

## ANNEX 1

### ANNUAL REPORT ON THE COMPENSATION OF DIRECTORS OF PUBLICLY TRADED COMPANIES

#### ISSUER'S IDENTITY DATA

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| <b>END DATE OF THE REFERENCED FINANCIAL YEAR</b> | 31/12/2017 |
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| <b>Tax ID</b> | A08055741 |
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#### COMPANY NAME

MAPFRE S.A.

#### REGISTERED OFFICE

MAJADAHONDA (MADRID), No. 52 CARRETERA DE POZUELO

# ANNUAL REPORT ON THE COMPENSATION OF DIRECTORS OF PUBLICLY TRADED COMPANIES

## A COMPENSATION POLICY OF THE COMPANY FOR THE CURRENT YEAR

A.1 Explain the company's compensation policy. In this section include information on:

- General principles underpinning the compensation policy.
- The most significant changes made to the compensation policy compared with the one applied during the previous financial year, as well as any modifications made during the year to the terms and conditions for exercising previously granted options.
- Criteria used and the composition of the groups of comparable companies whose compensation policies were examined to establish this company's compensation policy.
- Relative weight of variable remuneration compared with fixed remuneration items and the criteria followed to determine the different components of the remuneration package (remuneration mix) for directors.

### Explain the compensation policy

i) General principles:

The remuneration of directors is determined in accordance with the provisions of regulations applicable to corporations, the corporate bylaws of the Board of Directors, and the decisions adopted by the Annual General Meeting.

Acting on the recommendation of the Board of Directors, the Annual General Meeting of March 11, 2016 approved the compensation policy for directors for the period 2016-2018. The general principles underpinning this policy are as follows:

- Priority of the creation of value and profitability in the medium and long term over short-term results.
- Reasonable proportion between the company's economic situation and the market standards of comparable companies.
- Alignment with the commercial and risk management strategy, risk profile, objectives, and risk management practices.
- Appropriate and efficient risk management within the established risk tolerance limits.
- Attraction and retention of talent.
- Appropriate compensation for dedication, qualification and responsibility.
- Appropriate proportion of fixed and variable components, avoiding excessive reliance on variable components.
- Deferred payment of a significant portion of the variable remuneration.
- Possibility of ex-post adjustments to the variable remuneration.
- Avoidance of conflicts of interest.

Based on these principles, the remuneration system for directors, in their status as such, is defined by the following characteristics:

- Transparency in reporting the remuneration of directors.

- It provides an incentive to reward dedication, qualifications and responsibility, without constituting an obstacle to the duty of loyalty.
- It consists of a fixed amount for membership of the Board of Directors and, where applicable, of the Steering Committee and sub-steering committees, which may be higher for people with positions on the Board or who chair the sub-steering committees. This remuneration may be supplemented with other non-monetary compensation (life or medical insurance, discounts on products sold by companies in the MAPFRE Group, etc.) that have been established for the company staff in general.
- It does not include variable components or those indexed to share value.
- Directors are reimbursed for traveling expenses and other costs incurred to attend company meetings or carry out their functions.

The remuneration system for directors who carry out executive functions within the company is based on the following criteria:

- The remuneration for carrying out executive functions is determined according to those functions, levels of responsibility and professional profile, in accordance with the criteria governing the remuneration of MAPFRE Group senior executives.
- This remuneration consists of a balanced and efficient relationship between fixed and variable components, with fixed components forming a sufficiently high proportion of total remuneration.
- Executive directors may not receive the remuneration assigned to the directors in their status as such.
- The remuneration of executive directors is designed with a view to the medium and long term, which drives their performance in strategic terms while encouraging them to achieve short-term results.
- The remuneration system is compatible with appropriate and effective risk management, with the business strategy and with the long-term values and interests of the company, without variable remuneration compromising the company's capacity to maintain an adequate capital base.
- It takes into account market trends and its position in the market reflects the strategic approach of the company, being effective for attracting and retaining the best professionals.
- It guarantees equality for all MAPFRE professionals, regardless of gender, race or ideology.

The compensation policy is therefore aimed at creating value for the company, seeking alignment with the interests of shareholders, with prudent risk management and strict compliance with current regulations regarding the remuneration of directors of publicly traded companies.

ii) The most significant changes made:

There were no changes in the compensation policy for directors with respect to the one followed in 2016.

As indicated above, the Annual General Meeting of March 11, 2016 approved the compensation policy for directors for the period 2016-2018. This policy took into account the legal requirements governing remuneration as set out in the Spanish Corporations Act and Delegated Regulation 2015/35 of the European Commission which supplements Directive 2009/138 on taking up and pursuing the business of insurance and reinsurance (Solvency II), as well as the recommendations on this matter included in the Good Governance Code for publicly traded companies.

Among other matters, it included mechanisms for deferring the payment of earned remuneration as well as reduction (malus) and recovery (clawback) clauses, as described in this report, and the option of paying part of the variable remuneration in shares.

iii) Criteria used to establish the company's compensation policy and remuneration mix:

With regard to the criteria followed to determine the different components in the remuneration package for directors, in the case of external directors the aim is compensate them in accordance with their professional experience, dedication to the position and the responsibility involved, while ensuring that their objectivity in the defense of company interests is not affected by the remuneration received.

For executive directors, as with the rest of the Group's senior executives, the aim is to provide competitive remuneration packages that will attract and retain outstanding professionals while establishing and sustaining a stable relationship between remuneration, results and accepted risk (this risk therefore constitutes a determining factor of the variable remuneration in the medium term).

Accordingly, executive directors have an annual ordinary variable remuneration system (linked in certain cases to the company's net consolidated profit and in other cases to the same indicator and others related to their respective responsibilities), as well as variable multi-year incentives (described in section A.4 of this report) linked to achieving both corporate and specific objectives.

In 2015 the Appointments and Remuneration Committee carried out a comparative study of the remuneration of Members of the Board of Directors of IBEX 35 Companies, whose results and conclusions were taken into account in creating the compensation policy referred to the Annual General Meeting by the Board of Directors.

**A.2 Information on preparatory work and the decision-making process followed to determine the compensation policy and the role played, where applicable, by the Remuneration Committee and other control bodies in determining the compensation policy. Where applicable, include the mandate and composition of the Remuneration Committee and the identity of the external consultants whose services were used to define the compensation policy. In addition, specify**

the nature of any directors who played a role in defining the compensation policy.

