

ANNUAL REPORT ON COMPENSATION OF DIRECTORS OF LISTED COMPANIES



ISSUER IDENTIFICATION

YEAR-END DATE	11/30//2021
Tax identification No. (C.I.F.)	A28011153
COMPANY NAME	ZARDOYA OTIS, S.A.
REGISTERED OFFICE	CALLE GOLFO DE SALÓNICA, 73. MADRID

**ANNUAL REPORT ON COMPENSATION OF DIRECTORS
IN LISTED COMPANIES**

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

A.1. Explain the current director compensation policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the compensation 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 compensation 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 compensation 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 compensation policy and its terms and conditions.*
- *Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's compensation policy.*
- *Information on whether any external advisors took part in this process and, if so, their identity.*

Explanation

According to article 24 of the By-Laws and article 18 of the Regulations of the Board of Directors, the position of director of Zardoya Otis, S.A. (the "**Company**") will be remunerated.

In the fiscal year ended November 30, 2020, the Compensation Policy approved by the General Meeting on May 24, 2017 for the fiscal years 2018, 2019 and 2020 in accordance with article 529 *novodecies* of Royal Legislative Decree 1/2010 of July 2, whereby the revised text of the Capital Companies Law was approved, was applied for the third time (the "**Compensation Policy**"). At the Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. held on June 16, 2020, a new policy was approved applicable to the years 2021, 2022 and 2023.

Before being approved by the General Meeting of June 16, 2020, to which it was submitted by the Board of Directors, the Compensation Policy was proposed by the Nominating and Compensation Commission at its meeting of April 14, 2020, confirming it complied with the applicable regulations and was appropriate to the economic context, the Company's results and the most consolidated market practices.

In 2021, the Company's Board of Directors, at the proposal of the Nominating and Compensation Commission, resolved to again submit the Director Compensation Policy **for the fiscal years 2021, 2022 and 2023** for the approval of the General Shareholders' Meeting. The text of the Policy is based on a substantiated report and proposal received from the Company's Nominating and Compensation Commission, all the terms of which were assumed by the Board.

The compensation of directors, both in their capacity as such and for performing executive functions, included in the Compensation Policy is consistent with the compensation system set out in the Capital Companies Law, the Company's Bylaws and the Regulations of the Board of Directors, as well as the motion that was put to the General Shareholders' Meeting.

The Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. was held on May 19, 2021 and approved the **new policy applicable for fiscal years 2021, 2022 and 2023**, which does not differ significantly from the policy applied in the year ended November 30, 2020. **This new Compensation Policy is adapted to the changes in the composition of the Company's Board of Directors that have taken place since the 2020 Ordinary General Meeting and, in particular, to the fact that there are now two executive directors.** Said Policy replaced the Director Compensation Policy in force up to that time, which had been approved at the Ordinary General Shareholders' Meeting of June 16, 2020, and **will be applicable for the fiscal years 2021** (for which the approval given at the Ordinary General Shareholders' Meeting of June 16, 2020 was completed and revised), **2022 and 2023**.

Likewise, at said 2021 General Meeting, a dispensation was approved so that the Executive Chairman and the Chief Executive Officer could, if applicable, receive long-term incentives from Otis Worldwide Corporation (the Company's parent), consisting of different Otis Worldwide Corporation share-based instruments, in the terms set out in the aforementioned Director Compensation Policy. This dispensation was granted to the extent necessary for the purposes of articles 229 and 230 of the Capital Companies Law.

The Board considered the proposed Compensation Policy to meet the guiding principles set out therein, to include director compensation appropriate to the directors' dedication and responsibilities without compromising the independence of their criteria, and to be oriented towards promoting the Company's long-term profitability and sustainability.

The rules on director compensation in the Company are structured as follows:

1. **Director compensation in the Bylaws**

Article 24 of the Bylaws fixes global compensation for all the members of the Board of Directors in their capacity as such consisting of a maximum share of 1.5% of the consolidated profit after tax up to a limit of 1% of the consolidated profit before tax. This amount can only be taken from the liquid profit (after tax) after the legal reserves and the reserves provided for in the Bylaws have been covered and a dividend of at least 10% of the paid-up share capital has been recognized in the shareholders' favour ("**Bylaw-stipulated Compensation**"). Likewise, the Bylaws state that taking out liability insurance for the directors will form part of the aforementioned upper limit on the compensation.

Furthermore, article 24 states that director compensation will follow the compensation policy that the General Meeting will approve at least every three years as a separate item on the Agenda. In particular, the compensation policy proposal put to the General Meeting will be accompanied by a specific report from the Nominating and Compensation Commission.

Likewise, the compensation policy approved by the General Meeting will be in force for the following three fiscal years and any amendment thereto or replacement thereof during this period will require prior approval from the General Meeting.

2. The Compensation Policy

a) Principles of the Compensation Policy

The Compensation Policy is based on the following general principles:

- (i) Principles guiding compensation of directors in their capacity as such
 - a. It must be sufficient to reward the dedication, responsibility and professional track record of the directors, without compromising the independence of each one of them.
 - b. It must be competitive and allow the Company to attract talent, incorporating the elements necessary to favour motivating the directors and, thus, retaining them.
 - c. It must take the economic context and market practices in comparable companies into account.
- (ii) Principles guiding the compensation of directors for their executive duties
 - a. The compensation of directors for their executive functions must be aligned with the long-term interests of the Company and its shareholders.
 - b. The attainment of results and the Company's strategic goals must be reinforced.
 - c. Performance and the degree of adaptation to the abilities required at any given moment must be evaluated systematically.
 - d. It must favour commitment to the Company.
 - e. It must compensate on a fair and competitive basis, recognizing the responsibilities of the executive duties performed.
 - f. A competitive compensation must be applied, in line with market practices, flexible in accordance with the results obtained, and adapted as necessary to attract and retain the best professionals.

b) Compensation of directors in their capacity as such in the Compensation Policy

The Compensation Policy follows the profit-sharing scheme established in the Bylaw-stipulated compensation and fixes an upper annual limit of €2,000,000 on the global compensation of the directors in their capacity as such.

Likewise, the Compensation Policy does not establish any attendance bonuses, per diem allowances or any additional compensation for directors in their capacity as such, other than as described in this section b).

c) Compensation of the Chief Executive Officer in the Compensation Policy

On June 16, 2020, the date on which the Compensation Policy for the periods 2021, 2022 and 2023 was approved, Mr Bernardo Calleja Fernández was the Company's only executive director in his capacity as Chief Executive Officer.

In 2020, only one director performed executive functions, the Chief Executive Officer, who, at the same time, was Chairman of the Board of Directors. **As of January 26, 2021, the Company has had two directors with executive functions: the Executive Chairman, Mr Bernardo Calleja Fernández, and the Chief Executive Officer, Mr Joao Penedo.**

On this basis, the Compensation Policy for the fiscal years 2021, 2022 and 2023 approved at the Ordinary General Shareholders' Meeting held on May 19, 2021 establishes that the **compensation of said executive directors will have fixed and variable components**, mentioning that, at that time, **the executive directors were the only directors who received variable compensation linked to the Company's performance and their own personal performance**. Payment of the variable compensation takes account of whether said executive directors have complied with the Company's regulatory and ethics rules and procedures. In the event of any failure to comply with the regulations, the Company will be entitled to reduce the variable compensation of any executive director or, in very serious case, eliminate it.

