
ISSUER IDENTIFICATION

Ending date of reference financial year: 31/12/2019

TAX ID CODE (CIF): A48766695

Company Name:

EUSKALTEL, S.A.

Registered Office:

PARQUE TECNOLÓGICO, EDIFICIO 809, DERIO, BISCAY

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

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

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

In any event, the following aspects should be reported:

- Description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.
- Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- Information on whether any external advisors took part in this process and, if so, their identity.

Pursuant to article 62.5 of the Bylaws, the Director Remuneration Policy will conform as appropriate to the remuneration system provided for in the Company's Bylaws, shall have the scope provided by law, and shall be submitted by the Board of Directors for approval of the shareholders acting at a General Meeting of Shareholders with the frequency provided by law. In any event, the overall sum of all amounts to be received by all of the Directors for any items during the financial year shall never exceed the maximum amount approved by the shareholders at the General Meeting."

Article 62 of the Bylaws, the Director Remuneration Policy and said maximum amount were changed in 2019. At the Annual General Meeting of Shareholders held on 1 April 2019, it was resolved:

- To amend article 62 of the Bylaws regarding Director remuneration.
- To approve the new Director Remuneration Policy for the financial years 2019, 2020 and 2021.
- To set at 4,500,000 euros the maximum amount to be received as remuneration by all the Directors for all the items and for any duties that they perform, both executive and non-executive.

The Director Remuneration Policy must be approved by the shareholders at a General Meeting of Shareholders, upon a proposal of the Board of Directors, following a report from the Appointments and Remuneration Committee.

As referred to above, the current Euskaltel Director Remuneration Policy was approved by the shareholders at the Annual General Meeting of Shareholders held on 1 April 2019 and has not been amended in any way since that date.

Within the scope of its powers, the Appointments and Remuneration Committee participated in the preparation of the Policy, ultimately reporting thereon in accordance with the provisions of Section 529 novodecies of the Corporate Enterprises Act and the duties set out in articles 5 and 10 of the Regulations of the Appointments and Remuneration Committee.

The Board of Directors and the Appointments and Remuneration Committee regularly review the principles and standards 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 not only compliance with legal requirements, the Good Governance Code and internal rules, but also alignment with best market practices, having included elements intended to conform the remuneration of the Directors to the long-term goals, values and interests of the Company.

In line with the new article 62 of the Bylaws, the Remuneration Policy mainly differentiates between those Directors who are not entrusted with executive duties and those others who are entrusted with executive duties at the Company.

The Policy establishes the following characteristics for the remuneration of Directors without executive duties: (i) it is reported transparently; (ii) it is incentivising by remunerating their dedication, qualification and responsibility, without being a hindrance to their duty of faithfulness; and (iii) it is made up of a fixed component paid entirely in cash to remunerate their membership on the Board of Directors and any Committees thereof, without distinguishing among the positions or roles held, unless the Board of Directors itself otherwise provides.

The goal of the Policy is to remunerate Directors who are not entrusted with executive duties in accordance with their professional value, dedication to the position and responsibility assumed thereby, without the remuneration received affecting their objectivity in the defence of the company interests.

The Policy provides that Directors with executive duties are entitled to receive remuneration for the duties of this nature that they perform following the standards generally applicable to Senior Management and that are intended to establish a remuneration package that allows for the recruitment, motivation and retention of valuable human capital. The characteristics of the remuneration of the Executive Directors are as follows: (i) the remuneration is allocated for the performance of executive duties, in accordance with what appears in the respective contracts within the items of remuneration established in the Bylaws; (ii) the items of remuneration provided for in the contracts and in the Bylaws conforms to the provisions of the Policy; (iii) the remuneration has a balanced and efficient ratio between the fixed components and the variable components; (iv) the remuneration system is compatible with appropriate and effective risk management and with the business strategy, the values and the long-term interests of the Company, without variable remuneration threatening the Company's ability to maintain its solvency and financial position; and (v) the remuneration takes into account market trends and is positioned at the lead in accordance with the strategic approach of the Company, as well as the size, nature and scope of its activities, and is effective for attracting and retaining the best professionals.

The remuneration of the Directors performing executive duties is therefore focused on generating value for the Company, seeking alignment with the interests of the shareholders, the prudent management of risk and strict compliance with applicable legal provisions regarding the remuneration of Directors of listed Companies.

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

Furthermore, state whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or the handover of accrued and vested financial instruments, or if any clause has been approved reducing the deferred remuneration or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate.

Pursuant to article 27 of the Regulations of the Board of Directors of the Company, and within the limits set out in the Company's Bylaws, the Board of Directors will endeavour to ensure that the remuneration of the Directors is reasonably commensurate with (i) the prominence of the Company, (ii) the financial situation thereof at any particular time, (iii) the market standards used at companies of a similar size or activity, and (iv) takes into account their dedication to the Company.

The remuneration system established should be focused on promoting the long-term profitability and sustainability of the Company and include the safeguards required to avoid the excessive assumption of risk or rewarding unfavourable results.

The Board of Directors will also ensure that the amount of the remuneration of external Directors is such that it provides incentives to their dedication but does not compromise their independence.

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

- Moderation: remuneration should be reasonably proportional to the importance of the Company, the financial situation thereof at any particular time and market standards for comparable companies.
- Suitability: the Policy will be focused on the attraction, motivation and retention of valuable human capital, as well as on remunerating professional merit, 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: in the remuneration of Directors performing executive duties, incentivising performance and rewarding the creation of long-term value.
- Linked to results: based on the necessary link between remuneration and Company results, in the case of executive Directors.

- Fairness and external competitiveness: taking into account the external competitive environment and internal fairness.
- Transparency of remuneration policy: in accordance with the best practices and recommendations as regards remuneration design and governance.

Based on these principles, Euskaltel's Board of Directors has defined a Remuneration Policy considering not only compliance with legal requirements, the Good Governance Code and internal rules, but also alignment with best market practices, having included elements intended to conform the remuneration of the Directors to the long-term goals, values and interests of the Company.

The remuneration of non-executive Directors is entirely made up of fixed components, the calculation of which is based on the position held within the Board itself and membership on the various Committees.

The remuneration of the CEO for his executive duties is made up of the following elements: a) annual fixed remuneration; b) annual variable remuneration, calculated based on benchmark qualitative or quantitative indicators or parameters linked to the level of achievement of their objectives; c) long-term variable remuneration based on the delivery of cash or shares, share options or instruments or other remuneration indexed to the value thereof, linked to business objectives, the value of the shares and, if applicable, other corporate social responsibility objectives; d) the following remuneration: availability of company vehicle; life and casualty insurance; special health insurance; ability to enjoy any benefits that the Company makes available to management personnel; e) civil liability insurance; and f) severance payment for cessation in office or termination of relationship with the Company.

