



**ANNUAL REPORT ON THE REMUNERATION  
OF LISTED COMPANY DIRECTORS**

---

---

**IDENTIFICATION DATA OF THE ISSUER**

---

End date of reference year: [ 31/12/2020 ]

TIN: [ A48766695 ]

Business name:

[ **EUSKALTEL, S.A.** ]

Registered office:

[ PARQUE TECNOLÓGICO, EDIFICIO 809 (ZAMUDIO) VIZCAYA ]

**A. COMPANY'S REMUNERATION POLICY FOR THE CURRENT YEAR**

---

A.1. Explain the director remuneration policy applicable to the current financial year. To the extent that it is relevant, certain information may be included by reference to the remuneration policy approved by the general shareholders' meeting, provided that the inclusion is clear and specific.

Specific details for the current year should be described, with respect to both the remuneration of the directors for their status as such and for the performance of executive functions carried out by the board in accordance with the provisions of the agreements concluded with executive directors and with the remuneration policy approved by the general meeting.

The following minimum information must be provided:

- Description of the company's procedures and bodies involved in determining and approving the remuneration policy and its conditions.
- Indicate and, if appropriate, explain whether comparable companies have been taken into account in establishing the company's remuneration policy.
- Information on whether any external advisors have been involved and, if so, their identity.

Pursuant to Article 62.5 of the Bylaws, the Directors' Remuneration Policy will be in line, where appropriate, with the remuneration system envisaged in the Company's Bylaws, it will have the scope provided for by law and it will be submitted by the Board of Directors for the approval of the General Shareholders' Meeting at the intervals established by law. In any event, the overall sum of all the resulting amounts to be received by all the Directors for any reason in each financial year may never exceed the maximum amount approved by the General Shareholders' Meeting. Article 62 of the Bylaws and the Directors' Remuneration Policy were amended in 2020. In this respect, the following was agreed at the Annual General Meeting held on 2 June 2020:

- Amend Article 62.3. d) of the Bylaws concerning directors' remuneration.
- Approve the change to the Directors' Remuneration Policy for 2019, 2020 and 2021.

The Directors' Remuneration Policy must be approved by the General Shareholders' Meeting, at the proposal of the Board of Directors, following a report from the Remuneration Committee.

As mentioned above, the current Euskaltel Directors' Remuneration Policy approved at the Annual General Meeting held on 1 April 2019 has been amended by a resolution of the Annual General Meeting held on 2 June 2020.

Within the scope of its authority, the Appointments and Remuneration Committee participated in the preparation of the Policy, issuing a final report thereon in accordance with the provisions of Article 529 (xix) of the Spanish Companies Act and with the functions referred to in Articles 5 and 10 of the Regulations of the Appointments and Remuneration Committee.

The Board of Directors and the Remuneration Committee regularly review the principles and criteria of the Remuneration Policy in order to keep it aligned with best practices and market trends and with the business strategy.

Euskaltel's Remuneration Policy has been defined considering, in addition to the necessary compliance with legal requirements, the Good Governance Code and internal regulations and its alignment with best market practices, having included components aimed at adjusting the directors' remuneration to the Company's objectives, values and long-term interests.

In line with the new Article 62.3.d) of the Bylaws, the Remuneration Policy does not envisage the payment of attendance fees, variable or performance-linked items or payments in shares, stock options or share-based instruments to directors who are not entrusted with executive functions, except in the event that the Chairman of the Board of Directors does not have executive functions, in which case long-term variable remuneration is provided for, based on the delivery of cash or shares, share options or instruments or other remuneration tied to the value thereof, linked to business objectives, share performance and, where appropriate, other corporate social responsibility objectives.

With regard to Directors without executive functions, the Policy lays down the following characteristics for their remuneration: (i) it is transparent with respect to information; (ii) it acts as an incentive to reward their dedication, skills and responsibility, without being an obstacle to their duty of loyalty; and (iii) it comprises a fixed allowance fully paid in cash and remunerates Board membership

The aim of the Policy is to remunerate Directors who are not entrusted with executive functions in accordance with their professional worth, dedication to their office and the responsibility assumed by them, without their objectivity in the defence of the Company's interests being affected by the remuneration received.

Concerning Directors with executive functions, the Policy provides that they are entitled to receive remuneration for the functions of this nature that they perform, following the criteria generally applicable to Senior Management and which seek to establish a compensation package capable of attracting, motivating and retaining high-level human capital. The characteristics of executive directors' remuneration are as follows: (i) remuneration is assigned for the performance of executive functions in accordance with provisions of the relevant contracts within the remuneration items laid down in the Bylaws; (ii) the remuneration items provided for in the contracts and in the Bylaws are in line with the provisions of the Policy; (iii) the remuneration reflects a balanced and efficient relationship between fixed and variable components; (iv) the remuneration scheme is compatible with adequate and efficient risk management and with the Company's business strategy, values and long-term interests, without the variable remuneration jeopardising the capacity of the Company to maintain its solvency and financial situation; and (v) the remuneration takes into account market trends and is positioned in relation thereto in accordance with the Company's strategic approach, as well as its size, nature and the scope of its activities, and is effective in attracting and retaining the best professionals.

The remuneration of Directors who perform executive functions is therefore oriented towards the generation of value for the Company, seeking alignment with shareholders' interests, prudent risk management and strict compliance with current regulations on the remuneration of Directors of listed companies.

- Relative importance of variable remuneration items with respect to fixed items (remuneration mix) and the criteria and objectives taken into account to determine said items and to ensure an appropriate balance between the fixed and variable remuneration components. In particular, indicate the actions taken by the company in relation to the remunerations system to reduce excessive risk exposure and adjust it to the company's objectives, values and long-term interests, which will include, if appropriate, a reference to measures intended to ensure that the remuneration policy takes account of the company's long-term performance, the measures taken in relation to categories of personnel whose professional activities have a material impact on the company's risk profile and measures envisaged to prevent conflicts of interest.

In addition, indicate whether the company has established any accrual or vesting period for certain variable remuneration items, in cash, shares or other financial instruments, a deferral period for the payment of amounts or delivery of financial instruments already vested, or whether any clause has been agreed to reduce the deferred remuneration or oblige the director to return the remuneration received when such remuneration has been based on data that have subsequently been proven to be manifestly inaccurate.

In accordance with Article 27 of the Regulations of the Company's Board of Directors, the Board of Directors shall endeavour, within the limits established in the Bylaws, to ensure that the directors' remuneration is in reasonable proportion to (i) the Company's importance, (ii) its economic situation at a given time, (iii) the standards that are met in the market by companies of a similar size or activity, and (iv) takes into account their dedication to the Company.

The remuneration system established will be oriented towards promoting the long-term profitability and sustainability of the Company and will include the necessary safeguards to avoid an excessive assumption of risks and any reward for unfavourable results.

Likewise, the Board of Directors shall ensure that the amount of the remuneration of external Directors is such that it offers incentives for their dedication but does not compromise their independence.

The Company's Remuneration Policy is based on the following principles:

- Moderation: remuneration must be reasonably proportional to the Company's importance, the economic situation at a given time and the market standards in comparable companies.
- Suitability: the Policy will be aimed at attracting, motivating and retaining high-level human capital, as well as remunerating professional worth, the responsibility assumed and dedication, in the case of external non-executive Directors.
- Balance: between fixed and variable components, in the case of executive directors.
- Profitability and sustainability: regarding the remuneration of Directors who perform executive functions, incentivising performance and rewarding the creation of long-term value.
- Link to earnings: based on the necessary link between remuneration and the Company's results, in the case of executive directors.
- Equity and external competitiveness: taking into consideration the external competitive environment and internal equity.
- Transparency in the remuneration policy: in accordance with best practices and recommendations on remuneration design and governance.

Based on these principles, Euskaltel's Board of Directors has defined a Remuneration Policy considering, in addition to the necessary compliance with legal requirements, the Good Governance Code and internal regulations, its alignment with best market practices, having included components aimed at adjusting the directors' remuneration to the Company's objectives, values and long-term interests.

Non-executive directors' remuneration consists entirely of fixed components, which are calculated on the basis of the position held on the Board and membership of the various Committees.

The remuneration of the Chief Executive Officer for his executive functions consists of the following components: (a) an annual fixed remuneration; (b) an annual variable remuneration, based on indicators or benchmarks, either qualitative or quantitative, linked to the degree of compliance with his objectives; (c) a long-term variable remuneration, based on the delivery of cash or shares, stock options or instruments or other remuneration referenced to the value thereof, linked to business objectives, share performance and, if applicable, other corporate social responsibility objectives; (d) the following remuneration: availability of a company vehicle; life and accident insurance; special health insurance; the possibility of enjoying all benefits made available to management personnel by the Company; e) third-party liability insurance; and f) possible compensation for the termination of his relationship with the Company.