The compensation of the executive directors' mix breaks down as follows:

(A) Fixed compensation

(i) The executive directors will receive fixed compensation in cash, which will be paid in 14 equal payments: 12 ordinary monthly payments and two extraordinary payments, one in June and the other in December. In the periods 2021, 2022 and 2023, the executive directors will be entitled to receive the following gross annual amounts for this item:

(a) Executive Chairman: 124,000 euros

(b) Chief Executive Officer: 231,000 euros

The above amounts may vary in each of the years 2022 and 2023 with a maximum limit of 30,000 euros per year.

- (ii) Contributions and payments to pension and insurance systems
The Company will make the following contributions and payments to pension and insurance systems in favour of the executive directors:

Item	Amount for 2020 ⁽¹⁾	Upper limit for 2021, 2022 & 2023	
		Executive Chairman	Chief Executive Officer
Contribution to a defined-contribution pension scheme	7% of 65,287.18 euros, plus 28% of the difference between the gross fixed annual compensation and 65,287.18 euros	€76,000 ⁽²⁾	7% of 64,764.88 euros ⁽³⁾ , plus 23% of the difference between the gross fixed annual compensation ⁽⁴⁾ and 64,764.88 euros ⁽³⁾
Insurance policy contribution to defined-benefit pension schemes	-	-	€7,000 ⁽⁵⁾
Death and disability insurance premiums	€1,182.86	€3,000 ⁽²⁾	€3,000 ⁽²⁾
Life insurance premiums	€400.52	€1,000 ⁽²⁾	1,000 € ⁽²⁾
Accident insurance premiums	€423.13	€1,000 ⁽²⁾	€1,000 ⁽²⁾
Health insurance premiums	€3,000	€7,000 ⁽²⁾	€7,000 ⁽²⁾

(1) In 2020, only one director performed executive duties, the Chief Executive Officer, who likewise held the position of Chairman of the Board of Directors. Since January 26, 2021, the Company has had two directors with executive duties: the Executive Chairman and the Chief Executive Officer.

(2) These sums may be revised annually in accordance with the variation in the applicable CPI- National General Index (being revised and updated in November each year).

(3) The amount of 64,764.88 euros may be revised annually in November in accordance with the variation in the applicable CPI-National General Index calculated in November each year.

(4) The reference to gross annual fixed compensation refers to the fixed assignment that the Chief Executive Officer is receiving at the time the policy is renewed in accordance with point 3(A)(i).

(5) This sum will be revised annually in accordance with the actuarial calculations of the insurance entity, taking the variation in the CPI-National General Index into account, as well as the age and compensation of the Chief Executive Officer at the time.

- (iii) Liability insurance
The Company will take out liability insurance for the executive directors.
- (iv) Other remuneration in kind
The executive directors are assigned a company car for personal and professional use and receive, as compensation in kind, a fuel card, all of which is in accordance with the general policy applicable to members of company management.

(B) Variable compensation

- (i) Annual incentive
The Company may make a cash payment to one or both of the executive directors as a variable annual incentive, fixing an annual target of an amount equivalent to 60% of his gross annual fixed compensation. To calculate this incentive, a multiplying factor, which may be higher or lower than 1 (from 0 to 2), will be used, depending on the personal performance of the executive director, the results of the business unit, the profit plan and the cash flow generated during the year. To fix the final multiplying factor, the executive director's performance in respect of the previously-defined annual financial and non-financial objectives will also be taken into account, as well as his contribution to the results obtained in the year.

Before payment is made, an adequate verification that the previously-defined performance or other conditions have been met will be carried out. This prior verification will be carried out by the Nominating and Compensation Commission on the basis of the results included in the annual financial statements of the Company and its consolidated group approved by the Board of Directors. Subsequently, payment of the annual incentive will be submitted for the approval of the Board of Directors, which will take the outcome of the verification made by the Nominating and Compensation Commission into account.

Payment will, where applicable, be made in the reporting period following the period to which the compensation corresponds, after the annual financial statements have been approved by the Board of Directors.

- (ii) Long-term incentive package – OWC shares and other instruments
Since they are executives of the Otis Worldwide Corporation (“OWC”) group, each one of the executive directors may participate in long-term incentive plans consisting of OWC share-based compensation schemes, which will be settled directly by OWC. The purpose of these plans is to reward OWC Group executives holding positions with important management responsibilities who, through their efforts and the attainment of the planned objectives, contribute to the long-term success of the corporation and its subsidiaries, among which the Company is included.

The share-based compensation schemes may be awarded on certain occasions and may depend on the individual performance of the executive director and the attainment of the objectives of the Company, Otis Elevator Company, OWC and other group companies.

This type of compensation may include OWC's awarding the executive director in question different financial instruments (Stock Appreciation Rights, Performance Share Units, Restricted Stock Units and similar instruments) based on OWC shares. The shares, options or financial instruments awarded to the executive directors will be subject to the vesting periods and/or holding periods fixed by OWC in the scheme regulations. OWC is the entity responsible for determining the amount and other conditions of the schemes and, where applicable, paying the appropriate amount to the executive director under the scheme.

The Policy states that the compensation system described for the CEO will likewise be applicable to any new executive director who joins the Company during the term the Policy is in force. Thus, the conditions described above are, at the date of issue of this report, applicable to both Mr Bernardo Calleja as the Executive Chairman of the Company and Mr Joao Penedo as the Company's CEO.

3. Distribution by the Board of Directors

Within the limits fixed by the Bylaws, the Compensation Policy, article 18 of the Regulations of the Board of Directors and each General Shareholders' Meeting (under article 218 of the Capital Companies Law), the compensation fixed for the directors in their capacity as such will be distributed among its members in the manner freely determined by the Board of Directors in each fiscal year, depending on the duties and responsibilities attributed to each director, whether they are members of any Board committees, and any other objective circumstances deemed relevant.

Likewise, the Board also distributes and approves the variable components of the compensation of the executive directors and members of senior management (subsequent to a prior proposal from the Nominating and Compensation Commission and within the limits fixed by law, the Bylaws and the Compensation Policy).

4. Summary of items of compensation

The items of compensation applicable for the different types of director in the Company are summarized in the following table:

Type	Number	Fixed compensation	Variable compensation	Other compensation items (Bylaw-stipulated compensation)	OWC long-term incentive scheme
Executive directors	2 ⁽¹⁾	YES	YES	NO	YES
Proprietary directors	3	NO	NO	YES ⁽²⁾	NO
Independent directors	2	NO	NO	YES ⁽²⁾	NO

(1) On January 26, 2021, the Company's Board of Directors decided to appoint Mr Bernardo Calleja as the Company's Executive Chairman and co-opted Mr Joao Penedo as a new member of the Board of Directors, likewise appointing him as the Company's CEO (notified on January 27, 2021, register No. 6776). Since said date, the Company has had two executive directors.

