

ANNUAL REPORT ON COMPENSATION OF DIRECTORS OF LISTED COMPANIES



ISSUER IDENTIFICATION

YEAR-END DATE	11/30//2020
Tax identification No. (C.I.F.)	A28011153
COMPANY NAME	ZARDOYA OTIS, S.A.
REGISTERED OFFICE	CALLE GOLFO DE SALÓNICA, 73. MADRID

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

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

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

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

*At any event, the following aspects should be reported:*

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

**Explanation**

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

In the fiscal year ended November 30, 2020, the Compensation Policy approved by the General Meeting on May 24, 2017 for the financial years 2018, 2019 and 2020 in accordance with article 529 *novodecies* of Royal Legislative Decree 1/2010 of July 2, whereby the revised text of the Capital Companies Law was approved, was applied for the third time (the "**Compensation Policy**"). For the current year (in which the consultative vote on this Annual Director Compensation Report will take place) the Ordinary General Shareholders' Meeting of Zardoya Otis, S.A. held on June 16, 2020 approved a new policy applicable to the years 2021, 2022 and 2023, which does not differ significantly from the policy applied in the year ended November 30, 2020.

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

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

## 1. Director compensation in the Bylaws

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

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

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

## 2. The Compensation Policy

### a) Principles of the Compensation Policy

The Compensation Policy is based on the following general principles:

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

- f. A competitive compensation must be applied, in line with market practices, flexible in accordance with the results obtained and adapted as necessary to attract and retain the best professionals.

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

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

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

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

On June 16, 2020, the date on which the Compensation Policy for the periods 2021, 2022 and 2023 was approved, Mr Bernardo Calleja Fernández was the Company's only executive director in his capacity as Chief Executive Officer. On this basis, the Policy states that the compensation of the CEO will have fixed and variable components, mentioning that, at the time, the CEO was the only director who received variable compensation linked to the Company's performance and his own personal performance. Payment of the variable compensation takes account of whether the executive has complied with the Company's regulatory and ethical rules and procedures. In the event of any failure to comply with the regulations, the Company will be entitled to reduce the CEO's variable compensation or, in very serious case, eliminate it.

The CEO's compensation mix breaks down as follows:

**(A) Fixed compensation**

- (i) Fixed portion  
The CEO will receive fixed cash compensation of 324,000 euros per year. This fixed salary may vary in each one of the periods 2021, 2022 and 2023 up to a maximum of 30,000 euros per year.
- (ii) Contributions to pension and insurance systems  
The Company will make the following contributions to pension and insurance systems in favour of the CEO:

Item	Amount 2020	Upper limits for the periods 2021, 2022 & 2023 <sup>(1)</sup>
Contribution to a defined-contribution pension scheme	7% of 65,287.18 euros, plus 28% of the difference between his gross fixed annual compensation and 65,287.18 euros	7% of 65,287.18 euros, plus 28% of the difference between his gross fixed annual compensation and 65,287.18 euros
Insurance premiums covering death and disablement	€1,182.86	€2,000 euros
Life insurance premiums	€400,52	€550
Accident insurance premiums	€423.13 €	€550
Health insurance premiums	€3,000	€4,000

<sup>(1)</sup> Compensation for executive duties in the preceding 12 months refers to the whole of the compensation for the preceding year for said duties not including the contributions and insurance premiums to which the above table refers.

- (iii) Liability insurance  
The Company will take out liability insurance for the CEO.

**(B) Variable compensation**

- (i) Annual incentive  
The Company may make a payment to the CEO for a variable annual incentive with a target of 60% of his gross annual salary. To calculate this incentive, a multiplying factor will be used, which may be lower or higher than 1, depending on the results of the business unit, the profit plan and the cash flow generated. To fix the final multiplying factor, the CEO's performance in respect of financial and non-financial objectives during the year will also be taken into account.

Payment will be made in the following year, after the annual financial statements have been approved by the Board of Directors.