The final structure of the executive directors' "remuneration mix" is based on an assessment of their performance made by the Board of Directors at the proposal of the Remuneration Committee.

The annual variable remuneration of the Chief Executive Officer is based on objective criteria that seek to evaluate his contribution, in the exercising of his executive functions, to the Company's business objectives.

The Board of Directors is responsible for setting objectives and the scales of achievement and performance assessment. The Board will have to subsequently determine the extent to which the business objectives taken as a reference have been met and the degree of achievement of annual variable remuneration (including cases of under- and over-achievement, if applicable).

In general, the parameters to be taken into account to determine compliance with the annual variable remuneration objectives, as well as their respective weighting, will be determined annually by the Board of Directors at the proposal of the Remuneration Committee on the basis of indicators correlated with Company variables relating to business performance, and, where appropriate, others of a qualitative or quantitative character such as, by way of example and without limitation, medium and long-term sustainability, compliance with strategic goals or those relating to corporate social responsibility. The above objectives and parameters will also take into account the risk assumed in order to obtain an outcome and will seek a balance among the Company's short, medium and long-term objectives, without focusing solely on occasional or atypical events or data.

The objectives, parameters and weightings agreed by the Board of Directors in general for the Company's management team will also be applicable to the Company's executive directors. The Board of Directors, at the proposal of the Remuneration Committee, may adjust the above weightings or bring in other objectives that are a priority for developing the business in the short term. The annual variable remuneration system will be reviewed regularly by the Remuneration Committee, which will determine whether it is suitable for measuring the contribution to Euskaltel's results.

The objectives and metrics will represent, for each financial year, an adequate balance between the financial and operational aspects of the Company.

As a risk control measure, the Remuneration Policy envisages that, if the Company's auditors issue qualifications in their audit report that affect any of the objectives and parameters to be taken into account when setting the annual variable remuneration of executive directors, these qualifications will be taken into consideration by the Board of Directors when setting the variable remuneration to be received by the executive directors.

The Company may also claim the reimbursement of all or part of the variable remuneration ("clawback"), as the case may be, when (i) the settlement of the variable remuneration does not comply with the Company's performance conditions; or (ii) the variable remuneration has been paid on the basis of data which are subsequently proven to be inaccurate (e.g. in the event of a correction to the annual accounts on which the variable remuneration was based).

- Amount and nature of the fixed components that the directors are expected to accrue during the year in their capacity as such.

The annual fixed remuneration of directors without executive functions (Non-Executive Chairman of the Board and external nominee and independent directors) has been maintained for 2020. The fixed amounts for Board and Committee membership have not been changed in 2020.

The fixed annual remuneration of the Chairman has not changed with respect to the previous year.

The fixed remuneration of external directors without executive functions by reason of their membership of the Board of Directors and its committees has been as follows:

-Non-Executive Chairman of the Board of Directors: €350,000.

-For membership of the Board of Directors: €65,000.

-For membership of board committees: €15,000.

- Amount and nature of the fixed components that will accrue during the year for the performance of senior management functions by executive directors.

The purpose of the Chief Executive Officer's fixed remuneration is to reward him for the performance of executive functions.

It will be based primarily on a market approach and will take into account the size, nature and scope of the Company's activities, and will be appropriately aligned with the remuneration established in comparable companies in the domestic and international sectors.

The fixed remuneration of the Chief Executive Officer is reviewed annually by the Board of Directors, at the proposal of the Remuneration Committee.

The Company will report on the system and updated remuneration levels of the executive directors through the Annual Report on Directors' Remuneration.

The annual fixed remuneration of the Chief Executive Officer has not changed in 2021 and will be the same as in 2020, i.e. €481,000.

- Amount and nature of any benefit in kind that will accrue in the year including, but not limited to, insurance premiums paid on behalf of the director.

The remuneration of directors who are not entrusted with executive functions will be complemented with (i) the possibility of Euskaltel making individual annual contributions to insurance premiums, and (ii) third-party liability insurance for directors in the Company.

Accordingly, directors without executive functions will receive a benefit in kind consisting of the payment by Euskaltel of accident and third-party liability insurance premiums, which must be approved by the Board of Directors, subject to a maximum amount of €5,689 for each director.

In addition to third-party liability insurance, the Company has arranged life and accident insurance and medical insurance for, and has made a company car available to, the Chief Executive Officer. These items, classified as benefits in kind, total €7,278

- Amount and nature of variable components, differentiating between short and long term. Financial and non-financial parameters, including social, environmental and climate change parameters, selected to determine variable remuneration in the current year, an explanation of the extent to which such parameters relate to the performance of both the director and the entity and its risk profile, and the methodology, time period required and techniques envisaged to be able to determine, at the end of the period, the degree of compliance with the parameters used in designing the variable remuneration, explaining the criteria and factors applied concerning the time required and methods for checking that the performance conditions or any other conditions to which the accrual and vesting of each variable component was linked to have been met.

Indicate the range of the variable components in monetary terms based on the degree of compliance with the established objectives and parameters, and whether any maximum monetary amount exists in absolute terms.

No variable or performance-linked items or payments in shares, share options or share-based instruments are envisaged for directors who are not entrusted with executive functions, except for the Chair when he/she does not perform executive functions.

The only directors who receive annual variable remuneration are the executive directors (currently the Chief Executive Officer). For 2021, it was proposed that the accrual of the annual variable remuneration of the executive director should be conditional on the achievement of the following corporate objectives

a) Mass-market customers.

- b) Mass-market churn
- c) Total Income.
- d) EBITDA Reported Free Cash Flow.

With respect to long-term variable remuneration, the executive directors may take part in long-term incentive plans linked to strategic conditions and objectives and payable in cash or shares, established by the Company for its senior executives. Likewise, in line with the amendment to the Bylaws and the Directors' Remuneration Policy approved at the Annual General Meeting of 2 June 2020, the Non-Executive Chairman of the Board may take part in the Incentive Plan operated by the Company at any time.

Accordingly, the Chief Executive Officer and the Non-Executive Chairman of the Board of Directors will be entitled to take part in the Long-Term Incentive Plan linked to strategic conditions and objectives and payable in cash or shares which the Company might establish from time to time on a general basis for its senior executives or employees.

The 2020-2022 Special Plan was approved at the Annual General Meeting held on 2 June 2020 in accordance with the resolution adopted by the Board of Directors on 27 January 2020 at the proposal of the Appointments and Remuneration Committee. The Long-Term Incentive Plan for the period 2020-2022 relates to a group of company executives and employees (between 30 and 40 persons), as well as the Chairman of the Board of Directors, the Chief Executive Officer and the Company Secretary.

The purpose of the Plan is to align the interest of the Company's main executives and its shareholders in achieving the Company's business objectives in the coming years.

The Plan consists of providing beneficiaries with an extraordinary variable incentive linked to the creation of shareholder value and the achievement of targets tied to operating cash flow, which will allow its beneficiaries to share in up to 4% of the total shareholder value created. At least 75% of the plan will be payable out in Euskaltel shares and the rest in cash.

- Main characteristics of long-term savings schemes. Among other details, indicate the contingencies covered by the schemes, whether contributory or defined benefit, the annual contribution to be made to the defined contribution schemes, the benefit to which beneficiaries are entitled in the case of defined benefit schemes, the vesting conditions for economic rights in favour of directors and their compatibility with any type of payment or compensation for early termination or severance, or derived from the termination of the contractual relationship in the terms established between the company and the director.

Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the achievement of certain targets or parameters related to the director's short- and long-term performance.

External directors that do not have executive functions do not take part in savings or welfare schemes.

The Chief Executive Officer will be entitled to participate in any employment voluntary benefit entity (EPSV) that the Company might operate at any time for its senior executives or employees, by means of the contributions established for this purpose in the Regulations governing the relevant welfare plans. For clarification purposes, this right of the Chief Executive Officer will not generate any obligation on the part of the Company to make contributions.

- Any type of payment or indemnity for early termination resulting from the termination of the contractual relationship in the terms established between the company and the director, whether instigated by the company or by the director, as well as any agreed covenants, such as exclusivity, no post-contractual competition, permanence or loyalty, which entitle the director to any type of payment.

Directors who are not entrusted with executive functions will not receive indemnities or payments due to the termination of their functions as directors.

Such arrangements are only envisaged for the Company's Chief Executive Officer, as detailed in the following section.