The final structure of the "remunerative mix" of the Executive Directors is based on an evaluation of the performance of such Directors by the Board of Directors, upon a proposal of the Appointments and Remuneration Committee.

The annual variable remuneration of the CEO is based on objective standards that seek to evaluate their contribution to the Company's business objectives in the performance of their executive duties.

The setting of the objectives, as well as the achievement scales and performance evaluation, are within the purview of the Board of Directors, which will subsequently determine the level of achievement of the business goals used as a reference and the level of achievement of annual variable remuneration (including instances of under-performance and over-performance, as applicable).

Generally, the parameters to be taken into account for determining compliance with the annual variable remuneration objectives, as well as the respective weighting thereof, will be determined annually by the Board of Directors, upon a proposal of the Appointments and Remuneration Committee, based on indicators correlated to Company variables relating to the performance of the business and any other items of a qualitative or quantitative nature including, but not limited to, medium- and long-term sustainability, meeting strategic objectives or objectives relating to corporate social responsibility. The aforementioned goals and parameters will also take account of the risk assumed to obtain a result and will pursue a balance amongst the Company's short-, medium- and long-term objectives, not revolving solely around one-off, occasional or extraordinary facts or data.

In all cases, executive Directors will be subject to the application of the objectives, parameters and weightings approved by the Board of Directors for the Company's management team generally. The Board of Directors, upon a proposal of the Appointments and Remuneration Committee, may adjust said weightings or include other objectives that have priority for the short-term development of the business. The annual variable remuneration system shall be updated regularly by the Appointments and Remuneration Committee, which shall determine whether it is sufficient to measure the contribution to the results of Euskaltel.

For each financial year, the objectives and metrics shall represent a proper balance between financial and operational aspects of the Company.

As a risk control measure, the Remuneration Policy provides that should the Company's auditors make qualifications in their audit report affecting one or more of the objectives and parameters that are to be taken into account in setting the annual variable remuneration of the executive Directors, said qualifications shall be taken into account by the Board of Directors in setting the variable remuneration to be received by the executive Directors ("malus" clause).

The Company may also demand reimbursement ("clawback") of all or part of the variable remuneration, as applicable, if (i) the payment of the variable remuneration did not match the conditions for performance of the Company; or (ii) the variable remuneration was paid in light of data subsequently proven to be incorrect (e.g. if there was a correction to the annual accounts on which the variable remuneration was based).

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

The annual fixed remuneration of Directors without executive duties (Non-Executive Chair of the Board and external proprietary and independent Directors) is kept the same for financial year 2020. The amounts for belonging to the Board and Committees have not been changed since they were approved in 2015. Nor has there been any change in the annual remuneration of the Chair compared to the prior financial year.

Therefore, the fixed remuneration of external Directors without executive duties for belonging to the Board of Directors and its Committees will be the following:

- Non-Executive Chair of the Board of Directors: 350,000 euros.

- For belonging to the Board of Directors: 65,000 euros.
- For belonging to Committees of the Board: 15,000 euros.
- Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

The fixed remuneration of the CEO is intended to remunerate the performance of executive duties.

It will be mainly based on a market focus and consider the size, nature and scope of the activities of the Company and will be duly aligned with the remuneration at comparable companies in the industry at the domestic and international level.

The fixed remuneration of the CEO is updated annually by the Board of Directors upon a proposal of the Appointments and Remuneration Committee.

The Company will timely report on the current system and levels of remuneration of the executive Directors through the corresponding Annual Director Remuneration Report.

The annual fixed remuneration of the CEO has not changed in financial year 2020, and will be the same as financial year 2019, i.e. 481,000 euros.

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

The remuneration of Directors who are not entrusted with executive duties will be supplemented with (i) the possibility of Euskaltel making individual annual contributions to insurance policies, and (ii) the existing civil liability insurance policy for Directors at the Company.

Therefore, Directors without executive duties shall receive cash remuneration consisting of the payment by Euskaltel of insurance premiums, which must be approved by the Board of Directors, with an annual maximum limit of 8,000 euros per Director.

The Company will obtain a life and casualty policy and medical insurance for the CEO and make available to him a company vehicle.

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

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

The payment of items that are variable or linked to results or payments in shares, options on shares or instruments based on shares to Directors without executive duties is not contemplated.

The only Directors who receive variable remuneration are the executive Directors (currently the CEO).

For financial year 2020, it has been proposed that the accrual of the annual variable remuneration of the executive Director be subject to the achievement the following corporate goals:

- Mass Market Customers.
- Mass Market Churn.

- c) Total Revenue.
- d) EBITDA.
- e) Reported Free Cash Flow.
- f) ENPS.
- g) Corporate Social Responsibility.

As at the date of this Report, approval by the Board of Directors of these corporate objectives as well as the respective weightings thereof is pending.

As regards long-term variable remuneration, the executive directors may participate in long-term incentive plans linked to strategic conditions and objectives that are payable in cash or in shares established by the Company for its Senior Officers.

As a result, the CEO will have the right to participate in such Long-Term Incentive Plan linked to strategic conditions and objectives and payable in cash or in shares as the Company may at any time establish generally for its Senior Officers or workers.

The Company has also agreed with the non-Executive Chair to submit to the shareholders at the Company's General Meeting of Shareholders a bylaw amendment that would allow for receipt of remuneration in kind consisting of a high-end automobile and participation in the Incentive Plan that the Company has in place at any particular time.

Consistently with the foregoing, the Board of Directors, at a meeting held on 27 January 2020, upon a proposal of the Appointments and Remuneration Committee, resolved to approve a new Long-Term Incentive Plan for the 2020-2022 period for a group of Officers and Employees of the Company (between 30 and 40 people), as well as the Chair of the Board of Directors, the CEO and the General Secretary.

The Plan is intended to align the main executives of the Company with the interests of the shareholders in achieving the Company's business objectives in the coming years.

The Plan consists of the delivery to the beneficiaries of an extraordinary variable incentive linked to the achievement of certain value created for the shareholders and to the achievement of objectives linked to operating cash flow, which will allow the beneficiaries thereof to participate in up to 4% of the total value created for the shareholders. The Plan will be payable at least 75% in shares of Euskaltel and the rest in cash.

Consistently with all of the foregoing, the Board of Directors will submit to the shareholders at the next General Meeting of Shareholders the amendment of article 62 of the Bylaws, the amendment of the current Director Remuneration Policy and the approval of the Incentive Plan 2020-2022.