#### Explain the process for determining the compensation policy

MAPFRE is aware of the importance of having a corporate governance system to steer the structure and operations of its management bodies in the interests of the company and its shareholders.

The MAPFRE Board of Directors has implemented regulations which take into account the principles and elements of the corporate governance system and comprise the internal regulations and operations of the Board, the Steering Committee and the Sub-Steering Committees, as well as the rights and duties of the directors in carrying out their functions.

In order to comply with the legal requirements for remuneration of directors and continue adapting to corporate governance best practices regarding remuneration, the Regulations of the Board of Directors govern the functions related to remuneration of the Board of Directors and the Appointments and Remuneration Committee.

Accordingly, the MAPFRE Board of Directors carries out the following functions:

- Decisions regarding the remuneration of directors, within the statutory framework and, as applicable, the compensation policy approved by the general meeting.
- Approval of the terms and conditions of the contracts of the managing director and directors who perform executive functions.
- Definition of the remuneration of directors who perform executive functions.

The MAPFRE corporate governance system is designed to ensure that the recommendations regarding remuneration that are submitted to the company's Board of Directors originate in the Appointments and Remuneration Committee, which analyzes them previously in consultation with the different internal services of the company and external experts where necessary. The committee is also assisted by the company's senior executive who oversees the Human Resources Division.

In accordance with Article 11 of the MAPFRE Regulations of the Board of Directors, the Appointments and Remuneration Committee recommends to the Board of Directors the compensation policy for directors, for general managers and for those who perform senior management functions and report directly to the Board, the Steering Committee or the managing directors, as well as individual remuneration and the other terms and conditions of the executive directors' contracts, ensuring their observance.

To exercise the aforementioned responsibilities, the committee must consult the Chairperson of the Board and must consider his recommendations on issues related to executive directors and senior executives.

In accordance with the Regulations of the Board of Directors, and with the provisions of the legislation in force, the Appointments and Remuneration Committee must consist of a minimum of three and a maximum of five directors, all non-executive, and at least two of whom must be independent. This committee must also be chaired by an independent director.

The committee meets whenever necessary to ensure the correct exercise of its functions and responsibilities, and seven meetings were held in 2017.

At the time this report was prepared its members were as follows:

- Chairperson: Catalina Miñarro Brugarolas (independent)
- Member: José Antonio Colomer Guiu (Independent)
- Member: Luis Hernando de Larramendi Martínez (nominee)
- Member: Alfonso Rebuella Badías (nominee)

**A.3 Indicate the amount and nature of the fixed components, with a breakdown where applicable of the remuneration for senior management functions by executive board members, of additional remuneration for the chair or members of a Board committee, subsistence allowances for attending Board and committee meetings, any other fixed remuneration for directors, and an estimate of the final annual fixed remuneration to which they give rise. Identify other benefits which are not paid in cash and the basic parameters for which they are granted.**

#### Explain the fixed components of the remuneration

As indicated in Section A.1, the company has a remuneration system which differentiates between external directors and executive directors. The components of their differentiated remuneration are explained below.

##### A) Fixed remuneration for external directors

External directors receive a fixed amount for their membership of the Board of Directors as basic remuneration and, where applicable, for membership of the Steering Committee and sub-steering committees, which may be higher for people who occupy positions on the Board itself or who chair any of the Board committees or sub-committees. This remuneration may be supplemented with other non-monetary compensation as established for the company staff in general.

##### (i) Fixed amount

As indicated in the Section A.1 above, the basic remuneration of external directors consists of an annual fixed amount for their

membership of the Board of Directors and, where applicable, for membership of the Steering Committee and sub-steering committees. For 2018 these amounts are as follows:

- Membership of the Board of Directors: 110,000 euros
- Vice Chairperson of the Board of Directors – Supervising Director: 110,000 euros
- Membership of the Steering Committee: 20,000 euros
- Chairperson of the Audit and Compliance Committee: 65,000 euros
- Members of the Audit and Compliance Committee: 45,000 euros
- Chairperson of the Appointments and Remuneration Committee: 57,000 euros
- Members of the Appointments and Remuneration Committee: 37,000 euros
- Chairperson of the Risk Committee: 57,000 euros
- Members of the Risk Committee: 37,000 euros

(ii) Life insurance and other non-monetary benefits:

External directors have life insurance with an insured capital of 150,253 euros in case of death, and other benefits such as discounts on products sold by MAPFRE Group companies in line with those established for the company staff in general.

(iii) Amounts for membership of the Board of Directors of subsidiary companies

External directors who are members of the Board of Directors of subsidiary companies also receive a fixed amount for this membership and, as applicable, for membership of their management committees.

These amounts vary depending on the size and geographic location of the subsidiary company. For 2018 these amounts are as follows:

- Chairperson of the Board of Directors of insurance companies in Spain: 100,000 euros
- Vice Chairperson of the Board of Directors of insurance companies in Spain: 10,000 euros
- Membership of the Board of Directors of insurance companies in Spain: 47,000 euros
- Members of the management committees of insurance companies in Spain: 10,000 euros
- Chairperson of the Board of Directors of subsidiary companies overseas: 60,000 - 100,000 dollars (USD).
- Membership of the Board of Directors of subsidiary companies overseas: 40,000 - 80,000 dollars (USD).
- Chairperson of the delegate bodies of the Board of Directors of overseas subsidiaries: 5,000 dollars (USD).
- Members of the delegate bodies of the Board of Directors of overseas subsidiaries: 3,000 dollars (USD).

B) Fixed remuneration of executive directors

(i) Fixed remuneration

Executive directors do not receive the fixed amount established for external directors.

The fixed remuneration for carrying out their executive functions is determined in line with the policy established for the remuneration of MAPFRE senior executives, and in accordance with the stipulations of their respective contracts.

For 2018 the fixed salary remuneration of the five executive directors is 2,665,567 euros, corresponding entirely to the company.

(ii) Life insurance and other benefits

Executive directors are entitled to the allowances or social benefits established for members of senior management as well as those established for company staff in general, as stipulated in the collective bargaining agreement signed by MAPFRE.