(2) The compensation of directors in their capacity as such regulated in the Bylaw-stipulated Compensation and the Compensation Policy (i.e. a share of 1.5% in the consolidated profit after tax with an upper limit of 1% of the consolidated profit) cannot be considered to fall within the "Variable compensation item". The CNMV's criterion is that variable compensation should be restricted to compensation items linked to the director's individual performance. Consequently, this compensation is included as "Other items".

Relative importance of variable compensation items vis-à-vis fixed compensation (compensation 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 compensation. In particular, state the actions adopted by the company in relation to the compensation 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 compensation 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 vesting of certain variable compensation 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 exists reducing the deferred compensation or that obliges the director to return compensation received, when such compensation has been based on certain figures that have clearly been shown to be inaccurate has been agreed.

Explanation

The variable compensation system is restricted to the Company's executive directors and senior management. The final structure of the compensation mix of the executive directors depends on the final decision that the Board of Directors adopts on the limits established in the Compensation Policy at the proposal of the Nominating and Compensation Commission. This Board decision is not based solely on financial parameters, but also takes account of whether the executive directors have complied with the Company's regulations and ethics procedures and has performed well in management, risk control and personal safety in work processes.

In relation to the accrual period, the variable compensation of the executive directors is based on an annual incentive (cash payment) which accrues in the fiscal year to which it is associated and its total amount -and the resulting payment- is decided by the Board of Directors (at the proposal of the Nominating and Compensation Commission) in the following fiscal year.

Additionally, the executive directors have a long-term incentive package due to their status as OWC group executives. As notified by the Company in the Material Event of April 3, 2020 after the reorganization of United Technologies Corporation (UTC), the Company became a member of the Otis Worldwide Corporation (OWC) Group as of said date. This incentive package for the executive directors is based on their performance over several years and the sustainable long-term value they create for the Company.

Specifically, for the current year, since the Chairman has been given executive functions and a new Chief Executive Officer has been appointed, both the fixed and variable compensation agreed with these two directors will fall within the Director Compensation Policy approved on May 19, 2021 at the Ordinary General Shareholders' Meeting, which actually reduces the sums permitted.

Notwithstanding the foregoing, as mentioned above, the Board has revised the Compensation Policy for the periods 2021, 2022 and 2023 in order to update certain aspects, such as the format and formula for pension contributions, taking account of the fact that there are now two executive directors, and likewise to update certain amounts applicable to insurance, etc. At any event, any change or proposal will be reviewed by the Nominating and Compensation Commission and submitted for the approval of the Board of Directors, in order to subsequently be proposed and approved at the General Shareholders' Meeting.

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

Article 24 of the Bylaws fixes global compensation for all the members of the Board of Directors in their capacity as such consisting of a maximum share of 1.5% of the consolidated profit after tax up to a limit of 1% of the consolidated profit before tax. This amount can only be taken from the liquid profit (after tax) after the legal reserves and the reserves provided for in the Bylaws have been covered and a dividend of at least 10% of the paid-up share capital has been recognized in the shareholders' favour ("Bylaw-stipulated Compensation").

At the proposal of the Nominating and Compensation Commission, the Board of Directors will approve the final amount of Board compensation respecting the limits set out in the Bylaws, the Compensation Policy and the resolutions of the Ordinary General Shareholders' Meeting under article 218 of the Capital Companies Law.

Likewise, at the proposal of the Nominating and Compensation Commission, the Board of Directors will decide on the distribution of the amount mentioned in the previous paragraph among the Board members, taking account of the duties and responsibilities assigned to each director, whether or not they are members of Board committees and other objective circumstances deemed relevant.

Lastly, there is no fixed additional compensation for holding the position of Chairman of the Board of Directors. Neither are per diem allowances paid for attending meetings.

- ***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.***

As stated in the preceding sections, at the approval date of this report, the Compensation Policy approved at the last General Shareholders' Meeting of May 19, 2021 is applicable. The part applicable to the fixed compensation of the executive directors, is as follows:

(A) Fixed compensation

(i) Fixed portion

The executive directors will receive fixed compensation in cash, which will be paid in 14 equal payments: 12 ordinary monthly payments and two extraordinary payments, one in June and the other in December. In the periods 2021, 2022 and 2023, the executive directors will be entitled to receive the following gross annual amounts for this item:

- (a) Executive Chairman: 124,000 euros.
- (b) Chief Executive Officer: 231,000 euros.

The above amounts may vary in each one of the periods 2022 and 2023 by a maximum sum of 30,000 euros per year.

(ii) Contributions to pension and insurance systems

The Company will make the following contributions to pension and insurance systems in favour of the executive directors:

Item	Amount for 2020 ⁽¹⁾	Upper limit for 2021, 2022 & 2023	
		Executive Chairman	Chief Executive Officer
Contribution to a defined-contribution pension scheme	7% of 65,287.18 euros, plus 28% of the difference between the gross fixed annual compensation and 65,287.18 euros	€76,000 ⁽²⁾	7% of 64,764.88 euros ⁽³⁾ , plus 23% of the difference between the gross fixed annual compensation ⁽⁴⁾ and 64,764.88 euros ⁽³⁾
Insurance policy contribution to defined-benefit pension schemes	-	-	€7,000 ⁽⁵⁾
Death and disability insurance premiums	€1,182.86	€3,000 ⁽²⁾	€3,000 ⁽²⁾
Life insurance premiums	€400.52	€1,000 ⁽²⁾	1.000 € ⁽²⁾

Accident insurance premiums	€423.13	€1,000 ⁽²⁾	€1,000 ⁽²⁾
Health insurance premiums	€3,000	€7,000 ⁽²⁾	€7,000 ⁽²⁾

(1) In 2020, only one director performed executive duties, the Chief Executive Officer, who likewise held the position of Chairman of the Board of Directors. Since January 26, 2021, the Company has had two directors with executive duties: the Executive Chairman and the Chief Executive Officer.

(2) These sums may be revised annually in accordance with the variation in the applicable CPI- National General Index (being revised and updated in November each year).

(3) The amount of 64,764.88 euros may be revised annually in November in accordance with the variation in the applicable CPI-National General Index calculated in November each year.

(4) The reference to gross annual fixed compensation refers to the fixed assignment that the Chief Executive Officer is receiving at the time the policy is renewed in accordance with point 3(A)(i).

(5) This sum will be revised annually in accordance with the actuarial calculations of the insurance entity, taking the variation in the CPI-National General Index into account, as well as the age and compensation of the Chief Executive Officer at the time.

(iii) Liability insurance

The Company will take out liability insurance for the executive directors.

As indicated, the fixed remuneration conditions approved for the two executive directors are framed within these guidelines, the amounts actually being lower than those approved.

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

The compensation in kind that will be given to the executive directors in the current period are those described in the preceding section (ii) Contributions to pension and insurance systems, in relation to insurance premiums (life, health, disablement, accident, etc.) and (iii) Liability insurance.

In addition, the executive directors are assigned a company car for personal and professional use and receive, as compensation in kind, a fuel card, all of which is in accordance with the general policy applicable to members of company management.