(ii) Long-term incentive package – OWC shares

Since he is an executive of the Otis Worldwide Corporation (“OWC”) group, the CEO may receive an annual long-term incentive package consisting of a OWC share-based compensation scheme. The purpose of this scheme is to reward OWC group executives who, because of their position, have significant management responsibilities and, through their effort and by attaining the forecast targets, contribute to the long-term success of the corporation and its subsidiaries, including the Company.

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

This type of compensation may include awarding the CEO different OWC share-based financial instruments (Stock Appreciation Rights, Performance Share Units, Restricted Stock Units and similar instruments).

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

**3. Distribution by the Board of Directors**

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

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

#### 4. Summary of items of compensation

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

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

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

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

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

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

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

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

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

Specifically, for the current year, since the Chairman has been given executive functions and a new Chief Executive Officer has been appointed, both the fixed and variable compensation agreed with these two directors will fall within the Director Compensation Policy approved on June 16, 2020 at the Ordinary General Shareholders' Meeting, the sums permitted under said Policy having actually been reduced.

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

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

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



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

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

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

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- ***Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.***

As stated in the preceding sections, at the approval date of this Report, the Compensation Policy approved at the last General Shareholders' Meeting is applicable. The part applicable to the fixed compensation of the CEO's compensation mix, which is likewise applicable to other executive directors, is as follows:

#### **(A) Fixed compensation**

##### **(i) Fixed portion**

The CEO will receive fixed cash compensation of 324,000 euros per year. This fixed salary may vary in each one of the periods 2021, 2022 and 2023 up to a maximum of 30,000 euros per year.

##### **(ii) Contributions to pension and insurance systems**

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

Item	Amount 2020	Upper limits for the periods 2021, 2022 & 2023 <sup>(1)</sup>
Contribution to a defined-contribution pension scheme	7% of 65,287.18 euros, plus 28% of the difference between his gross fixed annual compensation and 65,287.18 euros	7% of 65,287.18 euros, plus 28% of the difference between his gross fixed annual compensation and 65,287.18 euros
Insurance premiums covering death and disablement	€1,182.86	€2,000 euros
Life insurance premiums	€400,52	€550
Accident insurance premiums	€423.13 €	€550
Health insurance premiums	€3,000	€4,000

(iii) Liability insurance

The Company will take out liability insurance for the CEO.

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

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

The Company has not awarded any compensation in kind to the directors in their capacity as such.

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

In the event that, finally, a new Director Compensation Policy is proposed for the periods 2021, 2022 and 2023 to the General Shareholders' Meeting that is held this year, said amounts could be updated subsequent to the Meeting's approval.

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

As described above, the new Director Compensation Policy applicable to the years 2021, 2022 and 2023, which has been approved and is in force and does not differ significantly from the Policy applied in previous years, states that:

**(B) Variable compensation**

(i) Annual incentive

The Company may make a payment to the CEO for a variable annual incentive with a target of 60% of his gross annual salary. To calculate this incentive, a multiplying factor will be used, which may be lower or higher than 1, depending on the results of the business unit, the profit plan and the cash flow generated. To fix the final multiplying factor, the CEO's performance in respect of financial and non-financial objectives during the year will also be taken into account.

Payment will be made in the following year, after the annual financial statements have been approved by the Board of Directors.

(ii) Long-term incentive package – OWC shares

Since he is an executive of the Otis Worldwide Corporation ("OWC") group, the CEO may receive an annual long-term incentive package consisting of a OWC share-based compensation scheme. The purpose of this scheme is to reward OWC group executives who, because of their position, have significant management responsibilities and, through their effort and by attaining the forecast targets, contribute to the long-term success of the corporation and its subsidiaries, including the Company.

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

This type of compensation may include awarding the CEO different OWC share-based financial instruments (Stock Appreciation Rights, Performance Share Units, Restricted Stock Units and similar instruments).

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

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

There is no maximum monetary sum in absolute terms.

