholders' Meeting held on 29 October 2020. 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. GENERAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE YEAR OF REFERENCE

- 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, if applicable, the identity and the role of the external advisors whose services have been used in the process of implementing the remuneration policy in the year ended.

During fiscal year 2020, 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 Bylaws and the Remuneration Policy for Directors approved by the General Shareholders' Meeting of 29 October 2020, which is currently in force.

To determine the individual fixed remuneration for directors in their condition as such, which has accrued during the 2020 fiscal year, the following aspects were established:

- whether or not they hold any post on the Board;
- the number of meetings of the Board and, as the case may be, Committees they have attended; and
- whether or not they belong to or hold a post on any Committee.

On the proposal of the Sustainability, Corporate Governance, Appointments and Remuneration Committee, the following parameters of the Remuneration Policy approved by the Board of Directors at its meeting of 27 February 2020 were applied. This policy establishes that the remuneration of directors, in their capacity 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 Sustainability, Corporate Governance, Appointments and Remuneration Committee for approval by the Board of Directors, which duly approved them, thus leading to their payment by the Company.

Moreover, in the context of the situation derived from the impact of the COVID-19 pandemic, the Sustainability, Corporate Governance, Appointments and Remuneration Committee ratified, on 31 March 2020, the voluntary decision of the Chairman of the Board, of the CEO and of the non-executive directors to contribute to the collective effort made by the entire team of professionals of the Company in view of the pandemic generated by COVID-19, by temporarily reducing their fixed monthly remuneration, effective starting in March 2020, by different percentages (65%, in the case of the Chairman and CEO, and 40% in the case of non-executive directors). This temporary reduction in fixed monthly remuneration remained in force through September 2020.

The amounts approved for the 2020 fiscal year by the Board of Directors at its meeting of 27 February 2020 were applied to determine the individual fixed remuneration of the CEO accrued for the 2020 fiscal year.

To determine the short-term variable remuneration of the CEO paid in the 2020 fiscal year, the Sustainability, Corporate Governance, Appointments and Remuneration Committee agreed, considering the CEO's excellent performance and the results achieved for the 2019 fiscal year, in addition to his special contribution to creating value in the Group, to present to the Board of Directors the payment of 95.31% 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 mention of 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 regards the remuneration of directors in their capacity as such, it is considered that the application of a fixed remuneration is effective for limiting risk exposure and adjusting it to the Company's long-term goals.

As regards the executive director's remuneration, 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 short-term and long-term (LTI).

a) The fixed remuneration is determined based on the content of the executive functions attributed and considering that this part of the remuneration should be in keeping with market figures. As it accrues in any case, risk exposure is limited.

b) The short-term variable remuneration, which consists of an annual bonus, is payable in cash and must be linked for the most part to meeting the Company's financial-economic targets, as well as to achieving personal targets. The degree to which these are achieved is assessed by the Sustainability, Corporate Governance, Appointments and Remuneration Committee based on the results obtained. Moreover, the Sustainability, Corporate Governance, Appointments and Remuneration Committee also considers the quality of long-term results, any risk associated with the proposed variable remuneration 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 the foregoing 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 the Company's performance with respect to certain economic-financial parameters that are in keeping with the Company's strategic goals, with the aim 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 at 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. The maximum (representing 150% achievement of the incentive) that may be delivered to the CEO for the 2018-2020 Plan is established at 478,428 convertible units. The incentive to be received, if any, will be paid in fiscal year 2021, once the degree of achievement of objectives has been measured. Lastly, the LTI envisages a continuity period in the case of CEOs of two additional fiscal years in order to receive the incentive. The foregoing thus limits excessive risk, aligns the LTI with strategic goals and focuses on the Company's 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 assigned to the directors, their personal targets and the Company's short-term economic-financial targets, and its 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 and vested over the year complies with 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 variations in the company's performance have influenced changes in the remuneration of directors, including accrued remuneration that has been deferred, and how the latter changes contribute to the short and long-term results of the company.

Directors' remuneration in the 2020 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 capacity 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 its meeting of 27 February 2020, which were indicated in detail in section A.1 above. The individual fixed remuneration of the CEO for executive duties that accrued during the 2020 fiscal year was determined by applying the amounts approved by the Board of Directors at its meeting of 27 February 2020, which were indicated in detail in section A.1 above.