The social benefits for executive directors include a supplementary insurance policy with an insured capital in case of death or permanent disability equivalent to twice the annual fixed remuneration, plus 1 percent for each year of service and another 20 percent for each child under 25 years of age or unable to work, with a clause for double capital in case of accidental death. They also receive additional benefits such as discounts on products sold by MAPFRE Group companies

#### A.4 Explain the amount, nature and main characteristics of the variable components of the remuneration systems.

In particular:

- Identify each of the remuneration systems of which the directors are beneficiaries, their scope, approval date, implementation date, effective period and their main characteristics. In the case of share option plans and other financial instruments, the general characteristics of the plan should include information on the terms and conditions for exercising the options or financial instruments of each plan.
- Indicate any remuneration for profit sharing or premium schemes and the reason they were granted.
- Explain the main parameters and principles of any annual bonus system.

- The classes of directors (executive directors, nominee external directors, independent external directors and other external directors) who are beneficiaries of remuneration systems or plans which include a variable remuneration.
- The principles underpinning those variable remuneration systems or plans, the performance evaluation criteria adopted, the evaluation components and methods for determining whether the evaluation criteria have been met, and an estimate of the absolute amount of variable remuneration which the current remuneration plan would generate based on the level of compliance with the benchmark assumptions or objectives.
- If applicable, include information on the established deferral or postponement periods for payment and/or the retention periods for any shares or other financial instruments.

|  |
|--|
| <b>Explain the variable components of the remuneration systems</b> |
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As indicated in section A.1 above, only executive directors receive variable remuneration, of which there are three types:

(i) Short-term variable remuneration

The Group's executive directors belong to the group of senior executives who have an ordinary variable remuneration system linked to the net consolidated profit of the company and, where applicable, to other indicators related to their respective responsibilities. This remuneration is always paid in cash.

For 2018 the maximum total of this short-term variable remuneration is 2,701,184 euros, corresponding entirely to the company.

The ordinary variable remuneration is approved annually by the Board of Directors following a report from the Appointments and Remuneration Committee, which at the end of the year also assesses the degree to which the company's profit objectives have been reached.

(ii) Medium-term variable remuneration

In 2013, as recommended by the Appointments and Remuneration Committee, the Board of Directors of MAPFRE S.A. approved an extraordinary medium-term incentive plan for executive directors in their status as senior managers. Non-cumulative and multi-year, this plan ran from January 1, 2013 to March 31, 2016.

The amount derived from this plan depends in general on each beneficiary fulfilling certain corporate and specific objectives and (except for special cases of severance expressly established), remaining in the Group's employment until the termination date of the plan. This incentive is always paid in cash.

The quantification of the incentive to be paid depends on the degree of fulfillment of the objectives that have been established in line with the Group's strategic plan. The metrics for assessing the corporate objectives are indexed to the RAROC (risk adjusted return on capital) and specific individual objectives.

The rules for calculating the incentive are as follows:

- The fulfillment of the objectives weighted as a whole must reach an average of 60 percent, otherwise there is no entitlement to receive the incentive.
- If the fulfillment of objectives is between 60 percent and 80 percent, 60 percent of the incentive will be paid.
- If the fulfillment of objectives is between 80 percent and 100 percent, the same proportion of the incentive will be paid.
- If the fulfillment of objectives exceeds 100 percent, with an upper limit of 150 percent, the incentive paid will be proportional to the fulfillment of 100 percent of the objectives, plus a multiplication coefficient of 2 on the surplus fulfillment above 100 percent.

In the case of three of the Executive Directors, accrual of 60% of the incentive will occur, where appropriate, in the financial years 2017, 2018 and 2019 in equal parts. In 2017, such accruals totaled 1,128,000 euros, with this amount corresponding fully to the Company.

On February 9, 2016 the Board of Directors, acting on the recommendation of the Appointments and Remuneration Committee, approved a new extraordinary medium-term incentive plan for executive directors in their status as senior managers. Non-cumulative and multi-year, this plan runs from January 1, 2016 to March 31, 2019.

The amount derived from this plan depends in general on each beneficiary fulfilling certain corporate and specific objectives and (except for special cases of severance expressly established), remaining in the Group's employment or maintaining a business relationship with the Group until the termination date of the plan. The incentive will partly be paid in cash and partly by means of MAPFRE S.A. shares. The receipt of 60 percent of the incentive by each executive director will be deferred for a period of three years, in thirds, with 50 percent of the deferred part paid in cash and the remaining 50 percent in shares. The incentive will also be subject to clauses of reduction (malus) or recovery (clawback).

The quantification of the incentive to be paid depends on the degree of fulfillment of the objectives that have been established in line

with the Group's strategic plan. The metrics for assessing the corporate objectives are indexed to the total shareholder return (TSR) and the ROE (return on equity) and to specific individual objectives related to the metrics and financial indicators of the MAPFRE Group balanced scorecard, technical ratios (expense ratio, net combined net ratio, etc.) and the return on written premiums.

The rules for calculating the incentive are as follows:

- The fulfillment of the objectives weighted as a whole must reach an average of 50 percent, otherwise there is no entitlement to receive the incentive.
- If the fulfillment of objectives is between 50 percent and 80 percent, 60 percent of the incentive will be paid.
- If the fulfillment of objectives is between 80 percent and 100 percent, the same proportion of the incentive will be paid.
- If the fulfillment of objectives exceeds 100 percent, with an upper limit of 150 percent, the incentive paid will be proportional to the fulfillment of 100 percent of the objectives, plus a multiplication coefficient of 2 on the surplus fulfillment above 100 percent.

The compensation policy for directors for the period 2016-2018 that was approved by the Annual General Meeting includes the maximum number of shares that may be distributed for this purpose.

If the benchmark assumptions and parameters governing this remuneration behave as projected at the close of 2017, the amount of the remuneration at the end of the period is estimated at 1,650,438 euros in cash and 759,522 MAPFRE S.A. shares, corresponding entirely to the company.

**A.5 Explain the main characteristics of the long-term saving systems, including retirement and any other longevity benefits, which are partly or totally financed by the company, whether arranged internally or externally. Estimate their annual equivalent amount or cost, indicating the type of plan, whether it is defined-contribution or defined-benefit, the vesting conditions for directors and its compatibility with any type of compensation for early termination or the conclusion of the contractual relationship between the company and the director.**

In addition, indicate the contributions on behalf of the director to defined-contribution pension plans, or the increase of cumulative rights for the director in the case of contributions to defined-benefit plans.