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

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

External Directors who are not entrusted with executive duties do not participate in savings or benefits schemes.

The CEO will have the right to participate in social-welfare employment benefits at any time created by the Company generally for its Senior Officers or employees through the contributions established for this purpose in the Rules of the corresponding Benefit Plans. For purposes of clarification, this right of the CEO will not give rise to an obligation of the Company to make contributions.

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

Directors who are not entrusted with executive duties will not receive severance payments or payments for termination of their duties as Directors.

These systems are only provided for the CEO (Executive Director) of the Company, as described in the following section.

- State the conditions that contracts should respect for those exercising senior management functions as executive directors. Include information regarding, amongst other things, the term, limits on termination benefit amounts, continuance in office clauses, prior notice periods and payment in lieu of prior notice, as well as any other clauses relating to hiring bonuses, and benefits or golden parachutes due to advanced or early termination of the contractual relationship between the company and the executive director. Include, among others, any clauses or agreements on non-competition, exclusivity, continuance in office and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

The rules for termination and severance pay included in the services contract of the CEO are as follows.

The CEO will be entitled to receive from the Company a severance payment in the event of termination of employment and of the Contract on any of the following grounds:

- unilateral termination by the CEO due to serious breach by the Company of the obligations included in this Contract. In particular, for purposes of the severance pay provided for in this clause, the following shall be deemed to be a breach by the Company: (i) the adoption of any resolution or failure to adopt a resolution of the Company that prevents the CEO from receiving all or part of the remuneration agreed in this Contract, (ii) an actual failure to pay, or (iii) continuing delays in the payment of the agreed remuneration;
- unilateral termination by the CEO due to a material change in his duties, powers or conditions for providing the Services that is not due to reasons attributable to the CEO.
- change in control of the Company within the meaning provided by article 42 of the Commercial Code or assignment or transfer of all or a significant portion of its activities or of its assets and liabilities to a third party or merger into another business group; and
- unilateral termination of the Contract by the Company, at any time, that is not due to (i) a serious breach attributable to the CEO of the duties of loyalty, diligence or good faith in accordance with which he must hold office, or (ii) any other serious breach by the CEO of the obligations assumed under this Contract.

In any of the foregoing circumstances, severance will consist of an amount equal to twenty-four (24) months of his fixed annual remuneration on the date of termination of the Contract.

The CEO must exercise his right to terminate the Contract within a maximum period of three (3) months from the date on which he becomes aware of the grounds for termination. Upon the expiration of this period without exercising his right to termination, the CEO will not be entitled to receive any severance payment upon such grounds.

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

Not provided for.

- Other items of remuneration like those deriving from the company providing advances, loans, guarantees or any other remuneration to the directors.

Not provided for.

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

Not provided for.

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

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

Consistently with recent trends in case law in this area, and applicable legislation, the Board of Directors, following a report from the Appointments and Remuneration Committee, resolved to submit to the shareholders at the General Meeting of Shareholders in 2019 an amendment of article 62 of the Bylaws, as well as a new Director Remuneration Policy for financial years 2019, 2020 and 2021, in line with the proposed Bylaw amendment. Both proposals were approved by the shareholders at the Annual General Meeting of Shareholders held on 1 April 2019.

It should be noted in any case that the new text of both the Bylaws and the Remuneration Policy is a continuation of the foregoing, as the proposed amendments focus on differentiating the remuneration of Directors with executive duties from those who do not have executive duties, as described in this Report.

The shareholders at this Annual General Meeting of Shareholders also resolved to amend and set at 4,500,000 euros the maximum annual amount to be received as remuneration by all the Directors for all the items and for any duties that they perform, both executive and non-executive, which amount has remained in effect since then.

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

https://www.euskaltel.com/webektest/GaleriaCorporativo/Documentos/gobierno_corporativo/es/politica-remuneraciones-consejeros-2019-2021-en.pdf

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

The annual Director Remuneration Report of Euskaltel, S.A. for financial year 2018 was approved at the Annual General Meeting of Shareholders held on 1 April 2019 with the favourable vote of 99.86% of the share capital present in person and by proxy.

Voting on resolution:

- Votes in favour: 122,833,611.
- Votes against: 3,300.
- Abstentions: 3,000.

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

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

The current Director Remuneration Policy of Euskaltel, S.A. applicable to financial years 2019, 2020 and 2021 was approved at the General Meeting of Shareholders held on 1 April 2019 and has not been amended since that date.

Within the scope of its powers, the Appointments and Remuneration Committee participated in the preparation of the Policy, ultimately reporting thereon in accordance with the provisions of Section 529 novodecies of the Corporate Enterprises Act and the duties set out in articles 5 and 10 of the Regulations of the Appointments and Remuneration Committee.

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

This Committee is made up of seven (7) external (proprietary and independent) directors. A majority of the members of the Committee are independent directors. The Chair is elected from amongst the independent directors on the Committee, and in the event of a tie, the Chair has the tie-breaking vote. The Committee has also appointed a Secretary, who is currently the Secretary of the Board of Directors. As at the date of preparation of this report, the composition of the Appointments and Remuneration Committee is as follows:

- Chair: Mr Miguel Ángel Lujua Murga (independent Director).
- Member: Mr Luis Ramón Arrieta Durana (proprietary Director).
- Member: Corporación Financiera Alba, S.A. (represented by Mr Javier Fernández Alonso) (proprietary Director).
- Member: Mr Eamonn O'Hare (proprietary Director).
- Member: Mr José Ángel Corres Abasolo (independent Director).
- Member: Ms Belén Amatriain Corbi (independent Director).
- Member: Mr Iñaki Alzaga Etxeita (independent Director).
- Non-Director Secretary: Mr José Ortiz Martínez.
- Non-Director Deputy Secretary: Mr Gonzalo Silveiro Regulez

The members of the Appointments and Remuneration Committee are appointed for a maximum term of four (4) years, and may be re-elected on one or more occasions for terms of the same maximum length. The position of Chair is held for a maximum term of four (4) years, after which the Chair may not be re-elected to such office until the passage of one (1) year from ceasing to act in that capacity, without prejudice to the continuance thereof as a member of the Appointments and Remuneration Committee.

In addition, the Secretary of the Committee shall be appointed for a maximum term of four (4) years and may be re-elected on one or more occasions for terms of the same maximum length.

During financial year 2019, the Committee met a total of 11 times, and its most noteworthy activity in relation to the object of this report was the following:

- Review of the degree of compliance with the goals established for accrual of the annual variable remuneration for financial year 2018 and proposed payment of annual variable remuneration to the Chair and CEO, paid in 2019.
- Formulation of the Report relating to the proposed Director Remuneration Policy of the Company.
- Approval, for subsequent consideration by the Board of Directors, of the Annual Director Remuneration Report for the financial year ended 31 December 2018.

