

ANNUAL REPORT ON THE COMPENSATION OF DIRECTORS IN LISTED COMPANIES



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REGISTERED OFFICE	CALLE GOLFO DE SALÓNICA, 73 MADRID

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

A. THE COMPANY'S COMPENSATION POLICY FOR THE CURRENT YEAR

A.1. Explain the company's compensation policy. This section will include information on:

- The general principles and bases of the compensation policy.
- The most significant changes made to the compensation policy in comparison to the policy applied in the preceding fiscal year, together with any changes made during the year to the conditions for exercising previously-granted options.
- The criteria employed and the composition of the comparable groups of companies whose compensation policies were examined in order to fix the company's compensation policy.
- The relative importance of items of variable compensation in comparison to fixed items and the criteria followed to determine the different components of the directors' compensation package (compensation mix).

Explain the compensation policy

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 2018, the compensation policy approved by the General Meeting on May 24, 2017 for the fiscal years 2018, 2019 and 2020 in accordance with article 529 novodecies of Royal Legislative Decree 1/2010 of July 2, whereby the revised text of the Capital Companies Law was approved, was applied for the first time (the "**Compensation Policy**").

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

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

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

2. The Compensation Policy

a) Principles of the Compensation Policy

The Compensation Policy is based on the following general principles:

- (i) Creating value in the long term.
- (ii) Reinforcing the attainment of results and strategic objectives.
- (iii) Rewarding dedication, responsibility and professional track record.
- (iv) Not compromising director independence.
- (v) Ensuring transparency and competitiveness.
- (vi) Attracting, retaining and motivating the best professionals.

b) Director compensation 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 capacity as such.

In particular, the Compensation Policy states that the compensation will be the sum deemed necessary to remunerate the dedication, qualifications and responsibility that the position entails, without being so high as to compromise the directors' independence (in accordance with article 18 of the Regulation of the Board of Directors).

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

c) Compensation of the CEO in the Compensation Policy

The compensation of the Chief Executive Officer (Mr Bernardo Calleja Fernández for his executive duties in the Company is regulated in his contract with the Company and was expressly approved by the General Meeting in the Compensation Policy. This contract was approved by at least two thirds of the Board of Directors (with the abstention of the CEO) and received a favourable report from the Nominating and Compensation Commission, in accordance with article 249 of the Capital Companies Law.

This compensation has:

- (i) A fixed component of €285,000, which may vary by a maximum amount of €25,000 per year during the term of the Compensation Policy (see section A 3 for further details).
- (ii) A variable component based on an annual incentive (cash payment) with a target of 60% of his gross annual salary, as well as a long-term incentive package in his capacity as a UTC group executive (UTC share-based compensation scheme) (see section A 4 for further details).

Payment of the variable compensation considers whether the executive has complied with the Company's rules and regulatory and ethical procedures, management and risk control rules and procedures, and rules and procedures for the safety of people in work processes. In the event that any incident were to occur in the Company in the areas of safety or regulatory and ethical control, the Company reserves the right to reduce the executive's variable compensation or, in very serious cases, eliminate it.

(iii) Contributions to welfare and insurance systems in accordance as follows:

Item	Upper limits for 2018, 2019 & 2020 ⁽¹⁾
Contribution to a defined-contribution pension insurance policy	7% of € 62,871.28, plus 28% of the difference between his gross fixed annual compensation and €62,871.28
Insurance premiums (death and disability, life insurance, accident insurance, health insurance, etc.)	7,100 €

(1) 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 chart refers.

In addition, the Compensation Policy also regulates the basic conditions of the contract with the CEO (term, minimum employment period, indemnity for early termination, exclusivity and post-contractual non-competition) in accordance with the Capital Companies Law, article 529 octodecies.

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

This compensation fixed in the Compensation Policy 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 annual period, 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 CEO 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:

Class	Number	Fixed compensation	Variable compensation	UTC long-term incentive scheme
Executive director	1	YES	YES	YES
Proprietary directors	7	NO	YES	NO
Independent directors	2	NO	YES	NO
Other external directors	1	NO	YES	NO

The criteria applied by the Company to establish its compensation policy are consistent with those generally applied by other listed companies and the content thereof may be consulted on the following link: <http://www.otis.com/es/es/accionistas-inversores/>. Regarding the relative importance of the variable compensation items (as described in section A.4 below) in comparison with the fixed components (as described in section A.3 below), it is necessary to highlight the fact that former represented 42,57% of the total in 2018.