In the event that, finally, a new Director Compensation Policy is proposed to this year's General Shareholders' Meeting for the periods 2022 and 2023, said amounts may be revised with the prior approval of the Meeting.

- ***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 compensation 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, at the end of the year, with the parameters used in the design of the variable compensation, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked***

to the accrual and vesting of each component of variable remuneration have effectively been met

- *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.*

As described above, the new Director Compensation Policy applicable to the years 2021, 2022 and 2023, which has been approved and is in force, states that:

(B) Variable compensation

(i) Annual incentive

The Company may make a cash payment to one or both of the executive directors as a variable annual incentive, fixing an annual target of an amount equivalent to 60% of their gross annual fixed compensation. To calculate this incentive, a multiplying factor, which may be higher or lower than 1 (from 0 to 2), will be used, depending on the personal performance of the executive director, the results of the business unit, the profit plan and the cash flow generated during the year. To fix the final multiplying factor, the executive director's performance in respect of the previously-defined annual financial and non-financial objectives will also be taken into account, as well as his contribution to the results obtained in the year.

Before payment is made, an adequate verification that the previously-defined performance or other conditions have been met will be carried out. This prior verification will be carried out by the Nominating and Compensation Commission on the basis of the results included in the annual financial statements of the Company and its consolidated group approved by the Board of Directors. Subsequently, payment of the annual incentive will be submitted for the approval of the Board of Directors, which will take the outcome of the verification made by the Nominating and Compensation Commission into account.

Payment will, where applicable, be made in the fiscal year following the period to which the compensation corresponds, after the annual financial statements have been approved by the Board of Directors.

(ii) Long-term incentive package – OWC shares

Since they are executives of the Otis Worldwide Corporation ("OWC") group, each one of the executive directors may participate in long-term incentive plans consisting of OWC share-based compensation schemes, which will be settled directly by OWC. The purpose of these plans is to reward OWC Group executives holding positions with important management responsibilities who, through their efforts and the attainment of the planned objectives, contribute to the long-term success of the corporation and its subsidiaries, among which the Company is included.

The share-based compensation schemes may be awarded on certain occasions and may depend on the individual performance of the executive director and the attainment of the objectives of the Company, Otis Elevator Company, OWC and other group companies.

This type of compensation may include OWC's awarding the executive director in question different financial instruments (Stock Appreciation Rights, Performance Share Units, Restricted Stock Units and similar instruments) based on OWC shares. The shares, options or financial instruments awarded to the executive directors will be subject to the vesting periods and/or holding periods fixed by OWC in the scheme regulations. OWC is the entity responsible for determining the amount and other conditions of the schemes and, where applicable, paying the appropriate amount to the executive director under the scheme.

The Policy states that the compensation system described for the executive directors will likewise be applicable to any new executive director who joins the Company during the term the Policy is in force. Thus, the conditions described above are, at the date of issue of this report, applicable to both Mr Bernardo Calleja as the Executive Chairman of the Company and Mr Joao Penedo as the Company's CEO.

The variable compensation of both the executive directors for the current year will fall within the framework fixed by the aforementioned policy.

There is no maximum monetary sum in absolute terms.

- ***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 vest 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 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.

As described in preceding paragraphs, the new Director Compensation Policy applicable to the periods 2021 to 2023 provides for the Company to make the following contributions to pension and insurance schemes in favour of the executive directors:

Item	Amount for 2020	Upper limit for 2021, 2022 & 2023	
		Executive Chairman	Chief Executive Officer
Contribution to a defined-contribution pension scheme	7% of 65,287.18 euros, plus 28% of the difference between the gross fixed annual compensation and 65,287.18 euros	€76,000	7% of 64,764.88 euros, plus 23% of the difference between the gross fixed annual compensation and 64,764.88 euros
Insurance policy contribution to defined-benefit pension schemes	-	-	€7,000

The Policy states that the compensation system described for the executive directors will likewise be applicable to any new executive director who joins the Company during the term the Policy is in force. Thus, the conditions described above are, at the date of issue of this report, applicable to both Mr Bernardo Calleja as the Executive Chairman of the Company and Mr Joao Penedo as the Company's CEO.

Notwithstanding the foregoing, as mentioned above, the Board has revised the current Compensation Plan for the periods 2021, 2022 and 2023 in order to update certain aspects, such as the format and formula for pension contributions, taking account of the fact that there are now two executive directors, and likewise to update certain amounts applicable to insurance, etc. At any event, any change or proposal will be reviewed by the Nominating and Compensation Commission and submitted for the approval of the Board of Directors, in order to subsequently be proposed and approved at the General Shareholders' Meeting.

These contributions are indirectly linked to the performance of the executive directors, since they are linked to their annual compensation.

- ***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 compensation.***

The particular conditions contained in the contracts of the executive directors were proposed by the Nominating and Compensation Commission on January 21, 2021 and approved by at least two thirds of the Board of Directors, in accordance with articles 249 and 529 *quindecies* of the Capital Companies Law. Likewise, their basic conditions were approved by the General Shareholders' Meeting in the Compensation Policy, given that the contracts comply with and fall within the framework of the Director Compensation Policy applicable for the periods 2021, 2022 and 2023, approved at the General Shareholders' Meeting held on May 19, 2021.

In the current contracts signed between the Company and the executive directors, there are no continuity or loyalty agreements that entitle the director to receive any kind of compensation.

In addition, regarding the details of the contract signed with Mr Bernardo Calleja Fernández as Executive Chairman on January 26, 2021:

- Exclusivity clause: there is an exclusivity clause, although it does not give the right to receive any sum in addition to those established as fixed or variable compensation;
- Indemnification in the event of early dismissal or termination by the Company: there are no clauses that establish the right to any indemnification in the event of dismissal or removal.
- Post-contractual non-competition clause: Mr Bernardo Calleja will have the right to receive, as compensation for the non-competition obligation, a gross sum equivalent to 12 monthly payments of the agreed fixed compensation that he is receiving at the time the contract terminates, which will be settled in 24 equal monthly payments over the agreed term of the obligation, i.e. two years after finalization of his relationship with the group. The Company may cancel the non-competition obligation, in which case no amount will be payable for this item.

Lastly, in the contract signed between the Company and Mr Joao Penedo, as CEO, on January 26, 2021, regarding the aforementioned items:

- Exclusivity clause: there is an exclusivity clause, although it does not give the right to receive any sum in addition to those established as fixed or variable compensation;
- Indemnification in the event of early dismissal or termination by the Company: there is a clause that states that, in the event of dismissal or termination at the Company's wishes, Mr Penedo will be entitled to gross severance compensation equivalent to 45 days of compensation per year of service as from his appointment as CEO of the Company on January 26, 2021 until the date on which the contract terminates. Mr Penedo will not receive any severance compensation if the termination of the contract is due to a serious and wilful breach on the part of Mr Penedo of his obligations under the contract signed with the Company or the infringement by Mr Penedo of the law, the Bylaws of the Company, the Regulations of the General Shareholders' Meeting or Board of Directors, the Company's Internal Code of Conduct, or any regulations, policies or guidelines that may be applicable to Mr Penedo or approved by the Board of Directors or any competent body of the Company or the Otis Group. Likewise, neither will he be entitled to severance compensation in the event of death, retirement or a disability rating that prevents him from carrying out his duties for a period of longer than nine months.
- Post-contractual non-competition clause: Mr Penedo will have the right to receive, as compensation for the non-competition obligation, a gross sum equivalent to 12 monthly payments of the agreed fixed compensation that he is receiving at the time the contract terminates, which will be settled in 24 equal monthly payments over the agreed term of the obligation, i.e. two years after finalization of his relationship with the group. The Company may cancel the non-competition obligation, in which case no amount will be payable for this item.