The Committee is also the competent body to decide on the payment of annual variable remuneration, based on the level at which goals were met during the financial year ended 31 December 2019, and to establish the goals to which annual variable remuneration is linked for the financial year 2019, as well as to prepare this report, for purposes of which holds the relevant meetings.

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

Through the Board of Directors and the Appointments and Remuneration Committee, Euskaltel exercises a continuous function of supervision and review of the policy for remuneration of its directors, ensuring compliance therewith.

In addition, the Audit and Control Committee monitors the effectiveness of the internal control of the Company and of its Group as well as the systems for managing risks, including tax risks.

Pursuant to article 4 of the Regulations of the Board of Directors, such body is responsible for adopting specific operational decisions including the approval of the Company's general policies and strategies, particularly including:

- The strategic or business plan, as well as annual management objectives and budgets.
- The corporate governance policy.
- The corporate social responsibility policy.
- Risk policy on the control and management of risks, including tax risks, as well as the regular monitoring of the internal information and control systems.

The remuneration policy generally applicable at Euskaltel is in line with the interests of its shareholders and with prudent risk management. Such policy incorporates the appropriate indicators for evaluating results, adjusted for current and future risks, into the variable annual remuneration schemes, and takes into consideration performance on financial and non-financial measures that include group, business unit and individual targets.

As a risk control measure, the Remuneration Policy provides that should the Company's auditors make qualifications in their audit report affecting one or more of the objectives and parameters that are to be taken into account in setting the annual variable remuneration of the executive directors, said qualifications shall be taken into account by the Board of Directors in setting the variable remuneration to be received by the executive directors ("malus" clause).

The Company may also demand reimbursement ("clawback") of all or part of the variable remuneration, as applicable, if (i) the payment of the variable remuneration did not match the conditions for performance of the Company; or (ii) the variable remuneration was paid in light of data subsequently proven to be incorrect (e.g. if there was a correction to the annual accounts on which the variable remuneration was based).

Finally, Euskaltel has established a mandatory Protocol for executive directors adapting to Recommendation 62 of the CNMV's Good Governance Code of Listed Companies, which provides that "Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award".

Along these lines, Euskaltel's Protocol establishes benchmark values for the holding of shares by the executive Directors in line with the levels recommended by the CNMV, and which must be observed until their cessation in office as executive Directors.

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

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

The remuneration accrued in financial year 2019 fully conforms to the current Director Remuneration Policy. In this regard: (i) it has been prepared by the management decision-making bodies following the procedure prepared for this purpose; (ii) it respects the principles and structure of remuneration provided for in the Director 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 shareholders acting at the Annual General Meeting of Shareholders held on 1 April 2019 resolved to set at 4,500,000 euros the maximum annual amount to be received as remuneration by all the Directors for all the items and for any duties that they perform, both executive and non-executive.

The remuneration accrued during financial year 2019 strictly conformed to the provisions of the Director Remuneration Policy for financial years 2019, 2020 and 2021, and did not exceed the maximum amount established by the shareholders.

Directors who do not have executive duties do not receive any variable remuneration, but only fixed remuneration.

A portion of the remuneration of executive Directors (CEO) accrued in financial year 2019 was variable, linked to financial and business, regulatory compliance and corporate social responsibility objectives.

The Board of Directors verifies compliance with these objectives each year before proceeding to pay said variable remuneration.

Once the Annual Accounts for the Euskaltel Group for the financial year ended on 31 December 2019 were prepared, the Board of Directors, upon a proposal of the Remuneration Committee, determined the following level of achievement for each of the objectives to which the CEO's variable remuneration is linked:

- a) Parent Ebitda - Customers: 31.9%.
- b) Parent Cash Flow/Revenue: 4.3%.
- c) Weighted churn: 15.10%.
- d) Corporate Social Responsibility (CSR)/Compliance: 10%.

In view of the foregoing, the percentage achievement of goals for financial year 2019 is 61.3%.

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

	Number	% of total
Votes cast	122,839,911	68.76
	Number	% of total cast
Votes against	3,300	0.00
Votes in favour	122,833,611	99.86
Abstentions	3,000	0.00

Remarks

The two main proxy advisors, Glass Lewis and ISS, recommended voting in favour of approval, on a consultative basis, of the Annual Director Remuneration Report for financial year 2018.

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

For financial year 2019, the amounts of the individual fixed annual allotment approved by the Board of Directors for the external Directors without executive duties were the following:

- Chair: 350,000 euros per annum. The amount accrued by the Chair in 2019, who joined the Company on 29 October 2019, was 61,250.01 euros.
- For belonging to the Board of Directors: 65,000 euros.
- For belonging to one of the Committees of the Board of Directors: 15,000 euros.

The fixed allotments for belonging to the Board and the Committees of the Board, which have not changed since they were approved in 2015, are paid in cash, in four equal quarterly payments of 16,250 euros each in the case of the Board of Directors and 3,750 euros in the case of the Committees.

On 24 July 2019, the Board of Directors resolved to eliminate the Strategy Committee in order to simplify the internal management of the Company, achieve greater efficiency and agility in the meetings of the Board and reduce the costs associated with said Committee. For this purpose, the Board of Directors resolved to propose to the shareholders at the next General Meeting of Shareholders the amendment of article 65bis of the Bylaws regarding the "Strategy Committee" by means of the elimination thereof, as well as to amend article 18 of the Regulations of the Board of Directors in order to eliminate the Strategy Committee as one of the Committees within the Board of Directors, which latter amendment was subject to the condition precedent of approval by the shareholders at the General Meeting of the amendment of article 65bis of the Bylaws.

Consistently with the foregoing, the payments for membership on the Strategy Committee ceased to be effective as from the second half of financial year 2019.

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

The fixed remuneration of the CEO during financial year 2019 was 481,000 euros per annum.

Taking into account the date of his appointment as CEO (5 June 2019), the fixed remuneration accrued by the CEO in 2019 was 275,240.20 euros.

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

In particular:

- Identify each one of the remuneration plans that have determined the different types of variable remuneration accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, the periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated.

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

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

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

As stated above, the Remuneration Policy provides that external Directors without executive duties do not receive any variable remuneration. On the other hand, Directors performing executive duties (CEO) do receive remuneration of this kind.

Along these lines, the CEO, in his capacity as an executive Director, is entitled to receive annual variable remuneration based on objective standards that seek to evaluate his contribution to the Company's business objectives in the performance of his executive duties.