A.2. Information on the preparatory work and decision-making process for determining the compensation policy and the role played, if applicable, by the Compensation Commission and other governing bodies in configuring the compensation policy. This information will include, if applicable, the mandate and composition of the Compensation Commission and the identity of any external advisors whose services were used to determine the compensation policy. Likewise, the classification of any directors who participated in defining the compensation policy must be stated.

Explain the process for determining the compensation policy
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1. The role of the General Shareholders' Meeting

Article 24 of the Bylaws and 529 novodecies of the Capital Companies Law state that the director compensation policy must be submitted for approval of the General Meeting at least once every three years as a separate item on the Agenda. The Board of Directors' proposal put to the General Meeting must contain the reasons therefor and be accompanied by a specific report from the Nominating and Compensation Commission. Both documents will be made available to shareholders on the Company's website as of the time when notice of the General Meeting is given. Shareholders may likewise request that the documents be given or sent to them free of charge.

Likewise, the director compensation policy thus approved will remain in force during the three annual periods following the period in which it is approved by the General Meeting. Any amendment thereto or replacement thereof during said period will require prior approval from the General Meeting following the procedure established for its approval.

As described in Section A 1 above, the Ordinary General Shareholders' meeting held on May 24, 2017 approved the Compensation Policy for the years 2018, 2019 and 2020. This Compensation Policy had likewise received a favourable report from the Nominating and Compensation Commission, as provided for in the Capital Companies Law, article 529 novodecies, point 2. Said report, together with the rest of the documentation, was made available to shareholders as of the date on which notice of the aforementioned Ordinary General Shareholders' Meeting was issued.

2. The role of the Board of Directors

The Board of Directors makes the decisions on the compensation of the directors in their capacity as such approved by the Board of Directors, approves the CEO's contract with the Company and approves the compensation of the CEO and senior management at the proposal of the Nominating and Compensation Commission, in accordance with the conditions set out by law and in the Bylaws and Compensation Policy.

3. The role of the Audit Committee

In relation to payment on account of director compensation for the 2018 period, the Audit Committee, at its meeting of July 27, 2018, issued a prior report in favour of making said payment and confirmed the following points:

- a) The compensation agreed was lower than 1.5% of the consolidated profit after tax and 1% of the consolidated profit before tax for the first six months of 2018 and, as of said date, sufficient funds existed to cover the payment.
- b) The legal and bylaw-stipulated reserves were fully covered in the latest statement of financial position as of November 30, 2017.
- c) The Board of Directors' approval of payment of the first interim dividend charged to the 2018 profit to shareholders.

4. The role of the Nominating and Compensation Commission

In accordance with the Capital Companies Law, article 529 quindecies, and the Regulations of the Board of Directors, article 12 B) 2 (j), the Nominating and Compensation Commission must:

- a) propose the director compensation policy to the Board of Directors;
- b) propose the compensation policy for the CEO to the Board of Directors, together with his individual compensation and other conditions of his contract; and
- c) ensure the compensation policy is respected.

Furthermore, as explained above, the Nominating and Compensation Commission reported in favour of the Compensation Policy in accordance with the Capital Companies Law, article 529 novodecies, and article 24 of the Bylaws.

Likewise, the Nominating and Compensation Commission reported favourably on this Annual Compensation Report at its meeting of February 21, 2019. At the same meeting, the Nominating and Compensation Commission drew up a proposal to the Board of Directors for limitation of, firstly, the compensation of directors in their capacity as such and, secondly, the compensation of the CEO and senior management.

At the end of 2018, the Nominating and Compensation Commission had the following composition:

Name	Position	Class
Mr Jose Maria Loizaga Viguri	Chairman	Independent
Otis Elevator Company (represented by Ms Nora LaFreniere)	Deputy Chairman	Proprietary
Mr José Miguel Andrés Torrecillas	Member	Independent
Ms Robin Fiala	Member	Proprietary
Mr Patrick Martin ¹	Member	Proprietary

5. Other

In 2018, the Company did not use the services of external advisors to determine the compensation of its directors within the framework established by law and in the Bylaws and Compensation Policy.