- ***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.***

Further to the contents of the preceding paragraphs, this section adds the following information:

Term: indefinite (insofar as the executive directors continue to hold the position to which they have agreed).

Notice period: the director may terminate the contract at any time by notifying the Company in writing with at least three months' advance notice. If the notice obligation is not met, the executive director must indemnify the Company with a sum equivalent to the gross fixed compensation he is receiving at the termination date of the contract corresponding to the shortfall in the notice period.

The rest of the conditions requested are described in the preceding section.

-
- ***The nature and estimated amount of any other supplementary compensation accrued by directors in the year in progress in consideration for services rendered other than those inherent in the post.***

The Company does not pay supplementary amounts to the directors for services other than those inherent to the post.

-
- ***Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.***

At the date of issue of this report, there are no items of compensation other than those mentioned in the preceding sections and no sums have been paid to the directors in their capacity as such for the current year.

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

The Executive Chairman is likewise President of OTIS EMEA, in which respect he has signed an employment contract with another company belonging to the Otis group, under which he is compensated for his services as an employee, which are totally unrelated to his position as Executive Chairman of the Company. The aforementioned company belonging to the Otis group pays this compensation in full and, thus it does not entail any cost for Zardoya Otis, S.A.

A.2. Explain any significant change in the compensation 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 compensation 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 Ordinary General Shareholders' Meeting of May 19, 2021 approved a new Director Compensation Policy applicable to the periods 2021, 2022 and 2023, which does not differ significantly from the Policy approved by the General Meeting of June 16, 2020 to be applied in the years 2021, 2020 and 2021.

At the aforementioned 2021 General Meeting, the Compensation Policy for fiscal years 2021, 2022 and 2023 was approved, supplementing and revising the Policy approved at the 2020 General Meeting and including some changes derived from the appointment of Mr Bernardo Calleja as the Company's Executive Chairman and Mr Joao Penedo as the Company's CEO (notified on January 26, 2021, register No. 6776). This Policy reflected the change in the number of executive directors, which had risen from one to two, and included some additional items of compensation that the executive directors may receive, as well as some technical or supplementary improvements.

A.3. Identify the direct link to the document where the current company compensation policy is posted, which must be available on the web page of the company.

<https://www.otis.com/documents/256045/60104368/Directors+Compensation+Policy+approved+at+19-05-2021+GSM.pdf/2d487798-138b-c123-f3ad-acfbb169d916?t=1644417966415>

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 compensation for the previous year.

At the 2021 General Shareholders' Meeting, the percentage of votes in favour of the resolution concerning the consultative vote on the Annual Director Compensation Report was 90.83% of the total shareholders present in person or by proxy. Therefore, taking the high percentage of votes in favour into account, the Company has continued to follow the path fixed by the principles of the Compensation Policy approved in 2020, which are maintained in the Compensation Policy approved at the General Meeting held on May 19, 2021, and has continued to comply strictly with the requirements and limits (established by law, in the Bylaws or internally) applicable to director compensation.

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

B.1. Explain the process followed to apply the compensation policy and determine the individual compensation contained in Section C of this report. This information will include the role played by the compensation 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 compensation policy in the year ended.

Compensation of directors in their capacity as such

(A) The Ordinary General Meeting approves the maximum percentage share each year within the framework of the Bylaw-stipulated Compensation. In 2020, this maximum percentage share was 1.5% of the consolidated profit after tax up to a limit of 1% of the consolidated profit before tax. Said maximum percentage is below the upper limit fixed in the Bylaws and the Compensation Policy and was approved by the Ordinary General Shareholders' Meeting, notwithstanding the Board's powers to fix the exact amount to be paid below said limit, in accordance with Bylaws and the Compensation Policy.

Likewise, respecting the limits fixed by the Ordinary General Shareholders' Meeting, the Bylaw-stipulated Compensation and the Compensation Policy, the Board of Directors (at the proposal of the Nominating and Compensation Commission) decided, at its July 2021 meeting, to limit the total amount of the compensation to 500,000 euros for 2021 (683,333.34 euros for 2020), thus reducing the amounts in previous years even further.

At the same meeting, subsequent to a report in favour from the Nominating and Compensation Commission, the Board decided on the distribution of this compensation among the Company's directors, depending on the duties and responsibilities assigned to each director, whether or not they are members of Board committees, and other objective circumstance deemed relevant.

(B) In addition, at its July 2021 meeting, the Board of Directors decided to pay 250,000 euros on account of the compensation of the directors in their capacity as such for 2021 (after the end of the first semester of 2021), meeting the requirements fixed in the Compensation Policy.

Before the Board meeting, in accordance with the Compensation Policy, the Audit Committee confirmed and reported favourably to the Board of Directors on compliance with the Compensation Policy requirements for making payment on account of the compensation of the directors in their capacity as such.

Compensation of the executive directors

(A1) Mr Bernardo Calleja Fernández, the Company's Executive Chairman in 2021, received fixed compensation for carrying out executive duties.

This **fixed compensation** was 166,857.12 euros in 2021. The amount for 2020 was 292,499.98 euros, when Mr Bernardo Calleja Fernández held the positions of both Executive Chairman and Chief Executive Officer. Likewise, during 2021, the Company contributed 76,000.00 euros to the defined-contribution **pension scheme** taken out for Mr Bernardo Calleja Fernández (77,009.69 euros in 2020).

These fixed compensation components observe the provisions of the Compensation Policy and the amounts were expressly approved by Board of Directors (at the proposal of the Nominating and Compensation Commission).

(B1) The **variable compensation** of the Executive Chairman was approved by the Board of Directors (at the proposal of the Nominating and Compensation Commission). This variable compensation consisted of a cash sum of 194,400.00 euros in 2021 (240,000.00 euros in 2020).

In addition, the Executive Chairman may also be the beneficiary of the long-term OWC share-based incentive package. This share-based scheme is awarded annually, depending on individual performance and the attainment of objectives of the Company and OWC.

In 2021, an OWC share package, received from OWC, for an amount of 306.879.69 euros was released to the Executive Chairman, corresponding to packages awarded in previous years. The sum released in 2020 was 673,431.43 euros, when Mr Bernardo Calleja Fernández held both the aforementioned positions.

(A2) Mr Joao Penedo, as the Company's Executive Chairman since January 26, 2021, received fixed compensation for carrying out executive duties.

This **fixed compensation** was 179,929.58 euros during the year ended November 30, 2021.