- State the conditions that must be met by the contracts of persons exercising senior management functions as executive directors. Among other matters, information is to be provided concerning the duration, limits on the amounts of compensation, permanence conditions, notice periods and payments in lieu of such notice period, and any other clauses regarding hiring bonuses, as well as compensation or "golden parachutes" for early termination of the contractual relationship between the company and the executive director. Include, among other items, covenants or agreements concerning non-competition, exclusivity, permanence or loyalty and post-contractual non-competition, unless explained in the foregoing section.

The termination and compensation scheme included in the service contract with the Chief Executive Officer is as follows.

The Chief Executive Officer will be entitled to receive compensation from the Company in the event of the termination and expiry of the contract for any of the following reasons:

- a) unilateral termination by the Chief Executive Officer due to a serious breach by the Company of the obligations included in this Contract. In particular, for the purposes of the indemnity provided for in this clause, the following will be deemed to be breaches of contract on the Company's part: (i) the adoption of any decision by the Company, or the absence of a decision, that prevents the Chief Executive Officer from receiving all or part of the remuneration agreed in this Contract, (ii) effective non-payment, or (iii) continued delays in the payment of the agreed remuneration;
- b) unilateral termination by the Chief Executive Officer due to a substantial change in his functions, powers or the conditions of the provision of Services thereby for a reason that is not attributable to the Chief Executive Officer;
- c) change in control of the Company within the meaning of Article 42 of the Commercial Code or assignment or transfer of all or a significant part of its business or its assets and liabilities to a third party or its integration into another business group; and
- d) unilateral termination of the Contract by the Company, at any time, other than by reason of (i) a serious and culpable breach by the Chief Executive Officer of the duties of loyalty, diligence or good faith under which he is required to perform his duties, or (ii) any other serious and culpable breach of his obligations under this Contract.

The indemnity in any of the above circumstances shall consist of an amount equivalent to twenty-four (24) months of his annual fixed remuneration at the date of termination of the Contract.

The Chief Executive Officer must exercise his right to terminate the Contract within a maximum period of three (3) months from the date on which he became aware of the grounds for termination. Upon expiry of this period without his having exercised his right to termination, the Chief Executive Officer will not be entitled to receive any compensation on such grounds.

In addition, pursuant to the contract, the Chief Executive Officer is required to comply with a post-contractual non-competition period of 12 months following termination of the contract. As compensation for this post-contractual non-competition commitment, the CEO shall receive an amount equivalent to the last twelve (12) fixed monthly remuneration amounts received. This amount shall be paid in one single payment once the twelve (12) month non-competition period has ended.

- The nature and estimated amount of any other supplementary remuneration that accrues to the directors in the current financial year in consideration for services rendered other than those inherent to their office.

Not envisaged.

- Other remuneration items such as those derived, where applicable, from the granting by the company to the director of advances, loans and guarantees and other remuneration.

Not envisaged.

- The nature and estimated amount of any other expected additional remuneration not included in the preceding paragraphs, whether paid by the company or another group company, that will accrue to the directors in the current year.

Not envisaged.

**A.2.** Explain any relevant changes to the remuneration policy applicable in the current year arising from:

- A new policy or a change in the policy already approved by the Board.
- Relevant changes in the specific items established by the Board for the current year in the current remuneration policy with respect to those applied in the previous year.
- Any proposals that the Board of Directors has agreed to submit to the General Shareholders' Meeting to which this annual report will be submitted and which are proposed to be applied in the current year.

At the Annual General Meeting held on 2 June 2020, it was agreed to amend the Remuneration Policy as a result of the amendment of Article 62 of the Bylaws, concerning directors' remuneration, in the section relating to the remuneration of directors who are not entrusted with executive functions. A new Incentive Plan for 2020-2022 was also approved at said Annual General Meeting relating to, among others, the Chief Executive Officer (the only executive director performing executive functions in the Company) and the Non-Executive Chairman of the Board of Directors.

The adoption of the aforementioned resolutions made it necessary, therefore, to amend the Remuneration Policy to include the new wording of Article 62 of the Bylaws, introducing the new remuneration items for the Non-Executive Chairman of the Board of Directors, eliminating the 2017-2019 Incentive Plan and providing for the new 2020-2022 Incentive Plan for the Chief Executive Officer and the Non-Executive Chairman. The Remuneration Policy also updated the final annual remuneration and the parameters of the Chief Executive Officer's short-term variable remuneration.

Following these modifications, the Remuneration Policy (i) has been adapted to the new Bylaw rules on the remuneration arrangements for directors who are not entrusted with executive duties; (ii) provides for the remuneration items of the Non-Executive Chairman of the Board of Directors; and (iii) covers the new 2020-2022 Incentive Plan relating to, among others, the Chief Executive Officer and the Non-Executive Chairman.

In 2021, an increase has been approved for non-executive directors by reason of their membership of the Board of Directors and the committees, in accordance with the proposal of the Board of Directors following a report from the Remuneration Committee. The Remuneration Policy which includes said increase will be submitted for the approval of the shareholders at the Annual General Meeting to be held in 2021. Non-executive directors' remuneration had not been changed since it was approved in 2015. The proposed increase does not exceed the total remuneration received by non-executive directors in 2020

**A.3.** Provide a direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

[https://www.euskaltel.com/webektest/GaleriaCorporativo/Documentos/nosotros/responsabilidad\\_social/2021/politica-remuneraciones- consejeros-2021.pdf](https://www.euskaltel.com/webektest/GaleriaCorporativo/Documentos/nosotros/responsabilidad_social/2021/politica-remuneraciones- consejeros-2021.pdf)

**A.4.** Explain, taking into account the details provided in section B.4, how the shareholders' votes at the general meeting at which the annual remuneration report for the previous year was submitted to a consultative vote were taken into account.

The Annual Report on Directors' Remuneration of Euskaltel, S.A. for 2019 was approved by the shareholders at the Annual General Meeting held on 2 June 2020, with the favourable vote of 98.184% of share capital present and represented.

Voting on the resolution

- Votes in favour: 154,461,460
- Votes against: 2,254,684.
- Abstentions: 423,260.

## **B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE YEAR**



- B.1.** Explain the process followed to apply the remuneration policy and determine the individual remuneration reflected in section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the board of directors and, where applicable, the identity and role of external advisers whose services have been used in the process of implementing the remuneration policy in the year under consideration.

The current Directors' Remuneration Policy of Euskaltel, S.A. applicable to years 2019, 2020 and 2021 was approved at the Annual General Meeting held on 1 April 2019 and amended by resolution of the Annual General Meeting held on 2 June 2020.

In relation to the Appointments and Remuneration Committee, by resolution of the Annual General Meeting held on 2 June 2020 the Committee was split into two committees: the Appointments Committee and the Remuneration Committee. Therefore, the references made to the Remuneration Committee must be understood to include the meetings held by both in relation to remuneration-related functions.

A reference to the composition of the Remuneration Committee at year-end 2020 is also included.

Within the scope of its authority, the Remuneration Committee participated in the change in the Policy approved at the Annual General Meeting held on 2 June 2020, issuing a final report thereon in accordance with the provisions of Article 529 (xix) of the Spanish Companies Act and with the functions referred to in Articles 5 and 10 of the Regulations of the Remuneration Committee.

The Board of Directors and the Committee regularly review the principles and criteria of the Remuneration Policy in order to keep it aligned with best practices and market trends and with the business strategy.

The aforementioned Committee is made up of three (3) external directors (2 independent and 1 nominee). The majority of the Committee's members are independent directors. The Chairman is elected from among the independent directors sitting on the Committee, and has a casting vote in the event of a tied vote. The Committee has also appointed a Secretary, currently the Secretary of the Board of Directors. At the date of preparation of this report, the composition of the Remuneration Committee is as follows:

- Chairman: Ms. Belén Amatriain Corbi (independent director).
- Member: Corporación Financiera Alba, S.A. (represented by Mr Javier Fernández Alonso) (nominee director).
- Member: Ms. Beatriz Mato Otero (independent director).
- Non-voting Secretary: Mr José Ortiz Martínez
- Non-voting deputy secretary: Ms. Cristina Sustacha Duñabeitia

The members of the Committee are appointed for a maximum of four (4) years, and may be re-elected once or more for maximum periods of four years. The Chair's tenure is for a maximum of four (4) years, and they may not be re-elected until one (1) year has elapsed, without prejudice to remaining a member of the Remuneration Committee.

The Committee secretary's tenure is for a maximum of four years (4), and they may be re-elected once or more for maximum periods of four years.