Lastly, the CEO's variable remuneration that accrued during the 2020 fiscal year was determined on the basis of the results obtained, applying the remuneration policy parameters approved by the Board of Directors at its meeting of 27 February 2020 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 advisory vote at the annual general meeting on remuneration in the previous year, indicating the number of votes against that may have been cast:

	Number	% of total
Votes cast	460,177,234	83.88%

	Number	% of cast
Votes against	3,094,229	0.67%
Votes for	457,047,054	99.32%
Abstentions	35,951	0.01%

B.5 Explain how the fixed components accrued and vested during the year by the directors for their directorships 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 capacity as such were determined in accordance with the remuneration approved for the 2020 fiscal year, consisting of an annual fixed allocation and 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 83,500 euros and daily allowance of 2,200 euros, for the Chair and for Members.
- Audit Committee: 36,000 euros for the Chairman and 26,000 euros for Members; both roles have a daily allowance of 2,200 euros.
- Sustainability, Corporate Governance, Appointments and Remuneration Committee: fixed remuneration of 20,000 euros for the Chair and 15,000 euros for Members; both roles have a daily allowance of 2,200 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 resulting sum of these fixed components, after adding directors' attendance at Board of Directors' Meetings and those of the Committees they serve on, amounts to 1,314,000 euros in 2020, compared to 1,594,000 euros in 2019.

B.6 Explain how the salaries accrued and vested 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 Sustainability, Corporate Governance, Appointments and Remuneration Committee, the Board of Directors approved the CEO's remuneration for the 2020 fiscal year on 27 February 2020:

- (i) Fixed remuneration: 460,000 euros.
- (ii) Short-term variable remuneration: gross objective target amount of 307,500 euros.

(iii) Participation in the 2018-2020 Long-term Incentive Plan: the same number of shares (in equivalent terms) as granted 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 2020, with the exception of the temporary reduction in the monthly fixed remuneration, indicated in section B.1. With respect to long-term variable remuneration, it has been maintained on the conditions as those 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 and vested 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, date of approval, date of implementation, vesting conditions if applicable, 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 time required to be in a position to suitably measure all the conditions and criteria stipulated. Detailed explanation of the applicable criteria and factors regarding the time required and methods used to check the performance terms and conditions or any other type of term or condition to which accruals and vesting of each variable remuneration component are associated have been effectively fulfilled.
- In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions for acquiring unconditional ownership (vesting) and for exercising these options or financial instruments, including the price and time limit for exercise.
- Each director, and the category of his or her directorship (executive directors, proprietary non-executive directors, independent non-executive directors and other outside directors) that are beneficiaries of remuneration schemes or plans that include remuneration.
- If applicable, information is to be provided on periods for the accrual, vesting or deferral of vested payment applied and/or the periods for withholding/lock-up of shares or other financial instruments, if such exist.

Describe the short-term variable components of the remuneration systems

Only the CEO receives short-term variable remuneration that is tied to targets on the following terms and conditions for the 2020 fiscal year, consisting of an annual bonus payable in cash, which is largely linked to the achievement of the Company's 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.

The short-term variable remuneration for the CEO for the 2020 fiscal year is a target amount of 307,500 euros gross.

Describe the long-term variable components of the remuneration systems

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.

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 478,428 units convertible into ordinary shares of the Company.

- B.8 Indicate whether certain accrued variable components have been reduced or clawed back when, in the case of the former, payment of unvested amounts has been deferred or, in the case of the latter, the amounts have vested and been paid, on the basis of data that have subsequently been demonstrated to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction (malus) 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 defined benefit plan, the contingencies covered, the conditions for economic rights of directors to vest 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 such is the case, explain the changes. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have been explained in Section A.1.

N/A

- B.12 Explain any additional remuneration accrued to directors as consideration for services rendered other than those inherent in the position.

N/A

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

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 Chairman 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 2020 fiscal year was 79,128 euros.

- B.15 Explain the remuneration accrued by directors by virtue of payments made 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 category of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it may be considered to be a related party transaction or when payment thereof distorts the true and fair view of the total remuneration received by the director.