Likewise, during 2021, the Company contributed 42,767.62 euros to the defined-contribution **pension scheme** taken out for Mr Joao Penedo in 2021.

These compensation components observe the provisions of the Compensation Policy and the amounts were expressly approved by Board of Directors (at the proposal of the Nominating and Compensation Commission).

(B2) The **variable compensation** of the Chief Executive Officer was approved by the Board of Directors (at the proposal of the Nominating and Compensation Commission). This variable compensation consisted of a cash sum of 154,000.00 euros in 2021.

In addition, the Executive Chairman may also be the beneficiary of the long-term OWC share-based incentive package. This share-based scheme is awarded annually, depending on individual performance and the attainment of objectives of the Company and OWC.

B.2. Explain the different actions taken by the company in relation to the compensation 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 compensation accrued and that a suitable balance has been attained between the fixed and variable components of the compensation, 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.

The composition of the Board of Directors at the end of 2021 (42.86% of its members were proprietary directors) guarantees that the director compensation policy takes the results that should be obtained by the Company in the long term into account.

Thus, compensation of directors in their capacity as such had remained stable at 1,200,000 euros until 2018 (well below the quantitative limit fixed in the relevant Compensation Policy). The Board of Directors reduced that amount to 1,033,000 euros in 2019, 683,333.34 euros in 2020 and even further, to 500,000 euros, in 2020, as a result of the changes made to the Board of Directors over the last few years. This practice established by the Board of Directors has contributed -and contributes- to necessarily link director compensation with the Company's best long-term interests. Only the executive directors receive part of their compensation as variable items.

B.3. Explain how the compensation accrued and vested in the year meets the provisions contained in the current compensation policy.

Furthermore, report on the relationship between the compensation 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 compensation of directors and how the latter contribute to the short- and long-term results of the company.

In 2021, the compensation of directors, both in their capacity as such and for performing executive duties, was structured in accordance with the framework contained in the Company's Bylaws, the Compensation Policy and the resolution of the Ordinary General Shareholders' Meeting under article 218 of the Capital Companies Law.

Total compensation accrued by directors in their capacity as such did not exceed the upper limit of 2,000,000 euros fixed in the Compensation Policy.

The individual fixed compensation of executive directors for their executive duties accrued in 2021 was calculated by applying the amounts approved by the Board of Directors at its February 2021 meeting (at the proposal of the Nominating and Compensation Commission), within the regulatory framework established by the Bylaws, the Compensation Policy and the contracts signed between the executive directors and the Company (which were approved in accordance with the requirements of the Capital Companies Law). Likewise, the Board of Directors, jointly with the Nominating and Compensation Commission, analyzed and verified that objectives (both financial and non-financial) had been met in order to determine the final amount of the executive directors' variable compensation, including, but not limited to,

compliance with the Company's regulatory and ethics rules and procedures, management and risk control rules and procedures, and rules and procedures for personal safety in work processes.

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

	Number	% of total
Votes cast	333,770,358	70.94%

	Number	% of votes cast
Votes against	30,140,684	9.02%
Votes in favour	303,629,674	90.83%
Abstentions	502,652	0.15%

B.5. Explain how the fixed components accrued and vested 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.

As described above, the compensation of directors in their capacity as such was 500,000 euros in 2021 as Bylaw-stipulated compensation (683,333.34 euros in 2020).

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.

As stated in preceding sections, in the period ended November 30, 2021, there were no delegate bodies other than the Chief Executive Officer, Mr Bernardo Calleja Fernández, and the Company's Chief Executive Officer, Mr Joao Penedo, who had been assigned management duties.

The salaries for 2021 of both the Executive Chairman and the Chief Executive Officer were approved by the Board of Directors at its February 2021 meeting. The amounts are set out in section B.1. These amounts reflect the fact that, during 2020, only one director held executive functions, the Chief Executive Officer, who was, at the same time, the Chairman of the Board of Directors. Since January 26, 2021, the Company has two directors with executive functions: the Executive Chairman and the Chief Executive Officer.

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

In particular:

– Identify each one of the compensation plans that have determined the different types of variable compensation accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, any vesting conditions that apply, 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, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of condition linked to the accrual and vesting of each component of variable remuneration have effectively been met.

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 (vesting) 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 compensation systems or plans that include variable compensation.

– Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Pursuant to the Compensation Policy, the contracts signed with the Company and the resolution of the Board of Directors (at the proposal of the Nominating and Compensation Commission), Mr Bernardo Calleja Fernández, as the Company's Executive Chairman, and Mr Joao Penedo, as the Chief Executive Officer, had received the following amounts as variable compensation components at the end of the 2021 period:

a) Annual incentive

Calculation of the annual incentive is based on a sum equivalent to 60% of the fixed compensation received by the executive director in the preceding year (in this case, the gross fixed compensation received by the executive director for 2020).

Subsequently, a multiplying factor (which may be higher or lower than 1) is applied to this sum, depending on the results of the business unit and calculated in accordance with the profit plan and cash flow generated. To calculate the final multiplying factor, not only the financial parameters described above are taken into account, but the executive director's compliance with the Company's regulatory and ethics rules and procedures during the year is also assessed.

In particular, the annual incentive paid to the Executive Chairman in 2021 was 194,400 euros (240,000 euros in 2020), calculated on the gross fixed compensation at December 31, 2020 equivalent to 324,000 euros (300,000 euros at December 31, 2019), representing a variable incentive of 60.00% in 2021 (80.00% in 2020), which means a coefficient of 1.00 in 2021 (1.33 in 2020) applied to the target amount.

The annual incentive paid to the Chief Executive Officer in 2021 was 154,000 euros, calculated on a gross fixed compensation at 31 December, 2020 equivalent to 220,000 euros, representing a variable incentive of 70.00% in 2021, which means a coefficient of 1.40 in 2021 applied to the target amount.

This variable compensation is payable in the following year, after the annual financial statements have been approved by the Board of Directors.

- b) Long-term incentive package – shares or other OWC instruments.** Both Mr Bernardo Calleja Fernández and Mr Joao Penedo, since they are OWC (formerly UTC) Group executives, may receive an annual long-term incentive package (share-based compensation scheme) from the Group. The purpose of this scheme is to reward executives holding positions with important management responsibilities who, through their effort and the attainment of the planned objectives, contribute to the long-term success of the OWC group entities and their subsidiaries, such as, for example, the Company in the present case. This scheme includes awarding different financial instruments (Stock Appreciation Rights, Performance Share Units and/or Restricted Stock Units) to the beneficiaries. The share-based schemes are awarded annually and depend on individual performance and the attainment of objectives of the Company and OWC.

The shares/stock options awarded must be held for at least three years (vesting) and, furthermore, certain previously-established business objectives must be attained in order for them to be exercised.

In this respect, the valuation of the options awarded to Mr Bernardo Calleja Fernández in 2021 was 306,879.69 euros (673,431.43 euros in 2020), applying the following measurement criteria:

- (i) the shares are valued when they are given to the executive directors, inasmuch as they are not subject to any subsequent condition (they are vested from the beginning); and
- (ii) options are valued when the executive directors can exercise them.