During 2020 the Remuneration Committee met a total of 6 times, its most noteworthy activity, in relation to the purpose of this report, being as follows:

Proposed settlement, approval of amounts and beneficiaries of the 2017-2019 Long-Term Incentive Plan

Review of the degree of compliance with the objectives established for the accrual of the annual variable remuneration for 2019 and settlement proposal for the annual variable remuneration of the Chief Executive Officer.

-Preparation of a report on the proposed amendment to the Company's Directors' Remuneration Policy approved at the Annual General Meeting held on 2 June 2020.

-Approval, for subsequent consideration by the Board of Directors, of the Annual Directors' Remuneration Report for the year ended 31 December 2019.

-Approval of the Annual Activities Report of the Appointments and Remuneration Committee for 2019

-Proposal to award the 2020-2022 Special Plan to a group of directors,

-Proposed pay increase for non-executive directors

-Amendments to the Committee Regulations

-Report on compliance with the recommendations of the Good Governance Code with regard to remuneration

The Committee is also the competent body for reporting on the settlement of annual variable remuneration, based on the degree of compliance with objectives in the year ended 31 December 2020, and setting the objectives to which the annual variable remuneration is linked for 2021, as well as drawing up the present report, for which purpose it holds the necessary meetings.

**B.2.** Explain the actions taken by the company in relation to the remuneration scheme and how they have contributed to reducing exposure to excessive risks and aligning it with the company's objectives, values and long-term interests, including a reference to the measures that have been adopted to ensure that the remuneration accrued has taken into account the company's long-term results and achieved an appropriate balance between the fixed and variable remuneration components, the measures taken in relation to categories of personnel whose professional activities have a material impact on the company's risk profile, and the measures taken to avoid conflicts of interest, if any.

Through the Board of Directors and the Remuneration Committee, Euskaltel exercises the function of supervising and continuously reviewing the directors' remuneration policy, ensuring its fulfilment.

In addition, the Audit and Control Committee supervises the effectiveness of the Company's and the Group's internal control and risk management systems, including tax risks.

Under Article 4 of the Regulations of the Board of Directors, this body is responsible for adopting certain operational decisions, including the approval of the Company's general policies and strategies, in particular, and among others:

- The strategic or business plan, management targets and annual budgets.
- Corporate governance policy.
- Corporate social responsibility policy.
- Risk control and management policy, including tax risks, and periodic follow-up of internal information and control systems.

The remuneration policy generally applicable in Euskaltel is aligned with the interests of its shareholders and with prudent risk management. This policy includes the appropriate indicators for the evaluation of results, adjusted for current and future risks, in annual variable remuneration schemes, and takes into consideration performance in financial and non-financial measures that include group, business unit and individual objectives.

As a risk control measure, the Remuneration Policy envisages that, if the Company's auditors issue qualifications in their audit report that affect any of the objectives and parameters to be taken into account when setting the annual variable remuneration of executive directors, these qualifications will be taken into consideration by the Board of Directors when setting the variable remuneration to be received by the executive directors.

In addition, the Company may also claim the reimbursement of all or part of the variable remuneration ("clawback"), as the case may be, when (i) the settlement of the variable remuneration does not comply with the Company's performance conditions; or (ii) the variable remuneration has been paid on the basis of data which are subsequently proven to be inaccurate (e.g. in the event of a correction to the annual accounts on which the variable remuneration was based).

Finally, Euskaltel has established a mandatory protocol for executive directors to adapt Recommendation 62 of the CNMV's Good Governance Code for Listed Companies, which establishes that "Once the shares or options or rights to shares corresponding to compensation systems have been allocated, the directors may not transfer ownership of a number of shares equivalent to twice their fixed annual remuneration, and may not exercise the options or rights until a period of at least three years since their allocation has elapsed."

In this respect, Euskaltel's Protocol establishes reference values for the holding of shares by executive directors in line with the levels recommended by the CNMV, which must be complied with until they cease to hold the office of executive directors.

**B.3.** Explain how the remuneration accrued and vested during the year complies with the provisions of the current remuneration policy.

Also provide information concerning the relationship between the remuneration received by the directors and the profits or other performance indicators, both short and long term, in the organisation, explaining, where appropriate, how variations in the company's performance have influenced fluctuations in directors' remuneration,

including accrued remuneration payment of which has been deferred, and how it contributes to the company's short and long term results.

The remuneration accrued in 2020 is fully in line with the current Directors' Remuneration Policy. In this respect:

(i) it has been prepared by the Administrative Bodies following the procedure established for this purpose; (ii) it fulfils the remuneration principles and structure set out in the Directors' Remuneration Policy; and (iii) the annual fixed remuneration to be paid to the directors does not exceed the limits established in said Policy.

As mentioned above, the Annual General Meeting held on 2 June 2020 agreed to ratify the limit of €4,500,000 as the maximum annual amount to be received as remuneration by all directors for all items and for any functions they carry out, for the performance of both executive and non-executive functions.

The remuneration accrued in 2019 strictly complied with the Directors' Remuneration Policy for 2019, 2020 and 2021 and the maximum amount set by the Board was not exceeded.

Directors who are not entrusted with executive functions do not receive any variable remuneration, but only a fixed remuneration.

Concerning directors with executive functions (Chief Executive Officer), part of his remuneration accruing in 2020 was variable, linked to financial and business objectives, regulatory compliance and corporate social responsibility.

For said variable remuneration to be paid, the Board of Directors verifies the fulfilment of these objectives each year.

Once the Annual Accounts of the Euskaltel Group for the year ended 31 December 2020 had been drawn up and signed, the Board of Directors, at the proposal of the Remuneration Committee, determined the following degree of compliance for each of the objectives to which the variable remuneration of the Chief Executive Officer is linked:

- a) Mass-market EOP customers; 25%.
- b) Mass-market churn; 25%.
- c) Total revenues; 25%.
- d) EBITDA; 25%.

In view of the foregoing, the target achievement rate for FY 2020 proposed for approval by the Board of Directors, following a report from the Remuneration Committee, is 68.5% .

**B.4.** Indicate the results of the votes cast during the general shareholders' meeting concerning the annual remunerations report in the previous year, indicating the number of negative votes issued:

	Number	% total
Votes cast	157,139,404	87.96
	Number	% of votes issued
Negative votes	2,254,684	1.43
Votes in favour	154,461,460	98.18
Abstentions	423,260	0.26

Observations

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

In 2020, the annual individual fixed allowances for external directors without executive functions, approved by the Board of Directors, are as follows:

- Chair: €350,000 p.a.
- For membership of the Board of Directors: €65,000.
- For membership one of a Board committee: €15,000.

These fixed allowances for membership of the Board and Board committees, which have not changed since their approval in 2015, are paid in cash, in four equal quarterly payments of €16,250 each in the case of the Board of Directors and €3,750 in the case of the committees.

**B.6.** Explain how the salaries accruing to each of the executive directors for the fulfilment of management functions during the year have been calculated and how they have varied with respect to the previous year.

The fixed remuneration of the Chief Executive Officer in 2020 was €481,000 p.a. In the previous year, taking into account that the date of his appointment was 5 June 2019, his remuneration amounted to €275,240.20.

**B.7.** Explain the nature and main characteristics of the variable components of the remuneration schemes accrued and confirmed during the year.

In particular:

- Identify each of the remuneration plans that have determined the different variable remuneration accrued by each of the directors during the year, including information on their scope, date of approval, date of implementation, vesting conditions if appropriate accrual periods and validity, the criteria used to evaluate performance and how this has impacted the calculation of the variable amount accrued, as well as the measurement criteria used and the period necessary to be able to adequately measure all the stipulated conditions and criteria, explaining in detail the criteria and factors applied concerning the time required and methods for verifying that the performance conditions or any other conditions to which the accrual and vesting of each variable component was linked to have been met.

In the case of stock option plans or other financial instruments, the general characteristics of each plan will include information on the conditions both for acquiring unconditional ownership (vesting) and for being able to exercise such options or financial instruments, including the exercise price and term.

- Each director and the category thereof (executive directors, external nominee directors, external independent directors or other external directors) who are beneficiaries of remuneration schemes or plans that include variable remuneration.
- Where appropriate, information should be provided concerning any payment accrual or deferment periods applied and/or periods for holding/not disposing of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration schemes:

As stated above, the Remuneration Policy stipulates that directors without executive functions do not receive any annual variable remuneration. Directors that perform executive functions (Chief Executive Officer) do receive remuneration of this nature.

In this respect, the Chief Executive Officer, in his capacity as executive director, is entitled to receive annual variable remuneration which is based on objective criteria that seek to evaluate his contribution, in the performance of his executive duties, to the Company's business objectives.