A.3. **State the amount and nature of the fixed components, with details, if applicable, of the executive directors' compensation for performing senior management duties, any additional compensation for the chairman or members of any Board committees, the per diem allowances for attending meetings of the Board and its committees, or any other fixed compensation for directors, together with an estimate of the annual fixed compensation to which the foregoing give rise. Identify any other non-cash benefits and the basic parameters for granting them.**

Explain the fixed components of the compensation

Mr Bernardo Calleja Fernández, the Company's Chief Executive Officer and only executive director in 2018, received fixed compensation for carrying out executive duties. This fixed compensation was €289,500 in 2018 and €281,429 in 2017 (as stated in section D 1 below). Likewise, in 2018, the Company contributed €68,332 to the defined-contribution pension plan taken out for Mr Bernardo Calleja Fernández (the amount of the contributions in 2017 was €66,597). These fixed compensation components observe the provisions of the Compensation Policy.

There is no extra compensation for holding the position of Chairman, there are no other delegate bodies (apart from the CEO) and no per diem expenses are paid for attending

¹ On July 27, 2018, Mr Patrick Martin replaced Mr Pierre Dejoux as a member of the Nominating and Compensation Commission.

Board meetings or meetings of the Nominating and Compensation Commission or Audit Committee. Notwithstanding, the duties and responsibilities, whether they are members of any Board committees, and other objective circumstances deemed relevant, are taken into account when distributing the compensation among the directors.

A.4. Explain the amount, nature and principal characteristics of the variable components of the compensation systems.

In particular:

- Identify each one of the compensation plans of which the directors are beneficiaries, the scope thereof, its date of approval, its date of implementation, the term for which it is in force and its main features. In the case of stock option plans and other financial instruments, the general features of the plan must include information on the conditions for exercising said options or financial instruments for each plan.
- State any compensation that originates from profit-sharing or bonuses and the reason why it is awarded.
- Explain the basic parameters and grounds for any annual bonus system.
- The types of director (executive directors, external proprietary directors, external directors, external independent directors or other external directors) that are the beneficiaries of compensation systems or plans that include variable compensation.
- The basis of said variable compensation systems or plans, the criteria chosen for evaluating performance and the evaluation components and methods used to determine whether or not said evaluation criteria have been met, as well as an estimate of the total amount of variable compensation to which the current compensation plan would give rise, depending on the degree to which the assumptions or objectives taken as a reference are met.
- If applicable, state the periods for which an already-established payment may be deferred or delayed and/or the periods for which shares or other financial instruments, if any, may be retained.

Explain the variable components of the compensation systems
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1. Variable compensation of directors in their capacity as such

a) Bylaw-stipulated compensation

As stated in section A.1 above, article 24 of the Bylaws fixes the Bylaw-stipulated compensation.

b) Compensation Policy

The Compensation Policy follows the system of a share in the liquid profits established for the Bylaw-stipulated compensation and fixes an upper annual limit of €2,000,000 on the global compensation of the directors in their capacity as such.

c) Board of Directors

In line with the general trend of keeping its compensation stable, at its meeting of February 20, 2018, the Board of Directors (with a prior report in favour from the Nominating and Compensation Commission) decided to limit the total amount of its compensation to €1,200,000 for 2018 (the same as the amount approved by the Board of Directors for 2017), complying with the upper annual limit fixed by the Compensation Policy. In addition, the Board of Directors decided to delegate to its Chairman the distribution of this compensation among the Company's directors, depending on the duties and responsibilities allocated to each one of them, whether or not they are members of any Board committees, and any other objective circumstances deemed relevant.

Likewise, at its meeting of July 27, 2018, the Board decided to pay €600,000 on account of the compensation for 2018 (upon completion of the first six months of the 2018 period, in accordance with the Compensation Policy). The Audit Committee issued a favourable report on this payment, as described in section A 2 above.