**Explain the long-term savings systems**

Under the provisions of their previous employment contracts, executive directors, like other company employees, are beneficiaries of the MAPFRE Employment System Pension Plan. Additionally, executive directors are entitled to specific contribution pension agreements in the event of retirement, death or permanent disability, which are externalized through group life insurance. All of this is included in the compensation policy established for the senior executives of MAPFRE.

The vesting conditions for executive directors are set out in the contracts regulating their relationship with the company, which specify that the vesting of rights begins after 10 years of service with the MAPFRE group, including five years as a senior executive. This is the case of all the executive directors.

There is no incompatibility with any kind of compensation for early termination or the conclusion of the contractual relationship between the company and the director.

A total amount of 3,619,931 euros, corresponding entirely to the company, is expected to be recorded as expenses for this item in 2018.

**A.6 Indicate any compensation agreed or paid for termination of director functions.**

**Explain compensations**

In the case of external directors, there is no compensation agreed or paid if they terminate their functions as directors. In the case of executive directors, the termination of their role implies lifting the suspension of the relationship prior to their appointment as such. Early termination of the previous relationship entails compensation under the terms established in the workers' statute in relation to unfair dismissal, except where there is good cause for dismissal.

No payments were made for this reason in 2017.

**A.7 Indicate the terms and conditions that must be included in the contracts of people who perform senior management functions as executive directors. This information should cover aspects such as duration, limits to compensation amounts, continuity of service clauses, notice periods, as well as the amount paid in lieu of this notice period, and any other clauses related to signing bonuses, compensation or financial protection in the event of early termination or the conclusion**

of the contractual relationship between the company and the executive director. Include any no-compete, exclusivity, continuity of service and loyalty agreements, as well as any post-contractual non-competition covenants.

The duration of the contracts for executive directors is related to the length of service as a director. Termination in this role implies lifting the suspension of the relationship prior to the appointment as such.

The expiry on the date of maturity of the previous relationship will not lead in itself to any economic right, without prejudice to the right of the Board of Directors to agree, on the recommendation of the chairperson and the Appointments and Remuneration Committee, extraordinary bonuses based on performance during their career.

As indicated in Section A.6, in the case of executive directors the termination of their role implies lifting the suspension of the relationship prior to their appointment as such. Early termination by the company of the previous relationship entails compensation under the terms established in the workers' statute in relation to unfair dismissal, except where there is good cause for dismissal. In the event of early termination by decision of the company, the company must inform the director of his/her removal three (3) months prior to the date of termination.

Contracts governing the prior relationship establish the termination of this relationship as January 1 of the year after which the director reaches the age of 60, unless annual extensions are implemented at the initiative of the company until the date on which the executive reaches the age of 65, as a maximum.

Executive directors must have an exclusive relationship with the company, and there are no contractual conditions relating to post-contractual non-competition agreements or continuity of service.

There are no clauses relating to signing bonuses.

#### A.8 Explain any supplementary remuneration earned by directors for services rendered other than those inherent to their position.

**Explain supplementary remuneration**

No directors have rendered services other than those inherent to their position as directors or to their executive functions, as applicable, except for those services provided by certain directors in their capacity as members of the MAPFRE GLOBAL RISKS Advisory Committee.

#### A.9 Indicate any remuneration in the form of advance payments, loans or guarantees granted, specifying the interest rate, their essential characteristics and the amounts returned, as well as any obligations undertaken on their behalf by way of a guarantee.

**Explain advances, loans and guarantees granted**

None of the Group companies has granted any payments in advance or loans to directors, or has provided guarantees on their behalf.

#### A.10 Explain the main characteristics of remuneration in kind.

**Explain remuneration in kind**

External directors are entitled to the following company benefits in accordance with the policy established for company staff in general.

- Life insurance, described in section A.3.
- Discounts on products sold by companies belonging to the MAPFRE Group.
- Christmas gift.

In the case of executive directors, in addition to the company benefits applicable to all MAPFRE staff they are entitled to receive the following as remuneration in kind:

- Specific life insurance, described in section A.3.
- The private use of a company vehicle according to the terms and conditions established in the policy for assignment of MAPFRE vehicles.



- Discounts on products sold by companies belonging to the MAPFRE Group.

A.11 Indicate the remuneration earned by directors by virtue of the payments made by the company to a third party for which the directors render services, when such payments are intended to compensate the directors for the services provided to the company.

**Explain remuneration earned by directors by virtue of the payments made by the company to a third party for which the director renders services**

No payments of this nature were made.

A.12 Indicate any other remuneration item other than those indicated above, whatever its nature or the Group company paying it, especially if treated as a related party transaction or if its payment could distort the true and fair image of the total remuneration earned by directors.

**Explain other remuneration items**

There are no remuneration items other than those described above.

A.13 Explain the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risk and adjust it to the company's long-term objectives, values, and interests. Make reference, where applicable, to measures intended to ensure that the remuneration policy serves the long-term objectives of the company; measures which provide an appropriate balance between fixed and variable components of remuneration; measures taken in relation to categories of staff whose professional activities have a material impact on the risk profile of the company; formulas or recovery clauses to claim the return of variable components of remuneration based on results when such components were paid on the basis of data which were subsequently proven to be manifestly inaccurate; and measures designed to prevent conflicts of interest, where applicable.

**Explain the actions taken to reduce risk**

On February 9, 2016 the Board of Directors agreed to refer the compensation policy for directors for the period 2016-2018 to the Annual General Meeting, which approved it on March 11, 2016.

In accordance with this, the fixed and variable components (short, medium and long-term) of the remuneration package must be balanced in such a way that the fixed component constitutes a sufficiently large part of the total remuneration, thus enabling the application of a completely flexible policy with regard to the variable components of the remuneration package, including the possibility of not paying these.

The payment of at least 30 percent of the variable remuneration will be deferred for a minimum of three years, and the contracts of the executive directors will include clauses of reduction (malus) or recovery (clawback) that may affect 100 percent of the variable remuneration.