The Board of Directors is responsible for setting objectives and the scales of achievement and performance assessment. The Board will have to subsequently determine the extent to which the business objectives taken as a reference have been met and the degree of achievement of annual variable remuneration (including cases of under- and over-achievement, if applicable).

The objectives and parameters in question will also take into account the risk assumed in order to obtain an outcome and will seek a balance among the Company's short, medium and long-term objectives, without focusing solely on occasional or atypical events or data. The objectives, parameters and weightings agreed by the Board of Directors in general for the Company's management team will also be applicable to the Company's executive directors. The Board of Directors, at the proposal of the Remuneration Committee, may adjust the above weightings or bring in other objectives that are a priority for developing the business in the short term. The annual variable remuneration system will be reviewed regularly by the Appointments and Remuneration Committee, which will determine whether it is suitable for measuring the contribution to Euskaltel's results.

In this respect, 3 levels of objectives have been established for 2020: level 1 objectives (Euskaltel Group objectives, linked to business indicators), level 2 objectives (management unit objectives) and level 3 objectives (individual objectives).

Only level 1 objectives apply to the Chief Executive Officer. The weighting of each objective and the achievement scales is also the responsibility of the Board of Directors, which will subsequently determine the degree of compliance and the degree of achievement in relation to the annual variable remuneration, at the proposal of the Appointments and Remuneration Committee. In any event, the objectives, parameters and weightings agreed by the Board of Directors in general for the Company's management team will also be applicable to the Company's executive director.

The variable remuneration will accrue at the end of the month in which the Company's annual accounts are audited, so that compliance with the established performance targets can be verified.

The amount of and the arrangements for determining, paying or calculating the variable remuneration will be non-vesting. This annual variable remuneration will be paid, in all cases, in cash.

With regard to 2020, and following the annual variable remuneration policy for the preceding year reviewed by the Remuneration Committee to ensure its continuous adaptation to the Company's strategy and the aims of the Policy, the following level 1 objectives (Euskaltel Group objectives) have been established for the Chief Executive Officer, with the relevant weightings:

- e) Mass-market EOP customers; 25%.
- f) Mass-market churn; 25%.
- g) Total revenues; 25%.
- h) EBITDA; 25%.

For each of these objectives and components, an achievement scale has been established with a minimum budget compliance threshold, a 100% compliance level and a maximum budget overachievement limit.

The metrics and required achievement level for 100% compliance with each objective are established considering the 2020 budget. The level of variable remuneration to accrue for each compliance level was also established. For a total weighted compliance level of 100%, 100% of the executive director's variable remuneration accrues. In the event of overachievement, a maximum variable remuneration to be accrued is established for each objective, ranging from 120% to 200%.

In accordance with the Policy and with the contract concluded with the Company, the Chief Executive Officer is entitled to receive an annual variable remuneration equivalent to 50% of the relevant annual salary (i.e. €240,500.00), which will accrue on achievement of 100% of the budget objectives established by the Company's Board of Directors for the financial year. The Board of Directors, at the proposal of the Remuneration Committee, may adjust the above weighting or bring in other objectives that are a priority for developing the business in the short term. For clarification purposes, partial compliance with the budget objectives will not entitle the Chief Executive Officer to receive any amount as variable remuneration. The Board of Directors will establish annually, at the proposal of the Remuneration Committee, the minimum level of compliance with objectives required for the variable remuneration to accrue, below which no variable remuneration will accrue.

Furthermore, in addition to the annual variable remuneration provided for in the preceding paragraph, in the event that the budget targets set by the Company's Board of Directors are exceeded in an extraordinary manner, the Chief Executive Officer will be entitled to receive variable remuneration in an amount equivalent to 75% of the relevant annual fixed remuneration. The Board of Directors will establish annually, at the proposal of the Remuneration Committee, the degree of compliance with objectives required for this additional variable remuneration to accrue.

In the event that the variable remuneration provided for in the preceding paragraph accrues, the total annual variable remuneration that the Chief Executive Officer will be entitled to receive will amount, at most, to a sum equivalent to 75% of the relevant annual salary (i.e. €360,750).

If the Company's auditors issue qualifications in their audit report that affect one of some of the objectives and parameters to be taken into account when setting the annual variable remuneration of directors, these qualifications will be taken into consideration by the Board of Directors when setting the variable remuneration to be received.

The Company may also claim the reimbursement of all or part of the variable remuneration ("clawback"), as the case may be, when

(i) the settlement of the variable remuneration does not comply with the Company's performance conditions; or (ii) the variable remuneration has been paid on the basis of data which are subsequently proven to be inaccurate (e.g. in the event of a correction to the annual accounts on which the variable remuneration was based).

Following the preparation of the consolidated annual accounts at Group level for the year ended 31 December 2020 and, as mentioned above, the proposal to be presented following a report from the Remuneration Committee, the Board of Directors has determined that the target achievement rate for 2020 is 68.5%, the estimated amount taken into consideration being €164,742.50. With respect to the two executive directors who left office during 2019, the amounts accruing to them as variable remuneration in that year are as follows:

- Executive Chairman (from 1 January 2019 to 29 October 2019): bearing in mind that at 29 October 2019, the 2019 financial year to which his annual variable remuneration refers had not yet ended, Mr. Alberto García Erauzkin was entitled, once the annual accounts for said year have been audited, to receive the proportion for the period worked in said year of the variable remuneration pertaining to him based on the percentage achievement of the objectives to which said variable remuneration is linked. Applying this in 2020, annual variable remuneration has been paid in the amount of €88,141. Likewise, under the 2017-2019 Long-Term Incentive Plan and in accordance with a settlement agreement concluded by the parties due to the existence of certain discrepancies in relation to the fulfilment of the criteria that determine the right to receive the settlement under said Plan, he has received 50% of the corresponding settlement, i.e. €408,826

- Chief Executive Officer (1 January 2019 to 5 June 2019): Mr. Francisco Arteche received the annual variable remuneration on the date of his departure, 5 June 2019. In 2020 he was also paid the sum relating to the fulfilment of the post-contractual non-competition agreement corresponding to the first year of compliance, amounting to €368,212.21. Finally, with regard to the long-term incentive set for the 2017-2019 period, Mr. Francisco Arteche has disagreements with the Company in relation to compliance with the criteria on which the right to receive the Plan settlement are based. This disagreement is being settled in the commercial courts.

#### Explain the long-term variable components of the remuneration schemes:

At 31 December 2019, the multi-year variable remuneration plan approved for the period 2017 - 2019 for executive directors and certain "key" executives was finalised.

The characteristics of this plan are as follows:

a) Description: Multi-year bonus plan 2017-2019, payable in cash, with the possibility, in the case of executive directors, of total or partial settlement in shares after a certain period of time, provided that the permanence, business performance and shareholder value creation conditions are met.

b) Beneficiaries: Chairman, Chief Executive Officer and 11 "key" first and second tier executives invited to participate in the Plan, notwithstanding any additional members that may be decided on in the future.

c) Duration: to 31 December 2020, including the three-year Target Measurement Period (2017 - 2019 inclusive), plus the time required (12 months) to measure the achievement of objectives, make the settlement and apply the remaining conditions, including a share retention requirement for six months from delivery.

d) Metrics: established in accordance with the business plan for the Measurement Period, including consideration of possible changes in scope and other corporate milestones:

- Objectives of the multi-year Strategic Plan 2017-2019: (i) EBITDA - CAPEX (weighting of 25% of the total) and (ii) EBITDA (weighting of 25% of the total).

- Target Total Shareholder Return (%TSR) measured between 1 January 2017 and 31 December 2019 (50% weighting): a cumulative revaluation target of 15% has been set at the end of the Measurement Period. If no incentive accrues for the Strategic Plan objectives, the incentive to be accrued for the %TSR objective will be limited to 25% of the total.

e) Achievement scales and award levels: each of the metrics is accompanied by a challenging achievement scale that applies to target incentive award levels (i.e. incentive for a 100% target achievement scenario).

f) Form of payment: in the case of executive directors, a maximum of 180,000 shares may be delivered, which allows the total or partial settlement of the Plan in Euskatel, S.A. shares.

The Company determined the degree of compliance with the Plan at 125%.

The two beneficiaries of the Plan, Mr. Alberto García Erauzkin (former Executive Chairman) and Mr. Francisco Arteche (former Chief Executive Officer) did not form part of the Company at 31 December 2019 but maintained an expectation of settlement of up to a maximum of 200% and 300% of their fixed remuneration, respectively, in proportion to their length of service in the Company.