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

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

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

Item	Amount 2020	Upper limits for the periods 2021, 2022 & 2023 <sup>(1)</sup>
Contribution to a defined-contribution pension scheme	7% of 65,287.18 euros, plus 28% of the difference between his gross fixed annual compensation and 65,287.18 euros	7% of 65,287.18 euros, plus 28% of the difference between his gross fixed annual compensation and 65,287.18 euros

The Policy states that the compensation system described for the CEO will likewise be applicable to any new executive director who joins the Company during the term the Policy is in force. Thus, the conditions described above are, at the date of issue of this report,

applicable to both Mr Bernardo Calleja as the Executive Chairman of the Company and Mr Joao Penedo as the Company's CEO.

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

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

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

The particular conditions contained in the contracts of the executive directors were proposed by the Nominating and Compensation Commission on January 21, 2021 and approved by at least two thirds of the Board of Directors, in accordance with articles 249 and 529 *quindecies* of the Capital Companies Law. Likewise, their basic conditions were approved by the General Shareholders' Meeting in the Compensation Policy, given that the contracts comply with and fall within the framework of the Director Compensation Policy applicable for the periods 2021, 2022 and 2023, approved at the General Shareholders' Meeting held on June 16, 2020.

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

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

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

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

- Exclusivity clause: there is an exclusivity clause, although it does not give the right to receive any sum in addition to those established as fixed or variable compensation;

- Indemnification in the event of early dismissal or termination by the Company: there is a clause that states that, in the event of dismissal or termination at the Company's wishes, Mr Penedo will be entitled to gross severance compensation equivalent to 45 days of compensation per year of service as from his appointment as CEO of the Company on January 26, 2021 until the date on which the contract terminates. Mr Penedo will not receive any severance compensation if the termination of the contract is due to a serious and wilful breach on the part of Mr Penedo of his obligations under the contract signed with the Company or the infringement by Mr Penedo of the law, the Bylaws of the Company, the Regulations of the General Shareholders' Meeting or Board of Directors, the Company's Internal Code of Conduct, or any regulations, policies or guidelines that may be applicable to Mr Penedo or approved by the Board of Directors or any competent body of the Company or the Otis Group. Likewise, neither will he be entitled to severance compensation in the event of death, retirement or a disability rating that prevents him from carrying out his duties for a period of longer than nine months.

- Post-contractual non-competition clause: Mr Penedo will have the right to receive, as compensation for the non-competition obligation, a gross sum equivalent to 12 monthly payments of the agreed fixed compensation that he has been receiving at the time the contract terminates, which will be settled in 24 equal monthly payments over the agreed term of the obligation, i.e. two years after finalization of his relationship with the group. The Company may cancel the non-competition obligation, in which case no amount will be payable for this item.

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- ***State the conditions that contracts should respect for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, compensation and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, permanence and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.***

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

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

Notice period: the director may terminate the contract at any time by notifying the Company in writing with at least three months' advance notice. If the notice obligation is not met, the executive director must indemnify the Company with a sum equivalent to the

gross fixed compensation he is receiving at the termination date of the contract corresponding to the shortfall in the notice period.

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

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

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

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- ***Other remunerative items or by-products, as the case may be, of the company granting the director advance payments, loans, guarantees or any other compensation.***

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

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

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

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

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

The Ordinary General Shareholders' Meeting of June 16, 2020 approved a new Director Compensation Policy applicable to the periods 2021, 2022 and 2023, which does not differ significantly from the Policy approved by the General Meeting of May 24, 2107 to be applied in the years 2018, 2019 and 2020.

The Board of Directors is assessing the possibility that, at the proposal of the Nominating and Compensation Commission, it should submit a new Compensation Policy for the periods 2021, 2022 and 2023 to the Company's next Ordinary General Shareholders' Meeting. The new Policy would supplement and update the Policy approved at the last General Meeting, in order to introduce some changes derived from the appointment of Mr Bernardo Calleja as the Company's Executive Chairman and Mr Joao Penedo as the Company's CEO (notified on January 26, 2021, register No. 6776). It is planned for the Policy submitted for the approval of the next General Meeting to reflect the change in the number of executive directors, which has risen from one to two, and include some additional items of compensation that the executive directors could receive, as well as some technical or supplementary improvements. At any event, the Policy submitted for the approval of the next General Meeting is not expected to differ significantly from the one approved at the last Meeting.