The setting of the objectives, as well as the achievement scales and performance evaluation, are within the purview of the Board of Directors, which will subsequently determine the level of achievement of the business goals used as a reference and the level of achievement of annual variable remuneration (including instances of under-performance and over-performance, as applicable).

The aforementioned goals and parameters will also take account of the risk assumed to obtain a result and will pursue a balance amongst the Company's short-, medium- and long-term objectives, not revolving solely around one-off, occasional or extraordinary facts or data. In all cases, executive directors shall be subject to the application of the objectives, parameters and weightings approved by the Board of Directors for the Company's Management Team generally. The Board of Directors, upon a proposal of the Appointments and Remuneration Committee, may adjust said weightings or include other objectives that have priority for the short-term development of the business.

The annual variable remuneration system shall be updated regularly by the Appointments and Remuneration Committee, which shall determine whether it is sufficient to measure the contribution to the results of Euskaltel.

3 levels of goals have been established within this context for financial year 2019: level 1 goals (goals of the Euskaltel Group, linked to business indicators), level 2 goals (goals of the management unit) and level 3 goals (individual goals).

Only the level 1 goals apply to the CEO. The weighting of each goal, as well as the achievement scales, are also within the purview of the Board of Directors, which will subsequently determine the level of fulfilment and the level of achievement of variable annual remuneration, upon a proposal of the Appointments and Remuneration Committee. The objectives, parameters and weightings approved by the Board of Directors for the Company's Management Team generally will in any event be applicable to the executive Director.

Variable remuneration will accrue at the end of the month in which the Company's Annual Accounts are audited, so that compliance with the previously-established performance goals can be verified.

Neither the amount nor the system of determination, payment or calculation of variable remuneration may be consolidated. This variable annual remuneration is paid in cash in all cases.

As regards the financial year 2019, and following the annual variable remuneration policy for the prior year, which is reviewed by the Appointments and Remuneration Committee to ensure the continued conformance thereto to the Company's strategy and to the purposes of the Policy, the following level 1 goals (goals of the Euskaltel Group) have been established for the CEO, with the following weightings:

- Ebitda - Customers: 40%.
- Cash flow - Revenue: 35%.
- Group weighted churn: 15%.
- Corporate Social Responsibility/Compliance: 10%.

Each of these goals and components has an achievement scale with a minimum threshold of achievement, 100% achievement, and maximum outperformance threshold over budget.

The metric and the achievement level required for 100% of each target are established based on the budget for financial year 2019. The level of variable remuneration to be accrued for each level of achievement was also established. 100% of the variable remuneration of the executive Director is accrued for a total weighted achievement level of 100%. A maximum variable remuneration to be accrued for each goal ranging between 120% and 200% is established for outperformance.

Pursuant to the Policy and the contract signed with the Company, the CEO is entitled to receive variable annual remuneration in an amount equal to 50% of the corresponding annual fixed salary (i.e. 240,500.00 euros), which will accrue upon meeting 100% of the budget goals established by the Company's Board of Directors for the year. The Board of Directors, upon a proposal of the Appointments and Remuneration Committee, may adjust said weighting or include other objectives that have priority for the short-term development of the business. For purposes of clarification, partial compliance with the budget goals will not entitle the CEO to receive any amount as variable remuneration. The Board of Directors will annually establish, upon a proposal of the Appointments and Remuneration Committee, the minimum level of compliance with objectives necessary for the accrual of variable remuneration, below which no variable remuneration will accrue.

In addition to the variable annual remuneration provided for in the preceding paragraph, if the budget goals established by the Board of Directors have been exceeded on an extraordinary basis, the CEO will be entitled to receive variable remuneration in an amount equal to 75% of the corresponding fixed annual remuneration. The Board of Directors will annually establish, upon a proposal of the Appointments and Remuneration Committee, the level of compliance with objectives necessary for the accrual of this additional variable remuneration.

If the variable annual remuneration provided for in the preceding paragraph accrues, the total variable annual remuneration that the CEO will be entitled to receive will be a maximum amount equal to 75% of the corresponding annual fixed salary (i.e. 360,750 euros).

Should the Company's auditors make qualifications in their audit report affecting one or more of the objectives and parameters that are to be taken into account in setting the annual variable remuneration of the Directors, said qualifications will be taken into account by the Board of Directors in setting the variable remuneration to be received ("malus" clause).

The Company may also demand reimbursement ("clawback") of all or part of the variable remuneration, as applicable, if (i) the payment of the variable remuneration did not match the conditions for performance of the Company; or (ii) the variable remuneration was paid in light of data subsequently proven to be incorrect (e.g. if there was a correction to the annual accounts on which the variable remuneration was based).

Upon formulation of the consolidated Annual Accounts at the Group level for the financial year ended on 31 December 2019, as referred to above, the Board of Directors determined that 61.3% of the goals for financial year 2019 were achieved.

Therefore, and taking into account the date of his appointment as CEO (5 June 2019), the amount accrued by the CEO as annual variable remuneration for financial year 2019, to be paid in 2020, is 84,361.12 euros.

As regards the two executive Directors who ceased to hold office during 2019, the amounts that accrued as variable remuneration during the year were as follows:

- Executive Chair (from 1 January 2019 to 29 October 2019): to the extent that financial year 2019 to which his annual variable remuneration was linked had not yet closed at 29 October 2019, once the Annual Accounts for said financial year are audited, Mr Alberto García Erauzkin is entitled to receive the proportional part of his variable remuneration for the period worked during said financial year based on the percentage achievement of the objectives to which the variable remuneration is linked.
- CEO (from 1 January 2019 to 5 June 2019): 94,124.81 euros. The variable remuneration accrued by Mr Arteche through the date of his exit from the Company (5 June 2019) was paid to him at that time.

Explain the long-term variable components of the remuneration systems:

No amount has accrued for this item in favour of any Director of the Company as at 31 December 2019 because the new Incentive Plan for Directors and Officers had not been approved.

The Multi-annual Variable Remuneration Plan for financial years 2017-2019 for executive Directors and certain "key" officers ended on that date without any Directors of the Company participating therein at the close of the financial year.