2 Variable compensation of the Chief Executive Officer

In accordance with the Compensation Policy and the contract signed with the Company, Mr Bernardo Calleja Fernández, as the Company's CEO and only executive director, received the following amounts as variable compensation components:

- a) Annual incentive with a target of 60% of his gross fixed annual salary. For payment of this incentive a multiplying factor (which may be higher or lower than 1) is established, depending on the results of the business unit, and calculated in accordance with the profit plan and cash flow generated. For the final factor (coefficient), Mr Bernardo Calleja Fernández's performance in relation to the financial and non-financial objectives of the valuation of the contribution to the results of the business during the year is taken into account.

The annual incentive paid in 2018 was €215,000, calculated on his gross fixed compensation at December 31, 2017 (€230,000), with an incentive of 75.4%, representing a coefficient of 1.26 of the target amount.

- b) Long-term incentives package. Mr Bernardo Calleja Fernández, since he is a UTC Group executive, may receive an annual long-term incentive package (UTC share-based compensation scheme) from the UTC 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 corporation and its 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 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, Otis and United Technologies Corporation. This incentive scheme is subject to the Recharge Agreement signed in September 2010 between United Technologies Corporation (UTC) and the Company.

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 2018 was €337,769, 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 exercises them.

For the totality of the Company's directors, the long-term UTC incentive scheme represented a sum of €337,769 in 2018 (since the only director benefiting from said scheme was Mr Bernardo Calleja Fernández).

Variable compensation is payable in the following fiscal year, once the annual financial statements have been approved by the Board of Directors.

3 Other

Lastly, it is necessary to consider that:

- (a) Regarding the classes of director who benefit from the variable compensation systems, please see the chart summarizing the applicable items of compensation in accordance with the classification of the Company's directors in Section A.1 above, in relation to the items of compensation applicable to the different classes of director in the Company.
- (b) The basis of the variable compensation system and the methods for assessing performance used by the Company to distribute it may be found in the aforementioned articles 24 of the Bylaws, the Company's Compensation Policy, and article 18 of the Regulations of the Board of Directors.
- (c) No periods of deferral or delay in payment of the compensation of the members of the Company's Board of Directors have been established.

A.5. Explain the principal features of the long-term saving systems, including retirement and any other survivor benefits, financed fully or in part by the company, irrespective of whether the provision is made internally or externally, with an estimate of the amount thereof or equivalent annual cost, stating the type of plan, whether it is a defined-contribution or defined-benefit plan, the conditions under which the economic rights are consolidated in favour of the directors and its compatibility with any kind of indemnity for early rescission or termination of the contractual relationship between the company and the director.

Also state the contributions made in the director's favour to defined-contribution pension plans or the increase in the director's consolidated rights in the case of contributions to defined-benefit plans.

Explain the long-term saving systems

As mentioned in section A.3, the fixed component of the director compensation mix includes the contribution to the defined-contribution pension plan made by the Company for the Chief Executive Officer, Mr Bernardo Calleja Fernández, the amount of which was €68,332.58 in 2018 and €66,597 in 2017.

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, calculated in two portions: a first portion of €4,475.81, equivalent to 7% of €63,940.09, plus a second portion of €63,856.77, calculated by applying 28% to the difference between Mr Bernardo Calleja Fernández's gross fixed annual compensation at the contribution date and €63,940.09. The consolidation of the contributions and the respective allocation or time of accrual are based on the gross annual compensation.

A.6. State any indemnities agreed or paid in the event that a director ceases to hold office as such.

Explain the indemnities

The only director entitled to an indemnity in the event he ceases to hold office is the Chief Executive Officer. This indemnity consists of 45 days' compensation for each year of service from the time he was appointed as the Company's Chief Executive Officer (i.e. as from February 14, 2012) until the termination date of the contract. Said indemnity for termination of his contract is the same as he initially had in his employment relationship.

A.7 State the conditions that must be observed by the contracts of those who perform senior management duties as executive directors. Among others, information must be included on the term, the limits on the amounts of any indemnity, continuity clauses, notice periods and/or any other clauses relating to hiring bonuses, as well as indemnities or golden parachutes for the early rescission or termination of the contractual relationship between the company and the executive director. Include, among others, any non-compete, exclusivity, continuity, loyalty or post-contractual non-competition clauses or agreements.

Explain the contract conditions of the executive directors

The contract of the CEO received a favourable report from the Nominating and Compensation Commission and was approved by at least two thirds of the Board of Directors, in accordance with articles 249 and 529 quidecies of the Capital Companies Law. Likewise, his basic conditions were approved by the General Shareholders' Meeting in the Compensation Policy.