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

<https://www.otis.com/es/es/accionistas-inversores/>

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

At the 2020 General Shareholders' Meeting, the percentage of votes in favour of the resolution concerning the consultative vote on the Annual Director Compensation Report was 91.29% of the total shareholders present in person or by proxy. Therefore, taking the high percentage of votes in favour into account, the Company has continued to follow the path fixed by the principles of the Compensation Policy approved in 2017, which are maintained in the Compensation Policy approved at the General Meeting held on June 16, 2020, and has continued to comply strictly with the requirements and limits (established by law, in the Bylaws or internally) applicable to director compensation.



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

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

### **Compensation of directors in their capacity as such**

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

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

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

(B) In addition, at its July 2020 meeting, the Board of Directors decided to pay 433,333.34 euros on account of the compensation of the directors in their capacity as such for 2020 (after the end of the first semester of 2020), meeting the requirements fixed in the Compensation Policy.

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

### **Compensation of the Chief Executive Officer**

(A) Mr Bernardo Calleja Fernández, the Company's Chief Executive Officer and only executive director in 2020, received fixed compensation for carrying out executive duties.

This fixed compensation was 292,499.98 euros in 2020. This amount was lower than the 324,000 euros approved for the 2020 period by the Board of Directors, subsequent to a

favourable opinion from the Nominating and Compensation Commission within the framework of the Compensation Policy applicable to said period. The executive director voluntarily decided not to apply the salary increase during the period and his salary was even reduced during several months of the year. Likewise, in 2020, the Company contributed 77,009.43 euros to the defined-contribution pension plan taken out for Mr Bernardo Calleja Fernández.

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

(B) The variable compensation of the Chief Executive Officer was approved by the Board of Directors (at the proposal of the Nominating and Compensation Commission). As stated, this variable compensation consisted of a cash sum of 240,000.00 euros.

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

In 2020, an UTC share package, received from UTC, for an amount of 673,431.43 euros was released to the Chief Executive Officer, corresponding to packages granted in previous years.

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

The composition of the Board of Directors at the end of 2020 (57.14% of its members were proprietary directors) guarantees that the director compensation policy takes the results that should be obtained by the Company in the long term into account.

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

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

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

In 2020, the compensation of directors, both in their capacity as such and for performing executive duties, was structured in accordance with the framework contained in the Company's Bylaws, the Compensation Policy and the resolution of the Ordinary General Shareholders' Meeting under article 218 of the Capital Companies Law.

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

The individual fixed compensation of the Chief Executive Office for his executive duties accrued in 2020 was calculated by applying the amounts approved by the Board of Directors at its March 2020 meeting (at the proposal of the Nominating and Compensation Commission), within the regulatory framework established by the Bylaws, the Compensation Policy and the contract signed between the Chief Executive Officer and the Company (which was approved in accordance with the requirements of the Capital Companies Law). Likewise, the Board of Directors, together with the Nominating and Compensation Commission, analyzed and verified that objectives (both financial and non-financial) had been met in order to determine the final amount of the executive director's variable compensation, including, but not limited to, compliance with the Company's regulatory and ethical rules and procedures, management and risk control rules and procedures, and rules and procedures for the safety of people in work processes.

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

	Number	% of total
<b>Votes cast</b>	335,909,141	71.40%

	Number	% of votes cast
<b>Votes against</b>	29,157,664	8.68%
<b>Votes in favour</b>	306,751,477	91.29%
<b>Abstentions</b>	118,042	0.04%

- 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.**

As described above, the compensation of directors in their capacity as such was 683,333.34 euros in 2020 as Bylaw-stipulated compensation (1,033,333.33 euros in 2019).

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

As stated in preceding sections, in the period ended November 30, 2020, there were no delegate bodies other than the Chief Executive Officer or directors other than Mr Bernardo Calleja Fernández, the Company's Chief Executive Officer, who had been assigned management duties.