Mr. Alberto García Erauzkin (former Executive Chairman) has received 50% of the amount corresponding to the settlement of the Plan under a settlement agreement concluded by the parties due to the existence of a number of discrepancies in relation to compliance with the criteria on which the right to receive the settlement under said Plan were based.

With regard to Mr. Francisco Arteche (former Chief Executive Officer), there have been disagreements with the Company in relation to compliance with the criteria on which the right to receive the Plan settlement are based. This disagreement is being settled in the commercial courts.

The 2020-2022 Special Plan was approved at the Annual General Meeting held on 2 June 2020 in accordance with the resolution adopted by the Board of Directors on 27 January 2020 at the proposal of the Appointments and Remuneration Committee. The Long-Term Incentive Plan for the period 2020-2022 relates to a group of company executives and employees (between 30 and 40 persons), as well as the Chairman of the Board of Directors, the Chief Executive Officer and the Company Secretary.

The purpose of the Plan is to align the interest of the Company's main executives and its shareholders in achieving the Company's business objectives in the coming years.

The Plan consists of providing beneficiaries with an extraordinary variable incentive linked to the creation of shareholder value and the achievement of targets tied to operating cash flow, which will allow its beneficiaries to share in up to 4% of the total shareholder value created. At least 75% of the plan will be payable out in Euskaltel shares and the rest in cash.

**B.8.** Indicate whether certain accrued variable components have been reduced or claimed back when, in the first case, the payment of non-vested amounts has been deferred, in the second case, they have vested and been paid, based on data which have subsequently been proven to be manifestly inaccurate. Describe the amounts reduced or reimbursed by applying the reduction (malus) or clawback clauses, why they have been executed and the financial years to which they pertain.

As indicated in the previous section with respect to the two former directors, a reduction and deferral has been applied to the payment of the long-term incentive under the 2017-2019 Plan. Therefore, in relation to the former Executive Chairman, the amount paid as a long-term incentive was 50%. With respect to the former Chief Executive Officer, payment has not yet been made due to disagreements with the Company regarding compliance with the criteria for determining his entitlement to a settlement under the plan. As mentioned above, these disputes are being settled before the competent commercial court at the time of preparation of this report.

**B.9.** Explain the main features of the long-term savings schemes, including retirement and any other survival benefit, the amount or annua equivalent cost of which figures in the tables in Section C, which are funded partly or wholly by the company, whether provided internally or externally, indicating the type of plan, whether defined benefit or defined contribution, the contingencies covered, vesting conditions for the economic benefits in favour of directors and their compatibility with any type of compensation for early termination or recession of the contractual relationship between the company and the director.

External directors do not take part in pension plans or long-term savings schemes linked to retirement or any other survivor benefits.

The Company makes annual contributions to a life insurance policy in favour of the Chief Executive Officer, in accordance with the terms of his contract with the Company.

**B.10.** Explain, if applicable, the indemnities or any other type of payment derived from early termination, at the initiative of either the company or the director, or from the termination of the contract under the terms thereof, accrued and/or received by the directors during the year.

Mr. Alberto García Erauzkin, former Executive Chairman, and Mr. Francisco Arteche, former Chief Executive Officer, both executive directors, both left the Company in 2019. The relevant compensation was paid at that time.

As compensation for the post-contractual non-competition commitment, in 2020 Mr. Arteche received €368,212.21 as the first payment thereunder after 12 months had elapsed following the conclusion of the Termination



Agreement. The second payment, conditional on the post-contractual non-competition commitment, will be paid 24 months after the conclusion of the Termination Agreement.

Finally, there is no provision for the payment of any indemnity to external directors in the event of the termination of their functions as such.

**B.11.** Indicate whether there have been any significant changes in the contracts of persons performing senior management functions as executive directors and, if so, explain them. Likewise, explain the main conditions of the new contracts concluded with executive directors during the year, unless they have been explained in section A.1.

In 2020, there have been no changes in the Chief Executive Officer's contract.

**B.12.** Explain any additional remuneration paid to directors for services rendered other than those inherent to their position.

At the date of issue of this Report, no additional remuneration exists in favour of the Directors as consideration for services rendered other than those inherent to their position.

**B.13.** Explain any remuneration derived from the granting of advances, loans and guarantees, indicating interest rates, key features and any amounts reimbursed, as well as the obligations undertaken on their behalf by way of guarantee.

The Remuneration Policy provides for a benefit in kind for non-executive directors consisting of the payment by Euskaltel of insurance premiums, the implementation of which must be approved by the Board of Directors. The annual ceiling for 2020 is set at €8,000 for each Director.

For 2020, a contribution to an accident insurance policy amounting to €344.83 per director has been made. Likewise, a contribution of €5,689 per director is made to the third-party liability insurance policy.

The Policy stipulates that executive directors may receive certain benefits in kind, including the availability of a company vehicle, a life and accident insurance policy, a special health insurance policy, and the possibility of enjoying any benefits that the Company makes available to management personnel.

Consistent with the foregoing, the Company makes annual contributions in favour of the Chief Executive Officer in the form of premiums for said insurance policies (medical, life and accident), in accordance with the provisions of his contract and the Policy.

The total expense for benefits in kind paid to the Chief Executive Officer amounts to €32.22 for telecommunications services, €7,278, of which €3,013.76 relates to the annual contribution to life and accident insurance and €4,232.64 to the annual contribution to health insurance, as well as the contribution to third-party liability insurance of €5,689.40 per director, as detailed in the tables in section C.1 below.

**B.14.** Provide details of benefits in kind received by directors during the year, briefly explaining the nature of the salary components.

The Remuneration Policy provides for a benefit in kind for non-executive directors consisting of the payment by Euskaltel of insurance premiums, the implementation of which must be approved by the Board of Directors. The annual ceiling for 2020 is set at €8,000 for each Director.

For 2020, a contribution to an accident insurance policy amounting to €344.83 per director has been made. Likewise, a contribution of €5,689 per director is made to the third-party liability insurance policy.

The Policy stipulates that executive directors may receive certain benefits in kind, including the availability of a company vehicle, a life and accident insurance policy, a special health insurance policy, and the possibility of enjoying any benefits that the Company makes available to management personnel.

Consistent with the foregoing, the Company makes annual contributions in favour of the Chief Executive Officer in the form of premiums for said insurance policies (medical, life and accident), in accordance with the provisions of his contract and the Policy.

The total expense for benefits in kind paid to the Chief Executive Officer amounts to €32.22 for telecommunications services, €7,278, of which €3,013.76 relates to the annual contribution to life and accident insurance and €4,232.64 to the annual contribution to



health insurance, as well as the contribution to third-party liability insurance of €5,689.40 per director, as detailed in the tables in section C.1 below

**B.15.** Explain the remuneration accrued by the director by virtue of payments made by the listed company to a third party in which the director provides services when such payments are aimed at remunerating the director's services in the company.

At the date of issue of this Report, no remuneration of this nature has accrued.

**B.16.** Explain any other remuneration item, whatever its nature or the group entity that pays it, particularly where it is treated as a transaction with a related party or its issuance distorts the fair view of the total remuneration accrued to the Board director.

The Directors' remuneration scheme does not include any remuneration items other than those explained in the preceding sections.

**C. BREAKDOWN OF INDIVIDUAL REMUNERATION PERTAINING TO EACH DIRECTOR**

Name	Type	Accrual period FY 2020
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ	Chief Executive Officer	01/01/2020 to 31/12/2020
Mr. XABIER ITURBE OTAEGUI	Chairman Other External	01/01/2020 to 31/12/2020
KARTERA 1, S.L.	Nominee Director	01/01/2020 to 31/12/2020
CORPORACIÓN FINANCIERA ALBA, S.A.	Nominee Director	01/01/2020 to 31/12/2020
Ms. BELÉN AMATRIAIN CORBI	Independent Director	01/01/2020 to 31/12/2020
Mr. IÑAKI ALZAGA ETXEITA	Independent Director	01/01/2020 to 31/12/2020
Mr. ROBERT SAMUELSON	Independent Director	01/01/2020 to 31/12/2020
Mr. EAMONN O'HARE	Nominee Director	01/01/2020 to 31/12/2020
Ms. ANA GARCÍA FAU	Independent Director	01/10/2020 to 31/12/2020
Ms. BEATRIZ MATO OTERO	Independent Director	01/10/2020 to 31/12/2020
Mr. LUIS RAMÓN ARRIETA DURANA	Nominee Director	01/01/2020 to 02/06/2020
Mr. JOSÉ ÁNGEL CORRES ABASOLO	Independent Director	01/01/2020 to 29/09/2020
Ms. ELISABETTA CASTIGLIONI	Independent Director	01/01/2020 to 29/09/2020
Mr. MIGUEL ÁNGEL LUJUA MURGA	Independent Director	01/01/2020 to 29/09/2020
Mr. JONATHAN GLYN JAMES	Independent Director	01/01/2020 to 02/06/2020
Mr. ALBERTO GARCÍA ERAUZKIN	Executive Chairman	01/01/2020 to 31/12/2020
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA	Chief Executive Officer	01/01/2020 to 31/12/2020