For the totality of the Company's directors, the long-term OWC (formerly UTC) incentive scheme, represented a sum of 306,879.69 euros in 2021 (673,431.43 euros in 2020). The only directors benefiting from said scheme in 2021 were Mr Bernardo Calleja Fernández and Mr Joao Penedo.

Payment of variable compensation takes account of whether the executive directors have complied with the Company's regulatory and ethics rules and procedures, management and risk control rules and procedures, and rules and procedures for the safety of people in work processes. In the event of any incident in the areas of the Company's safety, regulatory control or ethics, the Company (through the Board of Directors) reserves the right to reduce the executive directors' variable compensation or, in very serious cases, to eliminate it.

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

None of the situations mentioned in this section arose in 2021

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 under which economic rights vest 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.*

As described above, the Company makes a contribution to the defined-contribution pension plan (savings policy) for the executive director Mr Bernardo Calleja Fernández, the amount of which was 76,000.00 euros in 2021 and 77,009.69 euros in 2020.

Likewise, the Company makes a contribution to the defined-contribution pension plan (savings policy) for the executive director Mr Joao Penedo, the amount of which was 42,767.62 euros in 2021. In this respect, the contribution for the pension commitment is drawn up in a defined-contribution pension insurance policy, where the Company makes an annual contribution in November, which, for the 2021 period, was calculated in two portions: (i) a first portion of 4,533.54 euros, equivalent to 7% of 64,764.88 euros, plus (ii) a second portion of 38,234.08 euros, calculated by applying 23% to the difference between Mr Joao Penedo's gross fixed annual compensation at the contribution date and 64,764.88 euros (amount updated by the insurance company at the payment date of the policy contribution).

The vesting of the contributions and the respective time of allocation or accrual are based on the gross annual compensation and not linked to the attainment of short- or long-term objectives.

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.

The Company did not make any payments for the items mentioned in this section in 2021.

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.

In 2021, there were changes in the contracts of Mr Bernardo Calleja Fernández, Executive Chairman, and Mr Joao Penedo, Chief Executive Officer, as described in previous sections.

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

In 2021, the directors did not accrue any supplementary compensation as consideration for services rendered outside of their post during the year.

B.13. Explain any compensation 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.

The Company's Board of Directors agreed to make an advance payment on account of the compensation of the directors in their capacity as such for a sum of 250,000 euros at the end of the first six months of 2021 (the total had been fixed at 500,000 euros). Before this was approved, in accordance with the Compensation Policy, the Audit Committee reported to the Board of Directors in favour of said advance payment, confirming the following in its report:

- (a) The amount of the compensation on account was lower than 1.5% of the consolidated profit after tax and 1% of the consolidated profit before tax for the first semester of 2021 and that sufficient funds were available at said date to make this payment.
- (b) In the latest statement of financial position, dated November 30, 2020, the needs of the legal reserve and the Bylaw-stipulated reserve had been fully covered; and.
- (c) At the meeting of the Board of Directors held on March 22, 2021, payment of the first interim dividend charged to the 2021 profit was approved for a gross amount of 0.07 euros per share with a par value of 0.10 euros, which was paid on April 9, 2021.

The Company has not granted any compensation to the directors in the form of credits, guarantees, or equivalent compensation.

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

The directors have not accrued any compensation in kind except for:

- (i) The contribution to the savings policy (defined-contribution pension plan) for the Executive Chairman, Mr Bernardo Calleja Fernández described in this report, the 2021 contribution to which totalled 76,000.00 euros (77,009.69 euros in 2020).
- (ii) The Executive Chairman's long-term incentive package due to his group executive status. In 2021, he received share options for a value of 306,879.69 euros (673,431.43 euros in 2020)
- (iii) The contribution to the savings policy (defined-contribution pension plan) for the Chief Executive Officer, Mr Joao Penedo described in this report, the 2021 contribution to which totalled 42,767.62 euros.
- (iv) The long-term incentive package of the Chief Executive Officer, Mr Joao Penedo, due to his group executive status. In 2021, he received share options.
- (v) Other compensation in kind: the executive directors are assigned a company car for personal and professional use and receive, as compensation in kind, a fuel card, all of which is in accordance with the general policy applicable to members of company management.

B.15. *Explain the compensation 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.*

The natural person proprietary directors appointed at the proposal of Alder Holdings, S.A.A. (a company belonging to the Otis Worldwide Corporation Group -OWC group-), i.e. Mr Toby Smith, Ms Stacy Petrosky y Ms Robin Fiala, did not receive any compensation as directors in their capacity as such during their respective accrual periods. Otis Elevator Company, likewise a proprietary director, received a total amount of 250,000 euros on their behalf in 2021, 341,666.67 euros in 2020 and 516,666.67 euros in 2019.

This is because it is the policy of the Otis Worldwide Corporation (OWC) group (to which the companies Otis Elevator Company and Alter Holdings, S.A.S. belong) for directors of companies belonging to the group appointed at its proposal not to receive any compensation. Furthermore, no OWC group company pays said compensation to the proprietary directors subsequently, although they are remunerated in line with their post and responsibilities.

B.16. *Explain any other items of compensation 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 compensation accrued by the director.*

There were no items of compensation other than those set out in the preceding sections.

C. ITEMISED INDIVIDUAL COMPENSATION ACCRUED BY EACH DIRECTOR

Name	Type	Accrual period year 2021
OTIS ELEVATOR COMPANY	Proprietary	From 12/01/2020 hasta 11/30/2021
EURO-SYNS S.A.	Proprietary	From 12/01/2020 hasta 11/30/2021
MR BERNARDO CALLEJA FERNANDEZ	Executive (Chairman)	From 12/01/2020 hasta 11/30/2021
MR JOAO PENEDO	Executive (CEO)	From 01/26/2020 hasta 11/30/2021
MR JOSE MIGUEL ANDRES TORRECILLAS	Independent	From 12/01/2020 hasta 11/30/2021
MS EVA CASTILLO SANZ	Independent	From 12/01/2020 hasta 11/30/2021
MS STACY PETROSKY	Proprietary	From 12/01/2020 hasta 11/30/2021

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

Compensation from the reporting company:

(i) Compensation in cash (thousand euros):

Name	Fixed compensation	Per diem allowances	Compensation for membership of Board committees	Salary	Short-term variable compensation	Long-term variable compensation	Severance pay	Other items	Total F.Y. 2021	Total F.Y. 2020
EURO-SYNS S.A.	0	0	0	0	0	0	0	50	50	50
MR JOSE MARIA LOIZAGA VIGURI	0	0	0	0	0	0	0	0	0	67
OTIS ELEVATOR COMPANY	0	0	0	0	0	0	0	250	250	342
MR ALBERTO ZARDOYA ARANA	0	0	0	0	0	0	0	0	0	25
MR JOSE MIGUEL ANDRES TORRECILLAS	0	0	0	0	0	0	0	100	100	100
MS EVA CASTILLO SANZ	0	0	0	0	0	0	0	100	100	100
MR BERNARDO CALLEJA FERNANDEZ	167	0	0	0	194	0	0	76	437	610
MR JOAO PENEDO	180	0	0	0	154	0	0	43	377	0
Mr PATRICK MARTIN (*)	0	0	0	0	0	0	0	0	0	266