The salary of the Chief Executive Officer for the period 2020 was approved by the Board of Directors at its March 2020 meeting. Said amount is in line with the Compensation Policy and, as stated above, did not vary substantially in comparison with the preceding year.

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

***In particular:***

***– Identify each one of the compensation plans that have determined the different types of variable compensation accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, 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 (consolidation) and to exercise these options or financial instruments, including the price and term to exercise them.***

***– Each one of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other external directors), that are beneficiaries of compensation systems or plans that include variable compensation.***

***– 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.***

In accordance with the Compensation Policy, the contract signed with the Company

Pursuant to the Compensation Policy and the contract signed with the Company and the resolution of the Board of Directors (at the proposal of the Nominating and Compensation Commission), Mr Bernardo Calleja Fernández, as the Company's Chief Executive Officer and only executive director, had received the following amounts as variable compensation components at the end of the 2020 period:

**a) Annual incentive with a target of 60% of the gross annual fixed salary**

Calculation of the annual incentive is based on a sum equivalent to 60% of the fixed compensation received by the executive director in the preceding year (in this case, the gross fixed compensation received by the executive director for 2019).

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

In particular, the annual incentive paid in 2020 was 240,000 euros (195,000 in 2019), calculated on his gross fixed compensation at December 31, 2019, equivalent to 300,000 euros (292,000 euros at December 31, 2018). This represents a variable incentive of 80.00% in 2020 (66.8% in 2019), meaning a coefficient of 1.33 in 2020 (1.11 in 2019) applied to the target amount.

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

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

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

In this respect, the valuation of the options awarded to Mr Bernardo Calleja Fernández in 2020 was 673,421.43 euros (389,979.49 euros in 2019), applying the following measurement criteria:

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

For the totality of the Company's directors, the long-term OWC (formerly UTC) incentive scheme, represented a sum of 673,431.43 euros in 2020 (389,979.49 euros in 2019), since the only director benefiting from said scheme was Mr Bernardo Calleja Fernández.

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

**B.8. *Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been consolidated and deferred or, in the case of the latter, consolidated 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.***

None of the situations mentioned in this section arose in 2020

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**B.9. *Explain the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions to consolidate 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.***

As mentioned above, the Company makes a contribution to the defined-contribution pension plan (savings policy) in favour of the executive director Mr Bernardo Calleja Fernández, the amount of which was 77,009.69 euros in 2020 and 70,344.32 euros in 2019.

In this respect, the contribution for the pension commitment is drawn up in a defined-contribution pension insurance policy, where the Company makes an annual contribution in November, which, for the 2020 period, was calculated in two portions: (i) a first portion of 4,570.10 euros, equivalent to 7% of 65,287.18 euros, plus (ii) a second portion of 72,439.59 euros, calculated by applying 28% to the difference between Mr Bernardo Calleja Fernández's

gross fixed annual compensation at the contribution date and 65,287.18 euros (amount updated by the insurance company at the payment date of the policy contribution).

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

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

The Company did not make any payments for the items mentioned in this section in 2020.

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- 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 significant changes took place in 2020 in the contract of Mr Bernardo Calleja Fernández, the Company's Chief Executive Officer), who was the Company's only executive director during the period.

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

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

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

The Company's Board of Directors agreed to make an advance payment on account of the compensation of the directors in their capacity as such for a sum of 433,333.34 euros at the end of the first six months of 2020 (the total had been fixed at 683,333.34 euros). Before this was approved, in accordance with the Compensation Policy, the Audit Committee reported to the Board of Directors in favour of said advance payment, confirming the following in its report:

- (a) The amount of the compensation on account was lower than 1.5% of the consolidated profit after tax and 1% of the consolidated profit before tax for the first semester of 2020 and that sufficient funds were available at said date to make this payment.
- (b) In the latest statement of financial position, dated November 30, 2019, the needs of the legal reserve and the Bylaw-stipulated reserve had been fully covered; and.