Employee categories that may have a material impact on the company's risk profile have a variable short-term remuneration system linked to the achievement of objectives directly connected to strategic plans and carried out over one year.

In relation to potential conflicts of interest, the internal regulations of the company establish that these must be reported to the governing bodies of MAPFRE through General Counsel by those affected. These governing bodies must establish whether or not there is a conflict of interest, and if this is case they must establish measures to protect the company interest in accordance with the circumstances. These measures must be accepted by those affected.

## **B COMPENSATION POLICY FOR FUTURE FINANCIAL YEARS**

Repealed

## **C GENERAL SUMMARY OF HOW THE COMPENSATION POLICY WAS APPLIED DURING THE CLOSED FINANCIAL YEAR**

C.1 Provide a brief explanation of the main characteristics of the structure and remuneration items included in the compensation policy applied during the closed financial year, specifying the individual remuneration earned by each of the directors listed in Section D of this report, as well as a summary of the decisions made by the Board regarding the application of these items.

### **Explain the structure and remuneration items of the compensation policy applied during the financial year**

The main remuneration items in 2017 were as follows:

**Salaries:** Fixed remuneration of executive directors as described in section A.3, earned for senior management duties.

**Fixed remuneration:** Annual fixed amount for membership of the Board of Directors and, as applicable, of the Steering Committee and sub-steering committees, received exclusively by external directors. This fixed amount was higher for people holding the position of Vice Chairman of the Board of Directors or chair of the Steering Committee, the Appointments and Remuneration Committee, the Audit and Compliance Committee, and the Risk Committee, although this increase was not cumulative for directors who hold several positions.

**Short-term variable remuneration:** Variable amount paid to executive directors for their executive duties, which may be equal to or slightly higher than the fixed remuneration.

**Medium-term variable remuneration:** Variable amount received by executive directors, linked to the fulfillment of certain corporate and specific individual objectives, as set out in the medium-term incentive plan for 2016-2019 approved by the Board of Directors and described in Section A.4.

**Other items:** This section includes the remuneration in kind described above, except for the premiums paid for life insurance.

At the recommendation of the Appointments and Remuneration Committee, the Board of Directors unanimously approved the aforementioned items and the amounts allocated to each of them for the financial year 2017 at its meeting on February 7, 2017.

The individual amounts received by the different directors are shown in Section D of this report.

Regarding the variable remuneration for executive directors, at the close of 2017 the amount was determined based on the fulfillment of the company's profit objectives.

**D BREAKDOWN OF THE INDIVIDUAL REMUNERATION EARNED BY EACH DIRECTOR**

| <b>Name</b>                          | <b>Type</b> | <b>Payment period 2017</b>      |
|--------------------------------------|-------------|---------------------------------|
| ANTONIO HUERTAS MEJIAS               | Executive   | From 01/01/2017 to 31/12/2017.  |
| ANTONIO NUÑEZ TOVAR                  | Executive   | From 01/01/2017 to 31/12/2017.  |
| CATALINA MIÑARRO BRUGAROLAS          | Independent | From 01/01/2017 to 31/12/2017.. |
| IGNACIO BAEZA GOMEZ                  | Executive   | From 01/01/2017 to 31/12/2017.  |
| ADRIANA CASADEMONT I RUHI            | Independent | From 01/01/2017 to 31/12/2017.  |
| JOSE ANTONIO COLOMER GUIU            | Independent | From 01/01/2017 to 31/12/2017.  |
| GEORG DASCHNER                       | Independent | From 01/01/2017 to 31/12/2017.  |
| ANA ISABEL FERNANDEZ ALVAREZ         | Independent | From 01/01/2017 to 31/12/2017.  |
| MARIA LETICIA DE FREITAS COSTA       | Independent | From 01/01/2017 to 31/12/2017.  |
| LUIS HERNANDO DE LARRAMENDI MARTINEZ | Nominee     | From 01/01/2017 to 31/12/2017.  |
| FRANCISCO JOSE MARCO ORENES          | Executive   | From 10/03/2017 to 31/12/2017.  |
| RAFAEL MARQUEZ OSORIO                | Nominee     | From 01/01/2017 to 31/12/2017.  |
| FERNANDO MATA VERDEJO                | Executive   | From 01/01/2017 to 31/12/2017.  |
| ANTONIO MIGUEL-ROMERO DE OLANO       | Nominee     | From 01/01/2017 to 31/12/2017.  |
| ALFONSO REBUELTA BADIAS              | Nominee     | From 01/01/2017 to 31/12/2017.  |
| ANDRES JIMENEZ HERRADON              | Nominee     | From 01/01/2017 to 22/02/2017.  |

D.1 Complete the following tables on the individual remuneration for each of the directors (including the remuneration for executive functions) earned during the year.