N/A

Mr. ÁNGEL DURÁNDEZ ADEVA		26	100						126	150
Mr. FERNANDO VIVES RUIZ		19	83						102	117
Mr. ISIDRO FERNANDEZ BARREIRO	126	28	99						253	305

Remarks

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

Name	Name of Plan	Financial instruments at start of year t		Financial instruments awarded during year t		Financial instruments vested during the year				Instruments matured and not exercised	Financial instruments at end of year t	
		Num. of instruments	Num. of equivalent shares	Num. of instruments	Num. of equivalent shares	Num. of instruments	Num. of equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand euros)	Num. of instruments	Num. of instruments	Num. of equivalent shares
Mr. CHRISTIAN GUT REVOREDO	2018-2020 LTI Plan	478,428	478,428	0	0	0	0	0	0	0	478,428	478,428

Remarks

iii) Long-term savings systems

Name	Remuneration for vesting of rights in savings systems
N/A	

Name	Contribution for the year made by the company (thousand euros)				Amount of accumulated funds (thousand euros)			
	Savings systems with vested economic rights		Savings systems with unvested economic rights		Year t		Year t-1	
	Year t	Year t-1	Year t	Year t-1	Systems with vested economic rights	Systems with unvested economic rights	Systems with vested economic rights	Systems with unvested economic rights
N/A								

Remarks

iv) Breakdown of other benefits

Name	Item	Amount of remuneration
Ms. HELENA REVOREDO DELVECCHIO	Life and healthcare insurance	47
Mr. CHRISTIAN GUT REVOREDO	Life and healthcare insurance	32

Remarks

b) Remuneration of company directors for directorships in other group companies:

i) Remuneration earned in cash (thousand euros):

Name	Fixed remuneration	Per diems	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	Total 2020	Total 2019
Mr. CHRISTIAN GUT REVOREDO	54	18		310	370				752	804
Ms. CHANTAL GUT REVOREDO	45	15							60	65

Remarks

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

Name	Name of Plan	Financial instruments at start of year t		Financial instruments awarded during year t		Financial instruments vested during the year				Instruments matured and not exercised	Financial instruments at end of year t	
		Num. of instruments	Num. of equivalent shares	Num. of instruments	Num. of equivalent shares	Num. of instruments	Num. of equivalent t/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand euros)	Num. of instruments	Num. of instruments	Num. of equivalent shares
Mr. CHRISTIAN GUT REVOREDO	2018-2020 LTI Plan	1,322,855	1,322,855			-	-	-	-	-	1,322,855	1,322,855

Remarks

iii) Long-term savings systems

Name	Remuneration for vesting of rights in savings systems
N/A	

Name	Contribution for the year made by the company (thousand euros)				Amount of accumulated funds (thousand euros)			
	Savings systems with vested economic rights		Savings systems with unvested economic rights		Year t		Year t-1	
	Year t	Year t-1	Year t	Year t-1	Systems with vested economic rights	Systems with unvested economic rights	Systems with vested economic rights	Systems with unvested economic rights
N/A								

Remarks

iv) Breakdown of other benefits

Name	Item	Amount of remuneration

Remarks

c) **Summary of remuneration (thousand euros):**

The summary should include the amounts earned by the director in respect of all types of compensation disclosed in this report (in thousands of euros).

Name	Remuneration earned in the Company					Remuneration earned in group companies					
	Total cash remuneration	Gross profit from vested shares and financial instruments	Remuneration under savings systems	Remuneration from other benefits	Total year 2020, Company	Total cash remuneration	Gross profit from vested shares and financial instruments	Remuneration under savings systems	Remuneration from other benefits	Total year 2020, Group	Total year 2020, Company + Group
Mr. CHRISTIAN GUT REVOREDO	705			32	737	752				752	1.489
Ms. HELENA REVOREDO DELVECCHIO	419			47	466						466
Ms. CHANTAL GUT REVOREDO	98				98	60				60	158
Mr. FERNANDO D'ORNELLAS	133				133						133
Mr. EUGENIO RUIZ-GALVEZ PRIEGO	82				82						82
Mr. ÁNGEL DURÁNDEZ ADEVA	126				126						126
Mr. FERNANDO VIVES RUIZ	102				102						102
Mr. ISIDRO FERNANDEZ BARREIRO	253				253						253
TOTAL	1.918			79	1.997	812				812	2.809

Remarks

D. FURTHER INFORMATION OF INTEREST

If there is any relevant aspect of director remuneration that it has not been possible to include in the other subsections of this report, but that it is necessary to include in order to provide more comprehensive and reasoned information regarding the remuneration practices and structure of the company as regards its directors, briefly explain.

This annual report on remuneration was approved by the board of directors of the company at their meeting on 24 February 2021

Indicate if there were directors who voted against or abstained from voting on approval of this Report.

Yes

No