The characteristics of the Plan were as follows:

- a) Description: 2017-2019 Multi-annual Bonus Plan, payable in case, and with the possibility in the case of executive Directors of total or partial payment in shares after the passage of a certain period of time, provided that they meet the conditions of continuation in office, business performance and creation of value for the shareholders.
- b) Beneficiaries: Chair, CEO and 11 "key" first- and second-level Officers invited to participate in the plan, without prejudice to additional inclusions that may be decided in the future.
- c) Term: until 31 December 2020, including the Measurement Period of three years (2017-2019, both inclusive), plus the time necessary (12 months) to measure the achievement of targets, make the settlement, and apply the other conditions, including a requirement to retain the shares for six months from the delivery thereof.
- d) Metrics: established pursuant to the business plan for the Measurement Period, including the consideration of possible changes in scope and other corporate milestones:
 - Multi-annual goals of the Strategic Plan 2017-2019: (i) EBITDA - CAPEX (25% of total), and (ii) EBITDA (25% of total).
 - Total Shareholder Return Goal (%TSR) measured between 1 January 2017 and 31 December 2019 (50% weighting): A goal has been established of 15% accumulated increase by the end of the Measurement Period. If any of the goals of the Strategic Plan are not achieved, the "incentive" to accrue for the %TSR Goal will be limited to 25% of the total.
- e) Achievement scales and grant levels: each of the metrics is linked to an achievement scale that applies to target levels for the grant of the incentive (i.e. incentive for 100% achievement of goals).
- f) Form of payment: in the case of the executive Directors, the delivery of a maximum of up to 180,000 shares is expected, which will allow for total or partial payment for the Plan in shares of Euskaltel, S.A.

The two Directors who were beneficiaries of the Plan, Mr Alberto García Erauzkin (former Executive Chair) and Mr Francisco Arteche (former CEO) were no longer with the Company on 31 December 2019, but maintained an expectation of payment up to a maximum of 200% and 300% of their fixed remuneration, respectively, in the part proportional to the time they provided their services to the Company, with the final amount to be paid subject to the level of achievement of the objectives of the Plan.

If there is to be a payment in their favour, it will be paid within the first 120 days of 2020.

The Company has not yet determined the level of achievement of the Plan.

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

There have been no reductions or returns of accrued variable components.

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

The external Directors do not participate in pension plans or long-term savings systems linked to retirement or to any other survival benefit.

The Company makes annual contributions to a life insurance policy in favour of the CEO, in accordance with the provisions of the contract he has signed with the Company.

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

Mr Alberto García Erauzkin, the former Executive Chair, and Mr Francisco Arteche, the former CEO, both executive Directors, ceased to hold office during financial year 2019.

The termination of Mr Alberto García Erauzkin occurred on 29 October 2019 and, in compliance with the provisions of his contract, the amount paid to him as severance as a result of the termination of his contract as Executive Chair was the amount of 930,673.88 euros.

The termination of Mr Francisco Arteche as CEO occurred on 5 June 2019 and, in compliance with the provisions of his contract, the amount paid to him as severance as a result of the termination of his contract was the amount of 564,748.85 euros.

Mr Arteche will also receive an amount of 736,424.42 euros as compensation for his post-contractual commitment not to compete. This amount will be pro-rated and disbursed in two payments, the first of which must be made 12 months after the signing of the Termination Agreement, and the second 24 months after the signing of said Termination Agreement.

Finally, no severance payment is contemplated for the external Directors in the event of termination of their duties as such.

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

No changes in the contract of the CEO occurred during 2019.

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

At the date of issuance of this Report, there is no supplemental remuneration accrued in favour of the Directors in consideration for services provided other than those inherent to their position.

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

At the date of issuance of this Report, the Company has provided no advances, loans or guarantees to the Directors due to their status as members of Euskaltel's Board of Directors or of other Boards of Directors of other companies of the Group.

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

The Remuneration Policy provides for cash remuneration for the non-executive Directors consisting of the payment by Euskaltel of insurance premiums, which must be approved by the Board of Directors. The annual maximum limit for 2019 is established at 8,000 euros for each Director.

A contribution to casualty insurance in the amount of 344.83 euros per Director was made for financial year 2019.

The Policy also provides that executive Directors may receive certain remuneration in kind, including the availability of a company vehicle, a life and casualty insurance policy, a special health insurance policy, and the ability to enjoy all those benefits that the Company might make available to management personnel.

Consistently with the foregoing, the Company makes annual contributions in favour of the CEO as premiums for said insurance policies (health, life and casualty) in accordance with the provisions of his contract and the Policy.

The total expense for remuneration in kind paid to the CEO was 4,833.87 euros, of which 2,172.33 euros corresponds to the annual contribution for life insurance and 2,437.40 euros for the annual contribution for health insurance, as described in the tables of section C.1 below.

As regards the two executive Directors who ceased to hold office during 2019, the amounts that accrued for remuneration in kind during the year were as follows:

- Executive Chair (from 1 January 2019 to 29 October 2019): 7,142.98 euros.
- CEO (from 1 January 2019 to 5 June 2019): 3,565.38 euros.

These amounts correspond to the contributions for life insurance, medical insurance and casualty insurance.

B.15. State the remuneration accrued by director by virtue of payments made by the listed company to a third-party entity to which such director provides services, if such payments are intended to provide remuneration for the services thereof at the company.

As at the date of this Report, no remuneration of this kind has accrued.

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

No items of remuneration other than those explained in the preceding sections are contemplated in the Director remuneration system.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Class	Accrual period - financial year 2019
Mr XABIER ITURBE OTAEGUI	Chair - other external	From 29/10/2019 to 31/12/2019
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ	CEO	From 06/05/2019 to 31/12/2019
Mr EAMONN OHARE	Proprietary Director	From 05/06/2019 to 31/12/2019
Mr ROBERT SAMUELSON	Proprietary Director	From 01/01/2019 to 31/12/2019
Mr JOSÉ ÁNGEL CORRES ABASOLO	Independent Vice Chair	From 01/01/2019 to 31/12/2019
Mr LUIS RAMÓN ARRIETA DURANA	Proprietary Director	From 01/01/2019 to 31/12/2019
Ms BELÉN AMATRIAIN CORBI	Independent Director	From 01/01/2019 to 31/12/2019
Mr IÑAKI ALZAGA ETXEITA	Independent Director	From 01/01/2019 to 31/12/2019
CORPORACIÓN FINANCIERA ALBA, S.A.	Proprietary Director	From 01/01/2019 to 31/12/2019
Mr MIGUEL ÁNGEL LUJUA MURGA	Independent Director	From 01/01/2019 to 31/12/2019
KARTERA 1, S.L.	Proprietary Director	From 01/01/2019 to 31/12/2019
Mr JONATHAN JAMES	Independent Director	From 01/01/2019 to 31/12/2019
Ms ELISABETTA CASTIGLIONI	Independent Director	From 01/01/2019 to 31/12/2019
Mr ALBERTO GARCÍA ERAUZKIN	Executive chairman	From 01/01/2019 to 29/10/2019
Mr FRANCISCO ARTECHE FERNÁNDEZ-MIRANDA	CEO	From 01/01/2019 to 05/06/2019