**a) Remuneration earned within the company that is the subject of this report:**

**i) Remuneration in cash (thousands of euros)**

| Name                                 | Salary | Fixed remuneration | Subsistence allowances | Short-term variable remuneration | Long-term variable remuneration | Remuneration for membership of Board committees | Compensation | Other items | 2017 Total | 2016 Total |
|--------------------------------------|--------|--------------------|------------------------|----------------------------------|---------------------------------|---|--------------|-------------|------------|------------|
| ANTONIO HUERTAS MEJIAS               | 812    | 0                  | 0                      | 668                              | 576                             | 0   | 0            | 2           | 2,058      | 2,725      |
| ANTONIO NUÑEZ TOVAR                  | 1,014  | 0                  | 0                      | 465                              | 336                             | 0   | 0            | 60          | 1,875      | 2,181      |
| CATALINA MIÑARRO BRUGAROLAS          | 0      | 220                | 0                      | 0                                | 0                               | 110   | 0            | 1           | 331        | 224        |
| IGNACIO BAEZA GOMEZ                  | 498    | 0                  | 0                      | 301                              | 216                             | 0   | 0            | 3           | 1,018      | 1,362      |
| ADRIANA CASADEMONT I RUHI            | 0      | 110                | 0                      | 0                                | 0                               | 70  | 0            | 2           | 182        | 157        |
| JOSE ANTONIO COLOMER GUIU            | 0      | 110                | 0                      | 0                                | 0                               | 90  | 0            | 0           | 200        | 168        |
| GEORG DASCHNER                       | 0      | 110                | 0                      | 0                                | 0                               | 75  | 0            | 0           | 185        | 200        |
| ANA ISABEL FERNANDEZ ALVAREZ         | 0      | 110                | 0                      | 0                                | 0                               | 35  | 0            | 1           | 146        | 48         |
| MARIA LETICIA DE FREITAS COSTA       | 0      | 110                | 0                      | 0                                | 0                               | 0   | 0            | 0           | 110        | 110        |
| LUIS HERNANDO DE LARRAMENDI MARTINEZ | 0      | 110                | 0                      | 0                                | 0                               | 55  | 0            | 3           | 168        | 183        |
| ANDRES JIMENEZ HERRADON              | 0      | 16                 | 0                      | 0                                | 0                               | 5   | 0            | 0           | 21         | 140        |
| FRANCISCO JOSE MARCO ORENES          | 328    | 0                  | 0                      | 273                              | 0                               | 0   | 0            | 30          | 631        | 1,272      |
| RAFAEL MARQUEZ OSORIO                | 0      | 110                | 0                      | 0                                | 0                               | 85  | 0            | 2           | 197        | 182        |
| FERNANDO MATA VERDEJO                | 345    | 0                  | 0                      | 274                              | 0                               | 0   | 0            | 6           | 625        | 730        |
| ANTONIO MIGUEL-ROMERO DE OLANO       | 0      | 110                | 0                      | 0                                | 0                               | 90  | 0            | 2           | 202        | 212        |
| ALFONSO REBUELTA BADIAS              | 0      | 110                | 0                      | 0                                | 0                               | 35  | 0            | 3           | 148        | 144        |

**ii) Share-based remuneration systems**

**iii) Long-term savings systems**

| Name                        | Contribution during the year made by the company (thousands of euros) |           | Amount of accumulated funds (thousands of) |           |
|-----------------------------|---|-----------|--|-----------|
|                             | Year 2017   | Year 2016 | Year 2017                                  | Year 2016 |
| ANTONIO HUERTAS MEJIAS      | 1,713   | 1,699     | 6,788                                      | 4,834     |
| ANTONIO NUÑEZ TOVAR         | 1,224   | 1,223     | 4,757                                      | 3,359     |
| IGNACIO BAEZA GOMEZ         | 447   | 435       | 1,437                                      | 880       |
| FERNANDO MATA VERDEJO       | 424   | 374       | 1,004                                      | 564       |
| FRANCISCO JOSE MARCO ORENES | 391   | 377       | 1,184                                      | 774       |

iv) Other benefits (thousands of euros).

| <b>ANTONIO HUERTAS MEJIAS</b>                              |                  |   |                         |
|--|------------------|---|-------------------------|
| <b>Remuneration in the form of advances, loans granted</b> |                  |   |                         |
| <b>Interest rate of the transaction</b>                    |                  | <b>Main characteristics of the transaction</b>                | <b>Amounts returned</b> |
| 0,00   |                  | Not applicable  | Not applicable          |
| <b>Life insurance premiums</b>                             |                  | <b>Guarantees given by the company on behalf of directors</b> |                         |
| <b>Year 2017</b>   | <b>Year 2016</b> | <b>Year 2017</b>  | <b>Year 2016</b>        |
| 16   | 14               | Not applicable  | Not applicable          |

| <b>ANTONIO NUÑEZ TOVAR</b>                                 |                  |   |                         |
|--|------------------|---|-------------------------|
| <b>Remuneration in the form of advances, loans granted</b> |                  |   |                         |
| <b>Interest rate of the transaction</b>                    |                  | <b>Main characteristics of the transaction</b>                | <b>Amounts returned</b> |
| 0,00   |                  | Not applicable  | Not applicable          |
| <b>Life insurance premiums</b>                             |                  | <b>Guarantees given by the company on behalf of directors</b> |                         |
| <b>Year 2017</b>   | <b>Year 2016</b> | <b>Year 2017</b>  | <b>Year 2016</b>        |
| 32   | 27               | Not applicable  | Not applicable          |

| <b>CATALINA MIÑARRO BRUGAROLAS</b>                         |  |  |  |
|--|--|--|--|
| <b>Remuneration in the form of advances, loans granted</b> |  |  |  |

| CATALINA MIÑARRO BRUGAROLAS      |           |  |                  |
|----------------------------------|-----------|--|------------------|
| Interest rate of the transaction |           | Main characteristics of the transaction                | Amounts returned |
| 0,00                             |           | Not applicable   | Not applicable   |
| Life insurance premiums          |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017                        | Year 2016 | Year 2017  | Year 2016        |
| 1                                | 1         | Not applicable   | Not applicable   |

| IGNACIO BAEZA GOMEZ                                 |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
| 14  | 11        | Not applicable   | Not applicable   |

| ADRIANA CASADEMONT I RUHI                           |  |   |                  |
|---|--|---|------------------|
| Remuneration in the form of advances, loans granted |  |   |                  |
| Interest rate of the transaction                    |  | Main characteristics of the transaction | Amounts returned |
| 0,00  |  | Not applicable                          | Not applicable   |

| ADRIANA CASADEMONT I RUHI |           |  |                |
|---------------------------|-----------|--|----------------|
| Life insurance premiums   |           | Guarantees given by the company on behalf of directors |                |
| Year 2017                 | Year 2016 | Year 2017  | Year 2016      |
| 1                         | 1         | Not applicable   | Not applicable |

| JOSE ANTONIO COLOMER GUIU                           |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
| 2   | 2         | Not applicable   | Not applicable   |

| GEORG DASCHNER                                      |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
|   |           |  |                  |



| GEORG DASCHNER |   |                |                |
|----------------|---|----------------|----------------|
| 3              | 3 | Not applicable | Not applicable |

| ANA ISABEL FERNANDEZ ALVAREZ                        |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
| 1   | 1         | Not applicable   | Not applicable   |

| MARIA LETICIA DE FREITAS COSTA                      |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
| 1   | 1         | Not applicable   | Not applicable   |

| LUIS HERNANDO DE LARRAMENDI MARTINEZ                |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
| 2   | 2         | Not applicable   | Not applicable   |

| ANDRES JIMENEZ HERRADON                             |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
| 1   | 2         | Not applicable   | Not applicable   |