C.1. Complete the following tables concerning the individual remuneration of each of the directors (including remuneration for executive functions) accrued during the year.

a) Remuneration paid by the company referred to in this report:

i) Cash remuneration (€'000)

Name	Fixed remuneration	Per diems	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	Total FY 2020	Total FY 2019
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ				481	165			7	653	363
Mr. XABIER ITURBE OTAEGUI	350								350	61
KARTERA 1, S.L.	65		15						80	87
CORPORACIÓN FINANCIERA ALBA, S.A.	65		21						86	102
Ms. BELÉN AMATRIAIN CORBI	65		24						89	87
Mr. IÑAKI ALZAGA ETXEITA	65		30						95	95
Mr. ROBERT SAMUELSON	65		6						71	68
Mr. EAMONN O'HARE	65		15						80	40
Ms. ANA GARCÍA FAU	16		4						20	
Ms. BEATRIZ MATO OTERO	16		4						20	
Mr. LUIS RAMÓN ARRIETA DURANA	34		18						52	80
Mr. JOSÉ ANGEL CORRES ABASOLO	49		11						60	102
Ms. ELISABETTA CASTIGLIONI	49		11						60	87
Mr. MIGUEL ANGEL LUJUA MURGA	49		11						60	87
Mr. JONATHAN GLYN JAMES	34		18						52	80
Mr. ALBERTO GARCÍA ERAUZKIN										1,225
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA										1,037

Observations

D. José Ortiz Martínez, non-voting secretary to the Board of Directors of Euskaltel, accrued €250,000 in 2020 as fixed remuneration and 3,000 euros

Mr. Alberto García Erauzkin, former Executive Chairman, received €88,141 in 2020 as annual variable remuneration and €408,826.93 as long-term variable remuneration under the 2017-2019 Incentive Plan. As compensation for the post-contractual non-competition commitment, Mr. Francisco Arteche, former Chief Executive Officer, received €368,212.21 in 2020 as the first payment thereunder after 12 months had elapsed following the conclusion of the Termination Agreement.

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

Name	Plan name	Financial instruments at the beginning of 2020		Financial instruments granted during 2020		Financial instruments vesting during the year				Expired and unexercised instruments	Financial instruments at the end of 2020	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (€thousand)	No. instruments	No. instruments	No. equivalent shares
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ	Plan							0.00				
Mr. XABIER ITURBE OTAEGUI	Plan							0.00				
KARTERA 1, S.L.	Plan							0.00				
CORPORACIÓN FINANCIERA ALBA, S.A.	Plan							0.00				
Ms. BELÉN AMATRIAIN CORBI	Plan							0.00				
Mr. IÑAKI ALZAGA ETXEITA	Plan							0.00				

**ANNUAL REPORT ON THE REMUNERATION  
OF LISTED COMPANY DIRECTORS**

Name	Plan name	Financial instruments at the beginning of 2020		Financial instruments granted during 2020		Financial instruments vesting during the year				Expired and unexercised instruments	Financial instruments at the end of 2020	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (€thousand)	No. instruments	No. instruments	No. equivalent shares
Mr. ROBERT SAMUELSON	Plan							0.00				
Mr. EAMONN O'HARE	Plan							0.00				
Ms. ANA GARCÍA FAU	Plan							0.00				
Ms. BEATRIZ MATO OTERO	Plan							0.00				
Mr. LUIS RAMÓN ARRIETA DURANA	Plan							0.00				
Mr. JOSÉ ÁNGEL CORRES ABASOLO	Plan							0.00				
Ms. ELISABETTA CASTIGLIONI	Plan							0.00				
Mr. MIGUEL ÁNGEL LUJUA MURGA	Plan							0.00				
Mr. JONATHAN GLYN JAMES	Plan							0.00				
Mr. ALBERTO GARCÍA ERAUZKIN	Plan							0.00				
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA	Plan							0.00				

Observations

iii) Long-term savings schemes.

Name	Remuneration from vesting of rights to savings schemes
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ	
Mr. XABIER ITURBE OTAEGUI	
KARTERA 1, S.L.	
CORPORACIÓN FINANCIERA ALBA, S.A.	
Ms. BELÉN AMATRIAIN CORBI	
Mr. IÑAKI ALZAGA ETXEITA	
Mr. ROBERT SAMUELSON	
Mr. EAMONN O'HARE	
Ms. ANA GARCÍA FAU	
Ms. BEATRIZ MATO OTERO	
Mr. LUIS RAMÓN ARRIETA DURANA	
Mr. JOSÉ ANGEL CORRES ABASOLO	
Ms. ELISABETTA CASTIGLIONI	
Mr. MIGUEL ANGEL LUJUA MURGA	
Mr. JONATHAN GLYN JAMES	
Mr. ALBERTO GARCÍA ERAUZKIN	

**ANNUAL REPORT ON THE REMUNERATION  
OF LISTED COMPANY DIRECTORS**

Name	Remuneration from vesting of rights to savings schemes
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA	

Name	Contribution for the year by the Company (€'000)				Accumulated amount (€'000)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ								
Mr. XABIER ITURBE OTAEGUI								
KARTERA 1, S.L.								
CORPORACIÓN FINANCIERA ALBA, S.A.								
Ms. BELÉN AMATRIAIN CORBI								
Mr. IÑAKI ALZAGA ETXEITA								
Mr. ROBERT SAMUELSON								
Mr. EAMONN O'HARE								
Ms. ANA GARCÍA FAU								
Ms. BEATRIZ MATO OTERO								
Mr. LUIS RAMÓN ARRIETA DURANA								
Mr. JOSÉ ANGEL CORRES ABASOLO								

Name	Contribution for the year by the Company (€'000)				Accumulated amount (€'000)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Ms. ELISABETTA CASTIGLIONI								
Mr. MIGUEL ANGEL LUJUA MURGA								
Mr. JONATHAN GLYN JAMES								
Mr. ALBERTO GARCÍA ERAUZKIN								
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA								

Comments

[ ]

iv) Breakdown of other items

Name	Item	Remuneration amount
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ	Benefits in kind	7
Mr. XABIER ITURBE OTAEGUI	Item	
KARTERA 1, S.L.	Item	
CORPORACIÓN FINANCIERA ALBA, S.A.	Item	
Ms. BELÉN AMATRIAIN CORBI	Item	



Name	Item	Remuneration amount
Mr. IÑAKI ALZAGA ETXEITA	Item	
Mr. ROBERT SAMUELSON	Item	
Mr. EAMONN O'HARE	Item	
Ms. ANA GARCÍA FAU	Item	
Ms. BEATRIZ MATO OTERO	Item	
Mr. LUIS RAMÓN ARRIETA DURANA	Item	
Mr. JOSÉ ANGEL CORRES ABASOLO	Item	
Ms. ELISABETTA CASTIGLIONI	Item	
Mr. MIGUEL ANGEL LUJUA MURGA	Item	
Mr. JONATHAN GLYN JAMES	Item	
Mr. ALBERTO GARCÍA ERAUZKIN	Item	
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA	Item	

Observations

[

]

b) Remuneration payable to company directors due to board membership in other group companies:

i) Cash remuneration (€'000)

Name	Fixed remuneration	Per diems	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	Total FY 2020	Total FY 2019
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ										
Mr. XABIER ITURBE OTAEGUI										
KARTERA 1, S.L.										
CORPORACIÓN FINANCIERA ALBA, S.A.										
Ms. BELÉN AMATRIAIN CORBI										
Mr. IÑAKI ALZAGA ETXEITA										
Mr. ROBERT SAMUELSON										
Mr. EAMONN O'HARE										
Ms. ANA GARCÍA FAU										
Ms. BEATRIZ MATO OTERO										
Mr. LUIS RAMÓN ARRIETA DURANA										
Mr. JOSÉ ÁNGEL CORRES ABASOLO										
Ms. ELISABETTA CASTIGLIONI										
Mr. MIGUEL ÁNGEL LUJUA MURGA										
Mr. JONATHAN GLYN JAMES										
Mr. ALBERTO GARCÍA ERAUZKIN										