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

a) Remuneration from the reporting company:

i) Remuneration in cash (thousand euros)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other items	Total financial year 2019	Total financial year 2018
Mr XABIER ITURBE OTAEGUI	61								61	
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ				275	84			4	363	
Mr EAMONN OHARE	32		8						40	
Mr ROBERT SAMUELSON	49		19						68	110
Mr JOSÉ ÁNGEL CORRES ABASOLO	65		37						102	110
Mr LUIS RAMÓN ARRIETA DURANA	65		15						80	80
Ms BELÉN AMATRIAIN CORBI	65		22						87	95
Mr IÑAKI ALZAGA ETXEITA	65		30						95	95
CORPORACIÓN FINANCIERA ALBA, S.A.	65		37						102	110
Mr MIGUEL ÁNGEL LUJUA MURGA	65		22						87	95
KARTERA 1, S.L.	65		22						87	95
Mr JONATHAN JAMES	65		15						80	80
Ms ELISABETTA CASTIGLIONI	65		22						87	95
Mr ALBERTO GARCÍA ERAUZKIN				288			930	7	1,225	496
Mr FRANCISCO ARTECHE FERNÁNDEZ-MIRANDA				162	94		778	3	1,037	538

Remarks

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

Name	Name of Plan	Financial instruments at start of financial year 2019		Financial instruments granted during financial year 2019		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of financial year 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
Mr XABIER ITURBE OTAEGUI	Plan							0.00				
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ	Plan							0.00				
Mr EAMONN OHARE	Plan							0.00				
Mr ROBERT SAMUELSON	Plan							0.00				
Mr JOSÉ ÁNGEL CORRES ABASOLO	Plan							0.00				
Mr LUIS RAMÓN ARRIETA DURANA	Plan							0.00				
Ms BELÉN AMATRIAIN CORBI	Plan							0.00				
Mr IÑAKI ALZAGA ETXEITA	Plan							0.00				
CORPORACIÓN FINANCIERA ALBA, S.A.	Plan							0.00				
Mr MIGUEL ÁNGEL LUJUA MURGA	Plan							0.00				
KARTERA 1, S.L.	Plan							0.00				
Mr JONATHAN JAMES	Plan							0.00				

Name	Name of Plan	Financial instruments at start of financial year 2019		Financial instruments granted during financial year 2019		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of financial year 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
Ms ELISABETTA CASTIGLIONI	Plan							0.00				
Mr ALBERTO GARCÍA ERAUZKIN	Plan							0.00				
Mr FRANCISCO ARTECHE FERNÁNDEZ- MIRANDA	Plan							0.00				

Remarks

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings system
Mr XABIER ITURBE OTAEGUI	
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ	
Mr EAMONN OHARE	
Mr ROBERT SAMUELSON	
Mr JOSÉ ÁNGEL CORRES ABASOLO	

Name	Remuneration from vesting of rights to savings system
Mr LUIS RAMÓN ARRIETA DURANA	
Ms BELÉN AMATRIAIN CORBI	
Mr IÑAKI ALZAGA ETXEITA	
CORPORACIÓN FINANCIERA ALBA, S.A.	
Mr MIGUEL ÁNGEL LUJUA MURGA	
KARTERA 1, S.L.	
Mr JONATHAN JAMES	
Ms ELISABETTA CASTIGLIONI	
Mr ALBERTO GARCÍA ERAUZKIN	
Mr FRANCISCO ARTECHE FERNÁNDEZ-MIRANDA	

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018
Mr XABIER ITURBE OTAEGUI								
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ								
Mr EAMONN OHARE								
Mr ROBERT SAMUELSON								
Mr JOSÉ ÁNGEL CORRES ABASOLO								

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018
Mr LUIS RAMÓN ARRIETA DURANA								
Ms BELÉN AMATRIAIN CORBI								
Mr IÑAKI ALZAGA ETXEITA								
CORPORACIÓN FINANCIERA ALBA, S.A								
Mr MIGUEL ÁNGEL LUJUA MURGA								
KARTERA 1, S.L.								
Mr JONATHAN JAMES								
Ms ELISABETTA CASTIGLIONI								
Mr ALBERTO GARCÍA ERAUZKIN								
Mr FRANCISCO ARTECHE FERNÁNDEZ-MIRANDA								
Remarks								

iv) Details of other items

Name	Item	Amount remunerated
Mr XABIER ITURBE OTAEGUI	Item	
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ	Medical insurance, life insurance and casualty insurance	4
Mr EAMONN OHARE	Item	
Mr ROBERT SAMUELSON	Item	
Mr JOSÉ ÁNGEL CORRES ABASOLO	Item	
Mr LUIS RAMÓN ARRIETA DURANA	Item	
Ms BELÉN AMATRIAIN CORBI	Item	
Mr IÑAKI ALZAGA ETXEITA	Item	
CORPORACIÓN FINANCIERA ALBA, S.A.	Item	
Mr MIGUEL ÁNGEL LUJUA MURGA	Item	
KARTERA 1, S.L.	Item	
Mr JONATHAN JAMES	Item	
Ms ELISABETTA CASTIGLIONI	Item	
Mr ALBERTO GARCÍA ERAUZKIN	Medical insurance, life insurance and casualty insurance	7
Mr FRANCISCO ARTECHE FERNÁNDEZ-MIRANDA	Medical insurance, life insurance and casualty insurance	3

Remarks

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

i) Remuneration in cash (thousand euros)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other items	Total financial year 2019	Total financial year 2018
Mr XABIER ITURBE OTAEGUI										
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ										
Mr EAMONN OHARE										
Mr ROBERT SAMUELSON										
Mr JOSÉ ÁNGEL CORRES ABASOLO										
Mr LUIS RAMÓN ARRIETA DURANA										
Ms BELÉN AMATRIAIN CORBI										
Mr IÑAKI ALZAGA ETXEITA										
CORPORACIÓN FINANCIERA ALBA, S.A.										
Mr MIGUEL ÁNGEL LUJUA MURGA										
KARTERA 1, S.L.										
Mr JONATHAN JAMES										
Ms ELISABETTA CASTIGLIONI										
Mr ALBERTO GARCÍA ERAUZKIN										
Mr FRANCISCO ARTECHE FERNÁNDEZ-MIRANDA										

Remarks

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

Name	Name of Plan	Financial instruments at start of financial year 2019		Financial instruments granted during financial year 2019		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of financial year 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
Mr XABIER ITURBE OTAEGUI	Plan							0.00				
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ	Plan							0.00				
Mr EAMONN OHARE	Plan							0.00				
Mr ROBERT SAMUELSON	Plan							0.00				
Mr JOSÉ ÁNGEL CORRES ABASOLO	Plan							0.00				
Mr LUIS RAMÓN ARRIETA DURANA	Plan							0.00				