- (c) At the meeting of the Board of Directors held on March 19, 2020, payment of the first interim dividend charged to the 2020 profit was approved for a gross amount of 0.08 euros per share with a par value of 0.10 euros, which was paid on April 9, 2020.

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

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

The directors have not accrued any compensation in kind except for (i) the contribution to the savings policy (defined-contribution pension plan) in favour of the Chief Executive Officer described in this report, the 2020 contribution to which totalled 77,009.69 euros, and (ii) the Chief Executive Officer's long-term incentive package due to his group executive status. In 2020, he received share options for a value of 673,431.43 euros.

***B.15. Explain the compensation accrued by directors by virtue of payments settled by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.***

The natural person proprietary directors appointed at the proposal of Alder Holdings, S.A.A. (a company belonging to the Otis Worldwide Corporation Group (OWC group), i.e. Mr Patrick Martin, Mr Richard Markus Eubanks, Ms Stacy Petrosky and Ms Robin Fiala, did not receive any compensation as directors in their capacity as such. Otis Elevator Company, likewise a proprietary director, received 341,666.67 euros on their behalf in 2020 (517,000 euros in 2019).

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

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***B.16. Explain any other items of compensation other than those mentioned in the previous sections, whatever their nature or the group company that settles the payment, particularly when this is a related operation or its settlement distorts the true image of the total compensation accrued by the director.***

As an exception to the situation described in the preceding point, Mr Patrick Martin, a proprietary director appointed at the proposal of United Technologies Holdings, S.A.S. in 2018, who held office until May 8, 2020, did receive compensation from the Company. Notwithstanding, this compensation was reimbursed to the Company by Otis Elevator Worldwide Sprl (also belonging to the OWC group) under the agreement signed between the Company and Otis Elevator Worldwide Sprl (to the extent that this compensation was paid to Mr Patrick Martin for his executive duties in Otis Elevator Worldwide Sprl). This reimbursable compensation received by Mr Patrick Martin was 266,429 euros (taking into account only the cash compensation paid by the Company) in 2020 until May 8, 2020, when he resigned from his seat on the Company's Board.

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**C. ITEMISED INDIVIDUAL COMPENSATION ACCRUED BY EACH DIRECTOR**

<b>Name</b>	<b>Type</b>	<b>Accrual period year 2020</b>
<b>OTIS ELEVATOR COMPANY</b>	Proprietary	From 12/01/2019 to 11/30/2020
<b>EURO-SYNS S.A.</b>	Proprietary	From 12/01/2019 to 11/30/2020
<b>MR ALBERTO ZARDOYA ARANA</b>	Proprietary	From 12/01/2019 to 05/08/2020
<b>MR JOSE MARIA LOIZAGA VIGURI</b>	Other external (Deputy Chair)	From 12/01/2019 to 02/23/2020
<b>MR BERNARDO CALLEJA FERNANDEZ</b>	Executive (Chairman)	From 12/01/2019 to 11/30/2020
<b>MS ROBIN FIALA</b>	Proprietary	From 12/01/2019 to 11/30/2020
<b>MR JOSE MIGUEL ANDRES TORRECILLAS</b>	Independent	From 12/01/2019 to 11/30/2020
<b>MS EVA CASTILLO SANZ</b>	Independent	From 12/01/2019 to 11/30/2020
<b>MS STACY PETROSKY</b>	Proprietary	From 12/01/2019 to 11/30/2020
<b>MR MARK EUBANKS</b>	Proprietary	From 12/01/2019 to 05/08/2020
<b>MR PATRICK MARTIN</b>	Proprietary	From 12/01/2019 to 05/08/2020

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

Compensation from the reporting company:

(i) Compensation in cash (thousand euros):