Remarks

When preparing the table, the following was taken into account:

- (i) Compensation of directors in their capacity as such, regulated in the Bylaw-stipulated Compensation and the Compensation Policy (i.e. a share of 1.5% of the consolidated profit after tax with an upper limit of 1% of the consolidated profit) cannot be considered “short-term variable compensation”. The CNMV’s criterion is that variable compensation should be restricted to compensation items linked to the director’s individual performance. Consequently, this compensation is included as “other items”.
- (ii) The natural person proprietary directors appointed at the proposal of Alder Holdings, S.A.S. (a company belonging to the Otis Worldwide Corporation group (OWC group), i.e. Mr Toby Smith, Ms Stacy Petrosky y Ms Robin Fiala, did not receive any compensation as directors in their capacity as such. Otis Elevator Company, likewise a proprietary director, received it on their behalf for an amount of 250,000 euros in 2021, 341,666.67 euros in 2020 and 516,666.67 euros in 2019.
- (iii) (*) the remuneration figure in year 2020 relates to compensation as an executive of the company Otis Elevator Worldwide Sprl (a company belonging to the group of the Company’s majority shareholder). The amounts paid by the Company are reimbursed to the Company by Otis Elevator Worldwide Sprl through the contract signed with said Company. The above amounts relate to the accrual period from 12-01-2019 to 05-08-2020, on which date Mr Patrick Martin left his position on the Board of Zardoya Otis, S.A.

(ii) Movement on share-based compensation systems and net profit on the vested shares or financial instruments:

Name	Name of plan	Financial instruments at beginning of 2021		Financial instruments awarded in 2021		Financial instruments vested in the year				Instruments matured but not exercised	Financial instruments at end of 2021	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent shares vested	Price of vested shares	Gross profit on vested shares or financial instruments (thousand €)	No. instruments	No. instruments	No. equivalent shares
Mr BERNARDO CALLEJA FERNANDEZ	Plan A 2018*	5,050	5,050			5,050	5,050	67.83	-	0	0	0
Mr BERNARDO CALLEJA FERNANDEZ	Plan B 2018*	2,752	2,752			2,752	2,752	65.59	307	0	0	0
Mr BERNARDO CALLEJA FERNANDEZ	Plan A 2019*	11,100	11,100							0	11,100	11,100
Mr BERNARDO CALLEJA FERNANDEZ	Plan B 2019*	2,029	2,029							0	2,029	2,029
Mr BERNARDO CALLEJA FERNANDEZ	Plan A 2020*	16,817	16,817							0	16,817	16,817
Mr BERNARDO CALLEJA FERNANDEZ	Plan B 2020*	3,032	3,032							0	3,032	3,032
Mr BERNARDO CALLEJA FERNANDEZ	Plan C 2020**	14,875	14,875							0	14,875	14,875
Mr BERNARDO CALLEJA FERNANDEZ	Plan A 2021**			5,055	5,055					0	5,055	5,055
Mr BERNARDO CALLEJA FERNANDEZ	Plan B 2021**			22,064	22,064					0	22,064	22,064
Mr JOAO PENEDO	Plan A 2021**			1,058	1,058					0	1,058	1,058
Mr JOAO PENEDO	Plan B 2021**			4,668	4,668					0	4,668	4,668
Mr JOAO PENEDO	Plan C 2021**			2,115	2,115					0	2,115	2,115

(*) Plan originally awarded by UTC on UTC shares.

(**) Plan awarded by OTC on OTC shares

(ii) Long-term savings systems:

Name	Compensation from vesting of rights to savings systems
Mr BERNARDO CALLEJA FERNANDEZ	76
Mr JOAO PENEDO	43

Name	Company's contribution (thousand euros) - Saving systems with unvested economic rights		Amount of funds accumulated (thousand euros) – Saving systems with unvested economic rights	
	F.Y. 2021	F.Y. 2020	F.Y. 2021	F.Y. 2020
Mr BERNARDO CALLEJA FERNANDEZ	76	77	856	768
Mr JOAO PENEDO	43	-	43	-

(iv) Details of other items

N/A

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

(i) Compensation accrued in cash (thousand €)

Name	Fixed compensation	Per diem allowances	Compensation for membership of board committees	Salary	Short-term variable compensation	Long-term variable compensation	Severance pay	Other items	Total F.Y. 2021	Total F.Y. 2020
EURO-SYNS S.A.	0	0	0	0	0	0	0	0	0	0
Mr JOSE MARIA LOIZAGA VIGURI	0	0	0	0	0	0	0	0	0	0
OTIS ELEVATOR COMPANY	0	0	0	0	0	0	0	0	0	0
Mr ALBERTO ZARDOYA ARANA	0	0	0	0	0	0	0	0	0	0
Mr JOSE MIGUEL ANDRES TORRECILLAS	0	0	0	0	0	0	0	0	0	0
MS EVA CASTILLO SANZ	0	0	0	0	0	0	0	0	0	0
Mr BERNARDO CALLEJA FERNANDEZ	0	0	0	0	0	0	0	0	0	0
Mr JOAO PENEDO	0	0	0	0	0	0	0	0	0	0
Mr PATRICK MARTIN	0	0	0	0	0	0	0	0	0	0

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

N/A

(iii) Long-term savings systems

N/A

(iv) Details of other items

N/A

c) Summary of compensation (thousand €):

The summary should include the amounts corresponding to all the items of compensation included in this report that have been accrued by the director, in thousand euros.

Name	Compensation accrued in the Company					Comp				
	Total cash compensation	Gross profit from vested shares or instruments	Compensation through savings systems	Other items	Total F.Y. 2020 company	Total cash compensation	Gross profit from vested shares or instruments	Compensation through savings systems	Other items	Total F.Y. 2020 group
OTIS ELEVATOR COMPANY	250	0	0	0	250	0	0	0	0	0
EURO-SYNS S.A.	50	0	0	0	50	0	0	0	0	0
DON BERNARDO CALLEJA FERNANDEZ	361	307	76	0	744	0	0	0	0	0
DON JOAO PENEDO	334	0	43	0	377	0	0	0	0	0
DON ANDRES TORRECILLAS, JOSE MIGUEL	100	0	0	0	100	0	0	0	0	0
DOÑA EVA CASTILLO SANZ	100	0	0	0	100	0	0	0	0	0
TOTAL	1,195	307	119	0	1,621	0	0	0	0	0

D. OTHER INFORMATION OF INTEREST

If there is any other important matter concerning director compensation that it has not been possible to include in other sections of this report but that it is necessary to include to provide more complete and substantial information on the company's compensation structure and practices in relation to its directors, give a brief description thereof.

This annual compensation report was approved by the Company's Board of Directors at its meeting of February 25, 2022.

State whether any directors have voted against the approval of this report or abstained in relation thereto.

Yes []

No [X]

Name or company name of members of the Board of Directors who did not vote in favour of the approval of this report	Reasons (against, abstention, not present)	Explain the reasons
N/A	N/A	N/A