| RAFAEL MARQUEZ OSORIO                               |  |   |                  |
|---|--|---|------------------|
| Remuneration in the form of advances, loans granted |  |   |                  |
| Interest rate of the transaction                    |  | Main characteristics of the transaction | Amounts returned |

| RAFAEL MARQUEZ OSORIO   |           |  |                |
|-------------------------|-----------|--|----------------|
| 0,00                    |           | Not applicable   | Not applicable |
| Life insurance premiums |           | Guarantees given by the company on behalf of directors |                |
| Year 2017               | Year 2016 | Year 2017  | Year 2016      |
| 4                       | 5         | Not applicable   | Not applicable |

| ANTONIO MIGUEL-ROMERO DE OLANO                      |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
| 2   | 2         | Not applicable   | Not applicable   |

| ALFONSO REBUelta BADIAS                             |  |  |                  |
|---|--|--|------------------|
| Remuneration in the form of advances, loans granted |  |  |                  |
| Interest rate of the transaction                    |  | Main characteristics of the transaction                | Amounts returned |
| 0,00  |  | Not applicable   | Not applicable   |
| Life insurance premiums                             |  | Guarantees given by the company on behalf of directors |                  |

| ALFONSO REBUELTA BADIAS |           |                |                |
|-------------------------|-----------|----------------|----------------|
| Year 2017               | Year 2016 | Year 2017      | Year 2016      |
| 2                       | 2         | Not applicable | Not applicable |

| FERNANDO MATA VERDEJO                               |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
| 8   | 5         | Not applicable   | Not applicable   |

| FRANCISCO JOSE MARCO ORENES                         |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Ejercicio 2016   |

**FRANCISCO JOSE MARCO ORENES**

|                                    |   |                |                |
|------------------------------------|---|----------------|----------------|
| <b>FRANCISCO JOSE MARCO ORENES</b> |   |                |                |
| 9                                  | 8 | Not applicable | Not applicable |

**b) Remuneration earned by the company's directors for membership of boards in other Group companies**

**i) Remuneration in cash (thousands of euros)**

| Name                                 | Salary | Fixed remuneration | Subsistence allowances | Short-term variable remuneration | Long-term variable remuneration | Remuneration for membership of Board committees | Compensation | Other items | 2017 Total | 2016 Total |
|--------------------------------------|--------|--------------------|------------------------|----------------------------------|---------------------------------|---|--------------|-------------|------------|------------|
| ANTONIO HUERTAS MEJIAS               | 0      | 0                  | 0                      | 0                                | 0                               | 0   | 0            | 0           | 0          | 0          |
| ANTONIO NUÑEZ TOVAR                  | 0      | 0                  | 0                      | 0                                | 0                               | 0   | 0            | 0           | 0          | 0          |
| CATALINA MIÑARRO BRUGAROLAS          | 0      | 45                 | 0                      | 0                                | 0                               | 8   | 0            | 0           | 53         | 46         |
| IGNACIO BAEZA GOMEZ                  | 0      | 0                  | 0                      | 0                                | 0                               | 0   | 0            | 0           | 0          | 0          |
| ADRIANA CASADEMONT I RUHI            | 0      | 45                 | 0                      | 0                                | 0                               | 0   | 0            | 0           | 45         | 40         |
| JOSE ANTONIO COLOMER GUIU            | 0      | 45                 | 0                      | 0                                | 0                               | 0   | 0            | 0           | 45         | 28         |
| GEORG DASCHNER                       | 0      | 0                  | 0                      | 0                                | 0                               | 0   | 0            | 0           | 0          | 0          |
| ANA ISABEL FERNANDEZ ALVAREZ         | 0      | 90                 | 0                      | 0                                | 0                               | 0   | 0            | 0           | 90         | 81         |
| MARIA LETICIA DE FREITAS COSTA       | 0      | 0                  | 0                      | 0                                | 0                               | 0   | 0            | 0           | 0          | 0          |
| LUIS HERNANDO DE LARRAMENDI MARTINEZ | 0      | 90                 | 0                      | 0                                | 0                               | 8   | 0            | 0           | 98         | 86         |
| ANDRES JIMENEZ HERRADON              | 0      | 10                 | 0                      | 0                                | 0                               | 0   | 0            | 1           | 11         | 66         |
| FRANCISCO JOSE MARCO ORENES          | 0      | 0                  | 0                      | 0                                | 0                               | 0   | 0            | 0           | 0          | 0          |
| RAFAEL MARQUEZ OSORIO                | 0      | 45                 | 0                      | 0                                | 0                               | 0   | 0            | 0           | 45         | 40         |
| FERNANDO MATA VERDEJO                | 0      | 0                  | 0                      | 0                                | 0                               | 0   | 0            | 0           | 0          | 0          |
| ANTONIO MIGUEL-ROMERO DE OLANO       | 0      | 90                 | 0                      | 0                                | 0                               | 16  | 0            | 0           | 106        | 91         |
| ALFONSO REBUELTA BADIAS              | 0      | 90                 | 0                      | 0                                | 0                               | 38  | 0            | 0           | 128        | 116        |

**ii) Share-based remuneration systems**

**iii) Long-term savings systems**

| Name                        | Contribution during the year made by the company (thousands of euros) |           | Amount of accumulated funds (thousands of euros) |           |
|-----------------------------|---|-----------|--|-----------|
|                             | Year 2017   | Year 2016 | Year 2017  | Year 2016 |
| ANTONIO HUERTAS MEJIAS      | 0   | 0         | 679  | 653       |
| IGNACIO BAEZA GOMEZ         | 0   | 0         | 1,812  | 1,850     |
| FERNANDO MATA VERDEJO       | 0   | 0         | 436  | 419       |
| FRANCISCO JOSE MARCO ORENES | 0   | 0         | 1,279  | 1,232     |

iv) Other benefits (thousands of euros)

| ANA ISABEL FERNANDEZ ALVAREZ                        |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
| 0   | 1         | Not applicable   | Not applicable   |

| ANDRES JIMENEZ HERRADON                             |           |  |                  |
|---|-----------|--|------------------|
| Remuneration in the form of advances, loans granted |           |  |                  |
| Interest rate of the transaction                    |           | Main characteristics of the transaction                | Amounts returned |
| 0,00  |           | Not applicable   | Not applicable   |
| Life insurance premiums                             |           | Guarantees given by the company on behalf of directors |                  |
| Year 2017   | Year 2016 | Year 2017  | Year 2016        |
| 0   | 1         | Not applicable   | Not applicable   |



### c) Summary of remuneration (thousands of euros)

The summary must include the amounts corresponding to all remuneration items described in this report that have been earned by directors, in thousands of euros.