Name	Fixed compensation	Per diem allowances	Compensation for membership of Board committees	Salary	Short-term variable compensation	Long-term variable compensation	Severance pay	Other items	Total F.Y. 2020	Total F.Y. 2019
EURO-SYNS S.A.	0	0	0	0	0	0	0	50	50	50
MR MARIO ABAJO GARCIA	0	0	0	0	0	0	0	0	0	67
MR JOSE MARIA LOIZAGA VIGURI	0	0	0	0	0	0	0	67	67	200
OTIS ELEVATOR COMPANY	0	0	0	0	0	0	0	342	342	517
MR ALBERTO ZARDOYA ARANA	0	0	0	0	0	0	0	25	25	50
MR JOSE MIGUEL ANDRES TORRECILLAS	0	0	0	0	0	0	0	100	100	100
MS EVA CASTILLO SANZ	0	0	0	0	0	0	0	100	100	50
MR BERNARDO CALLEJA FERNANDEZ	293	0	0	0	240	0	0	77	610	562
MR PATRICK MARTIN (*)	0	0	0	0	0	0	0	266	266	422

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

- (i) Compensation of directors in their capacity as such, regulated in the Bylaw-stipulated Compensation and the Compensation Policy (i.e. a share of 1.5% of the consolidated profit after tax with an upper limit of 1% of the consolidated profit) cannot be considered “short-term variable compensation”. The CNMV’s criterion is that variable compensation should be restricted to compensation items linked to the director’s individual performance. Consequently, this compensation is included as “other items”.
- (ii) The natural person proprietary directors appointed at the proposal of Alder Holdings, S.A.S. (a company belonging to the Otis Worldwide Corporation group (OWC group), i.e. Mr Patrick Martin, Mr Richard Markus Eubanks, Ms Stacy Petrosky and Ms Robin Fiala, did not receive any compensation as directors in their capacity as such. Otis Elevator Company, likewise a proprietary director, received it on their behalf for an amount of 341,666.67 euros in 2020 (517,000 euros in 2019).
- (iii) (\*) This compensation relates to compensation as an executive of the company Otis Elevator Worldwide Sprl (a company belonging to the group of the Company’s majority shareholder). The amounts paid by the Company are reimbursed to the Company by Otis Elevator Worldwide Sprl through the contract signed with said Company. The above amounts relate to the accrual period from 12-01-2019 to 05-08-2020, on which date Mr Patrick Martin left his position on the Board of Zardoya Otis, S.A.

(ii) Share-based compensation systems:

Name	Name of plan	Financial instruments at beginning of 2020		Financial instruments awarded during 2020		Financial instruments consolidated during the year				Instruments matured but not exercised	Instruments at end of 2020	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent / consolidated shares	Price of consolidated shares	Gross profit on consolidated shares or financial instruments (thousand €)	No. instruments	No. instruments	No. equivalent shares
MR BERNARDO CALLEJA FERNANDEZ	Plan A 2017*	5,200	5,200			5,200	5,200	153,35	198	0	0	0
MR BERNARDO CALLEJA FERNANDEZ	Plan B 2017*	3,116	3,116			3,116	3,398	156,55	475	0	0	0
MR BERNARDO CALLEJA FERNANDEZ	Plan A 2018*	5,050	5,050							0	5,500	5,500
MR BERNARDO CALLEJA FERNANDEZ	Plan B 2018*	2,752	2,752							0	2,752	2,752
MR BERNARDO CALLEJA FERNANDEZ	Plan A 2019*	11,100	11,100							0	11,100	11,100
MR BERNARDO CALLEJA FERNANDEZ	Plan B 2019*	2,029	2,029							0	2,029	2,029
MR BERNARDO CALLEJA FERNANDEZ	Plan A 2020*			16,817	16,817					0	16,817	16,817
MR BERNARDO CALLEJA FERNANDEZ	Plan B 2020*			3,032	3,032					0	3,032	3,032
MR BERNARDO CALLEJA FERNANDEZ	Plan C 2020**			14,875	14,875					0	14,875	14,875

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

(\*\*) Plan awarded by OWC on OWC shares.