Name	Name of Plan	Financial instruments at start of financial year 2019		Financial instruments granted during financial year 2019		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of financial year 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
Ms BELÉN AMATRIAIN CORBI	Plan							0.00				
Mr IÑAKI ALZAGA ETXEITA	Plan							0.00				
CORPORACIÓN FINANCIERA ALBA, S.A.	Plan							0.00				
Mr MIGUEL ÁNGEL LUJUA MURGA	Plan							0.00				
KARTERA 1, S.L.	Plan							0.00				
Mr JONATHAN JAMES	Plan							0.00				
Ms ELISABETTA CASTIGLIONI	Plan							0.00				
Mr ALBERTO GARCÍA ERAUZKIN	Plan							0.00				
Mr FRANCISCO ARTECHE	Plan							0.00				

Name	Name of Plan	Financial instruments at start of financial year 2019		Financial instruments granted during financial year 2019		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of financial year 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
FERNÁNDEZ-MIRANDA												

Remarks

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings system
Mr XABIER ITURBE OTAEGUI	
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ	
Mr EAMONN OHARE	
Mr ROBERT SAMUELSON	
Mr JOSÉ ÁNGEL CORRES ABASOLO	
Mr LUIS RAMÓN ARRIETA DURANA	
Ms BELÉN AMATRIAIN CORBI	

Name	Remuneration from vesting of rights to savings system
Mr IÑAKI ALZAGA ETXEITA	
CORPORACIÓN FINANCIERA ALBA, S.A.	
Mr MIGUEL ÁNGEL LUJUA MURGA	
KARTERA 1, S.L.	
Mr JONATHAN JAMES	
Ms ELISABETTA CASTIGLIONI	
Mr ALBERTO GARCÍA ERAUZKIN	
Mr FRANCISCO ARTECHE FERNÁNDEZ-MIRANDA	

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018
Mr XABIER ITURBE OTAEGUI								
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ								
Mr EAMONN OHARE								
Mr ROBERT SAMUELSON								
Mr JOSÉ ÁNGEL CORRES ABASOLO								
Mr LUIS RAMÓN ARRIETA DURANA								

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018
Ms BELÉN AMATRIAIN CORBI								
Mr IÑAKI ALZAGA ETXEITA								
CORPORACIÓN FINANCIERA ALBA, S.A.								
Mr MIGUEL ÁNGEL LUJUA MURGA								
KARTERA 1, S.L.								
Mr JONATHAN JAMES								
Ms ELISABETTA CASTIGLIONI								
Mr ALBERTO GARCÍA ERAUZKIN								
Mr FRANCISCO ARTECHE FERNÁNDEZ-MIRANDA								

Remarks

iv) Details of other items

Name	Item	Amount remunerated
Mr XABIER ITURBE OTAEGUI	Item	
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ	Item	
Mr EAMONN OHARE	Item	
Mr ROBERT SAMUELSON	Item	
Mr JOSÉ ÁNGEL CORRES ABASOLO	Item	
Mr LUIS RAMÓN ARRIETA DURANA	Item	
Ms BELÉN AMATRIAIN CORBI	Item	
Mr IÑAKI ALZAGA ETXEITA	Item	
CORPORACIÓN FINANCIERA ALBA, S.A.	Item	
Mr MIGUEL ÁNGEL LUJUA MURGA	Item	
KARTERA 1, S.L.	Item	
Mr JONATHAN JAMES	Item	
Ms ELISABETTA CASTIGLIONI	Item	
Mr ALBERTO GARCÍA ERAUZKIN	Item	
Mr FRANCISCO ARTECHE FERNÁNDEZ-MIRANDA	Item	

Remarks

::

c) Summary of remuneration (thousand €):

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

Name	Remuneration accrued at the Company					Remuneration accrued at group companies				
	Total cash remuneration	Gross profit from vested shares or financial instruments (thousand €)	Remuneration from savings systems	Remuneration for other items	Total FY 2019 company	Total cash remuneration	Gross profit from vested shares or financial instruments (thousand €)	Remuneration from savings systems	Remuneration for other items	Total FY 2019 group
Mr XABIER ITURBE OTAEGUI	61				61					
Mr JOSÉ MIGUEL GARCÍA FERNÁNDEZ	363				363					
Mr EAMONN OHARE	40				40					
Mr ROBERT SAMUELSON	68				68					
Mr JOSÉ ÁNGEL CORRES ABASOLO	102				102					
Mr LUIS RAMÓN ARRIETA DURANA	80				80					
Ms BELÉN AMATRIAIN CORBI	87				87					
Mr IÑAKI ALZAGA ETXEITA	95				95					
CORPORACIÓN FINANCIERA ALBA, S.A.	102				102					
Mr MIGUEL ÁNGEL LUJUA MURGA	87				87					
KARTERA 1, S.L.	87				87					
Mr JONATHAN JAMES	80				80					
Ms ELISABETTA CASTIGLIONI	87				87					
Mr ALBERTO GARCÍA ERAUZKIN	1,225				1,225					

Name	Remuneration accrued at the Company					Remuneration accrued at group companies				
	Total cash remuneration	Gross profit from vested shares or financial instruments (thousand €)	Remuneration from savings systems	Remuneration for other items	Total FY 2019 company	Total cash remuneration	Gross profit from vested shares or financial instruments (thousand €)	Remuneration from savings systems	Remuneration for other items	Total FY 2019 group
Mr FRANCISCO ARTECHE FERNÁNDEZ-MIRANDA	1,037				1,037					
TOTAL	3,601				3,601					

Remarks

The outgoing Executive Chair and CEO accrued a total of 2,262 thousand euros in financial year 2019 for fixed remuneration and severance payments for termination of contract, and in the case of the CEO, short-term variable remuneration and compensation for the post-contractual commitment not to compete. The amount accrued in financial year 2019 by the Directors of the Company at 31 December 2019, both executive and non-executive, was 1,339 thousand euros.

D. OTHER INFORMATION OF INTEREST

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

The CEO Mr José Miguel García was appointed as a propriety director on an interim basis (co-option) on 6 May 2019. On 5 June 2019, Mr García was then appointed as the new CEO of the Company. The amounts accrued by Mr García during financial year 2019 and reflected in this Report correspond to his classification as an executive Director, and he did not accrue or receive any amount during the period between 6 May and 5 June 2019, during which period Mr García was a proprietary Director.

This annual remuneration report has been approved by the board of directors of the company at its meeting on:

25/02/2020

State whether any directors voted against or abstained from voting on this Report.

Yes

No