Name	Fixed remuneration	Per diems	Remuneration for membership of Board Committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	Total FY 2020	Total FY 2019
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA										

Comments

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

Name	Plan name	Financial instruments at the beginning of 2020		Financial instruments granted during 2020		Financial instruments vesting during the year				Expired and unexercised instruments	Financial instruments at the end of 2020	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (€thousand)	No. instruments	No. instruments	No. equivalent shares
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ	Plan							0.00				
Mr. XABIER ITURBE OTAEGUI	Plan							0.00				
KARTERA 1, S.L.	Plan							0.00				

Name	Plan name	Financial instruments at the beginning of 2020		Financial instruments granted during 2020		Financial instruments vesting during the year				Expired and unexercised instruments	Financial instruments at the end of 2020	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (€thousand)	No. instruments	No. instruments	No. equivalent shares
CORPORACIÓN FINANCIERA ALBA, S.A.	Plan							0.00				
Ms. BELÉN AMATRIAIN CORBI	Plan							0.00				
Mr. IÑAKI ALZAGA ETXEITA	Plan							0.00				
Mr. ROBERT SAMUELSON	Plan							0.00				
Mr. EAMONN O'HARE	Plan							0.00				
Ms. ANA GARCÍA FAU	Plan							0.00				
Ms. BEATRIZ MATO OTERO	Plan							0.00				
Mr. LUIS RAMÓN ARRIETA DURANA	Plan							0.00				

Name	Plan name	Financial instruments at the beginning of 2020		Financial instruments granted during 2020		Financial instruments vesting during the year				Expired and unexercised instruments	Financial instruments at the end of 2020	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (€thousand)	No. instruments	No. instruments	No. equivalent shares
Mr. JOSÉ ANGEL CORRES ABASOLO	Plan							0.00				
Ms. ELISABETTA CASTIGLIONI	Plan							0.00				
Mr. MIGUEL ANGEL LUJUA MURGA	Plan							0.00				
Mr. JONATHAN GLYN JAMES	Plan							0.00				
Mr. ALBERTO GARCÍA ERAUZKIN	Plan							0.00				
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA	Plan							0.00				

Observations

[

]

iii) Long-term savings schemes.

Name	Remuneration from vesting of rights to savings schemes
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ	
Mr. XABIER ITURBE OTAEGUI	
KARTERA 1, S.L.	
CORPORACIÓN FINANCIERA ALBA, S.A.	
Ms. BELÉN AMATRIAIN CORBI	
Mr. IÑAKI ALZAGA ETXEITA	
Mr. ROBERT SAMUELSON	
Mr. EAMONN O'HARE	
Ms. ANA GARCÍA FAU	
Ms. BEATRIZ MATO OTERO	
Mr. LUIS RAMÓN ARRIETA DURANA	
Mr. JOSÉ ÁNGEL CORRES ABASOLO	
Ms. ELISABETTA CASTIGLIONI	
Mr. MIGUEL ÁNGEL LUJUA MURGA	
Mr. JONATHAN GLYN JAMES	
Mr. ALBERTO GARCÍA ERAUZKIN	
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA	

Name	Contribution for the year by the Company (€'000)				Accumulated amount (€'000)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ								
Mr. XABIER ITURBE OTAEGUI								
KARTERA 1, S.L.								
CORPORACIÓN FINANCIERA ALBA, S.A.								
Ms. BELÉN AMATRIAIN CORBI								
Mr. IÑAKI ALZAGA ETXEITA								
Mr. ROBERT SAMUELSON								
Mr. EAMONN O'HARE								
Ms. ANA GARCÍA FAU								
Ms. BEATRIZ MATO OTERO								
Mr. LUIS RAMÓN ARRIETA DURANA								
Mr. JOSÉ ANGEL CORRES ABASOLO								
Ms. ELISABETTA CASTIGLIONI								
Mr. MIGUEL ANGEL LUJUA MURGA								
Mr. JONATHAN GLYN JAMES								

Name	Contribution for the year by the Company (€'000)				Accumulated amount (€'000)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Mr. ALBERTO GARCÍA ERAUZKIN								
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA								

Comments

iv) Breakdown of other items

Name	Item	Remuneration amount
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ	Item	
Mr. XABIER ITURBE OTAEGUI	Item	
KARTERA 1, S.L.	Item	
CORPORACIÓN FINANCIERA ALBA, S.A.	Item	
Ms. BELÉN AMATRIAIN CORBI	Item	
Mr. IÑAKI ALZAGA ETXEITA	Item	
Mr. ROBERT SAMUELSON	Item	
Mr. EAMONN O'HARE	Item	
Ms. ANA GARCÍA FAU	Item	



Name	Item	Remuneration amount
Ms. BEATRIZ MATO OTERO	Item	
Mr. LUIS RAMÓN ARRIETA DURANA	Item	
Mr. JOSÉ ÁNGEL CORRES ABASOLO	Item	
Ms. ELISABETTA CASTIGLIONI	Item	
Mr. MIGUEL ANGEL LUJUA MURGA	Item	
Mr. JONATHAN GLYN JAMES	Item	
Mr. ALBERTO GARCÍA ERAUZKIN	Item	
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA	Item	

Observations

c) Summary of remunerations (€'000):

The summary should include amounts relating to all remuneration items included in the present report accrued by the director, in thousand euro.

Name	Remuneration accrued in the Company					Remuneration accrued in Group companies					Total FY 2020 company + group
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration due to other items	Total FY 2020 company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration due to other items	Total FY 2020 group	
Mr. JOSÉ MIGUEL GARCÍA FERNÁNDEZ	653				653						653

**ANNUAL REPORT ON THE REMUNERATION  
OF LISTED COMPANY DIRECTORS**

Name	Remuneration accrued in the Company					Remuneration accrued in Group companies					Total FY 2020 company + group
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration due to other items	Total FY 2020 company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration due to other items	Total FY 2020 group	
Mr. XABIER ITURBE OTAEGUI	350				350						350
KARTERA 1, S.L.	80				80						80
CORPORACIÓN FINANCERA ALBA, S.A.	86				86						86
Ms. BELÉN AMATRIAIN CORBI	89				89						89
Mr. IÑAKI ALZAGA ETXEITA	95				95						95
Mr. ROBERT SAMUELSON	71				71						71
Mr. EAMONN O'HARE	80				80						80
Ms. ANA GARCÍA FAU	20				20						20
Ms. BEATRIZ MATO OTERO	20				20						20
Mr. LUIS RAMÓN ARRIETA DURANA	52				52						52
Mr. JOSÉ ANGEL CORRES ABASOLO	60				60						60
Ms. ELISABETTA CASTIGLIONI	60				60						60

**ANNUAL REPORT ON THE REMUNERATION  
OF LISTED COMPANY DIRECTORS**

Name	Remuneration accrued in the Company					Remuneration accrued in Group companies					Total FY 2020 company + group
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration due to other items	Total FY 2020 company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Remuneration due to other items	Total FY 2020 group	
Mr. MIGUEL ANGEL LUJUA MURGA	60				60						60
Mr. JONATHAN GLYN JAMES	52				52						52
Mr. ALBERTO GARCÍA ERAUZKIN				496	496						496
Mr. FRANCISCO ARTECHE ALVAREZ DE MIRANDA				368	368						368
<b>TOTAL</b>	<b>1,828</b>			<b>864</b>	<b>2,692</b>						<b>2,692</b>

Observations

Mr. José Ortiz Martínez, non-voting secretary to the Board of Directors of Euskaltel, received €253,000 for all remuneration items

**D. OTHER INFORMATION OF INTEREST**

---

Briefly describe any relevant aspect of the director remuneration policy not included in this report but which is necessary to include to provide complete and detailed information on the company's compensation structure and practices in relation to its directors.

The amounts accrued in 2020 by the following two former directors have been disclosed in this report

Mr. Alberto García Erauzkin, former Executive Chairman, accrued €88,141 in 2020 as annual variable remuneration relating to the achievement of 2019 objectives and €408,826.93 as long-term variable remuneration under the 2017-2019 Incentive Plan.

As compensation for the post-contractual non-competition commitment, Mr. Francisco Arteche, former Chief Executive Officer, accrued €368,212.21 in 2020 as the first payment thereunder after 12 months had elapsed following the conclusion of the Termination Agreement on 5 June 2019.

The present annual remuneration report was approved by the Company's Board of Directors at a meeting held on:

[ 25/02/2021 ]

State whether any director voted against, or abstained from voting in relation to, the present report.

[ ] Yes

[  ] No