(iii) Long-term savings systems:

Name	Compensation from consolidation of rights to savings system (thousand €)	
	F.Y. 2020	F.Y. 2019
MR BERNARDO CALLEJA FERNANDEZ	77	70

Name	Compensation from consolidation of rights to savings system
MR BERNARDO CALLEJA FERNANDEZ	77

Name	Contribution over the year from the company (thousand €) with unconsolidated economic rights		Amount of accumulated funds (thousand €) with unconsolidated economic rights	
	F.Y. 2020	F.Y. 2019	F.Y. 2020	F.Y. 2019
MR BERNARDO CALLEJA FERNANDEZ	77	70	768	680

(iv) Details of other items

N/A

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

(i) Compensation in cash (thousand €)

Name	Fixed compensation	Per diem allowances	Compensation for membership of Board committees	Salary	Short-term variable compensation	Long-term variable compensation	Severance pay	Other items	Total 2020	Total 2019
EURO-SYNS S.A.	0	0	0	0	0	0	0	0	0	0
MR BERNARDO CALLEJA FERNANDEZ	0	0	0	0	0	0	0	0	0	0
MR JOSE MARIA LOIZAGA VIGURI	0	0	0	0	0	0	0	0	0	0
MR ALBERTO ZARDOYA ARANA	0	0	0	0	0	0	0	0	0	0
OTIS ELEVATOR COMPANY	0	0	0	0	0	0	0	0	0	0
MR JOSE MIGUEL ANDRES TORRECILLAS	0	0	0	0	0	0	0	0	0	0
MS EVA CASTILLO SANZ	0	0	0	0	0	0	0	0	0	0
MS ROBIN FIALA	0	0	0	0	0	0	0	0	0	0
MR MARK EUBANKS	0	0	0	0	0	0	0	0	0	0
MR PATRICK MARTIN	0	0	0	0	0	0	0	0	0	0
MS STACY PETROSKY	0	0	0	0	0	0	0	0	0	0

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

**N/A**

(iii) Long-term savings systems

**N/A**

(iv) Details of other items

**N/A**

c) Summary of compensation (thousand €):

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

Name	Compensation accrued in the Company					Compensation accrued in group companies					
	Total cash compensation	Gross profit from consolidated shares or instruments	Compensation through savings systems	Other items	Total F.Y. 2020	Total cash compensation	Amount of shares allocated	Gross profit from options exercised	Total F.Y. 2020	Total F.Y. 2020	Total F.Y. 2019
MR BERNARDO CALLEJA FERNANDEZ	533	673	77	0	1,283	0	0	0	0	1,283	952
MR JOSE MARIA LOIZAGA VIGURI	67	0	0	0	67	0	0	0	0	67	200
MR ALBERTO ZARDOYA ARANA	25	0	0	0	25	0	0	0	0	25	50
EURO-SYNS S.A.	50	0	0	0	50	0	0	0	0	50	50
MR MARIO ABAJO GARCIA	0	0	0	0	0	0	0	0	0	0	67
OTIS ELEVATOR COMPANY	342	0	0	0	342	0	0	0	0	342	517
MR ANDRES TORRECILLAS, JOSE MIGUEL	100	0	0	0	100	0	0	0	0	100	100
MS EVA CASTILLO SANZ	100	0	0	0	100	0	0	0	0	100	50
MR PATRICK MARTIN (*)	266	286	0	0	552	0	0	0	0	552	591
<b>TOTAL</b>	<b>1,483</b>	<b>959</b>	<b>77</b>	<b>0</b>	<b>2,519</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,519</b>	<b>2,577</b>

(\*) This compensation relates to compensation as an executive of the company Otis Elevator Worldwide Sprl (a company belonging to the group of the Company's majority shareholder). The amounts paid by the Company are reimbursed to the Company by Otis Elevator Worldwide Sprl through a contract signed with said company. The above amounts accrued in the period 12-01-2019 to 05-08-2020, the date on which Mr Patrick Martin left his post on the Board of Zardoya Otis, S.A.



**D. OTHER INFORMATION OF INTEREST**

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

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This annual compensation report was approved by the Company's Board of Directors at its meeting of February 23, 2021.

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

Yes [  ]

No [  ]

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