In the case of long-term savings systems, include the contributions or provisions made to these types of systems.

| Name                                 | Remuneration earned within the company |                        |                                   |                    | Remuneration earned within Group companies |                        |                                   |                  | Totals     |            |   |
|--------------------------------------|--|------------------------|-----------------------------------|--------------------|--|------------------------|-----------------------------------|------------------|------------|------------|---|
|                                      | Total remuneration in cash             | Value of issued shares | Gross profit on options exercised | Total 2016 company | Total remuneration in cash                 | Value of shares issued | Gross profit on options exercised | Total 2016 Group | 2017 Total | 2016 Total | Contribution to savings systems during the year |
| ANTONIO HUERTAS MEJIAS               | 2,058                                  | 0                      | 0                                 | 2,058              | 0  | 0                      | 0                                 | 0                | 2,058      | 2,725      | 1,713   |
| ANTONIO NUÑEZ TOVAR                  | 1,875                                  | 0                      | 0                                 | 1,875              | 0  | 0                      | 0                                 | 0                | 1,875      | 2,181      | 1,224   |
| CATALINA MIÑARRO BRUGAROLAS          | 331                                    | 0                      | 0                                 | 331                | 53   | 0                      | 0                                 | 53               | 384        | 270        | 0   |
| IGNACIO BAEZA GOMEZ                  | 1,018                                  | 0                      | 0                                 | 1,018              | 0  | 0                      | 0                                 | 0                | 1,018      | 1,362      | 447   |
| ADRIANA CASADEMONT I RUHI            | 182                                    | 0                      | 0                                 | 182                | 45   | 0                      | 0                                 | 45               | 227        | 197        | 0   |
| JOSE ANTONIO COLOMER GUIU            | 200                                    | 0                      | 0                                 | 200                | 45   | 0                      | 0                                 | 45               | 245        | 196        | 0   |
| GEORG DASCHNER                       | 185                                    | 0                      | 0                                 | 185                | 0  | 0                      | 0                                 | 0                | 185        | 200        | 0   |
| ANA ISABEL FERNANDEZ ALVAREZ         | 146                                    | 0                      | 0                                 | 146                | 90   | 0                      | 0                                 | 90               | 236        | 129        | 0   |
| MARIA LETICIA DE FREITAS COSTA       | 110                                    | 0                      | 0                                 | 110                | 0  | 0                      | 0                                 | 0                | 110        | 110        | 0   |
| LUIS HERNANDO DE LARRAMENDI MARTINEZ | 168                                    | 0                      | 0                                 | 168                | 98   | 0                      | 0                                 | 98               | 266        | 269        | 0   |
| ANDRES JIMENEZ HERRADON              | 21                                     | 0                      | 0                                 | 21                 | 11   | 0                      | 0                                 | 11               | 32         | 206        | 0   |
| FRANCISCO JOSE MARCO ORENES          | 631                                    | 0                      | 0                                 | 631                | 0  | 0                      | 0                                 | 0                | 631        | 1,272      | 391   |
| RAFAEL MARQUEZ OSORIO                | 197                                    | 0                      | 0                                 | 197                | 45   | 0                      | 0                                 | 45               | 242        | 222        | 0   |
| FERNANDO MATA VERDEJO                | 625                                    | 0                      | 0                                 | 625                | 0  | 0                      | 0                                 | 0                | 625        | 730        | 424   |
| ANTONIO MIGUEL-ROMERO DE OLANO       | 202                                    | 0                      | 0                                 | 202                | 106  | 0                      | 0                                 | 106              | 308        | 303        | 0   |
| ALFONSO REBUELTA BADIAS              | 148                                    | 0                      | 0                                 | 148                | 128  | 0                      | 0                                 | 128              | 276        | 260        | 0   |

| Name         | Remuneration earned within the company |                        |                                   |                    | Remuneration earned within Group companies |                        |                                   |                  | Totals       |               |   |
|--------------|--|------------------------|-----------------------------------|--------------------|--|------------------------|-----------------------------------|------------------|--------------|---------------|---|
|              | Total remuneration in cash             | Value of issued shares | Gross profit on options exercised | Total 2016 company | Total remuneration in cash                 | Value of shares issued | Gross profit on options exercised | Total 2016 Group | 2017 Total   | 2016 Total    | Contribution to savings systems during the year |
| <b>TOTAL</b> | <b>8,097</b>                           | <b>0</b>               | <b>0</b>                          | <b>8,097</b>       | <b>621</b>                                 | <b>0</b>               | <b>0</b>                          | <b>621</b>       | <b>8,718</b> | <b>10,632</b> | <b>4,199</b>                                    |

D.2 Report on the relationship between the remuneration obtained by directors and the company's results or other measures of performance, explaining where applicable how variations in the company's performance have affected the variation in the remuneration for directors.

The variable remuneration of the executive directors is always linked to the result.

D.3 Report on the result of the advisory vote at the Annual General Meeting on the annual report on remuneration for the previous financial year, indicating the number of any negative votes cast.

|                   | Number        | % of total |
|-------------------|---------------|------------|
| <b>Votes cast</b> | 2.531.815.533 | 82,21%     |

|                       | Number        | % of total |
|-----------------------|---------------|------------|
| <b>Negative votes</b> | 361.458.462   | 11,74%     |
| <b>Votes in favor</b> | 2.170.290.466 | 70,47%     |
| <b>Abstentions</b>    | 66.605        | 0,00%      |

## **E OTHER USEFUL INFORMATION**

If there is any relevant aspect regarding the remuneration of directors which has not been covered in the other sections of this report but which should be included to provide more complete and explanatory information about the remuneration structure and practices of the company in relation to its directors, please provide a brief explanation here.

This annual report on remuneration was approved by the company's Board of Directors on 02/07/2018.

Indicate whether any directors voted against the report or abstained.

Yes

No