The specific conditions contained in this contract are as follows:

- (a) Term: indefinite.
- (b) Indemnity for early dismissal or termination by the Company: 45 days' compensation per year from the time he was appointed as the Company's CEO (i.e. February 14, 2012) until the date of termination of the contract, up to a maximum equivalent to 42 monthly payments.
- (c) Exclusivity agreement: during the time the contract is in force, unless he has the express prior authorization of the Board of Directors, Mr Bernardo Calleja Fernández will work exclusively for the Company and, if necessary, for any other UTC Group company.
- (d) Non-competition agreement: non-competition obligation for the CEO for two years after finalization of his contract with the Company. Compensation for this agreement consists of a gross sum equivalent to 12 monthly payments of the fixed compensation that the CEO had been receiving before finalization of his contract with the Company.
- (e) Continuity or loyalty agreement: none.

A.8. Explain any supplementary compensation accrued by the directors in consideration for the services rendered other than those inherent to the position.**Explain the supplementary compensation**

With the exception of the Chief Executive Officer –the Company’s only executive director–, none of the other members of the Board of Directors have rendered services to the Company other than those inherent to their positions. Please see Section A.3 and A.4 above regarding the specific characteristics of this supplementary compensation received by the Chief Executive Officer for this reason.

A.9 State any compensation in the form of advances, credits, guarantees granted, mentioning the interest rate, their basic features and any amounts that may be repayable, as well as any obligations acquired on the directors’ behalf as a guarantor.**Explain the advances, credits and guarantees granted**

The Board of Directors agreed to pay €600,000 on account of the Bylaw-stipulated compensation at the end of the first six months of 2018.

Before it was approved, the Audit Committee reported in favour of said advance payment, given that:

- (a) The Company had sufficient funds.
- (b) In the latest statement of financial position, dated November 30, 2017, the needs of the legal reserve and the Bylaw-stipulated reserve were fully covered; and.
- (c) At the meeting of the Board of Directors held on March 20, 2018 payment of the first interim dividend charged to the 2018 profit was approved for a gross amount of 0.080 euros per share with a par value of 0.10 euros, which was paid on April 10, 2018.

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

A.10. Explain the main features of any compensation in kind.**Explain the compensation in kind**

The Company has not awarded any compensation in kind to the directors (except for the pension plan in favour of the CEO described in section A.5).

A.11 State any compensation accrued by a director due to the payments made by the listed company to another company to which the director provides his/her services, when said payments are intended to remunerate the director’s services to the company.**Explain any compensation accrued by a director due to the payments made by the listed company to another company to which the director provides his/her services**

As shown in the chart included in Section D.1 below, some of the proprietary directors do not receive the above mentioned Bylaw-stipulated compensation, which is, instead, received by Otis Elevator Company on their behalf.

A.12 Any other item of compensation apart from the foregoing, irrespective the nature thereof or the group company that settles it, especially when it is classified as a related-

party transaction or payment thereof distorts the accurate picture of the total compensation accrued by the director.

Explain the other items of compensation
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Patrick Martin (proprietary director of the Company since July 27, 2018) provides management services to 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 latter by Otis Elevator Worldwide Sprl. through a contract signed with this Company.

- A.13 Explain the measures adopted by the company in relation to the compensation system in order to reduce exposure to excessive risks and adjust it to the company's long-term objectives, values and/or interests. This will, if applicable, include mention of: preventive measures to ensure that company's long-term results are taken into account in the compensation policy, any measures that establish an appropriate balance between the fixed and variable compensation components, measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile, repayment formulas or clauses to enable the company to claim the return of any results-based variable compensation components when said components were paid on the basis of figures that have since clearly been shown to be inaccurate, and, if applicable measures in place to avoid conflicts of interest.**

Explain the actions adopted to reduce risks
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The current composition of the Board of Directors (63.64% of its members were proprietary directors in 2018) guarantees that the director compensation policy takes the results that should be obtained by the Company in the long term into account.

Thus, with the sole exception of the CEO, who receives additional fixed compensation for performing executive duties in the Company, the compensation of the Board of Directors is variable in its entirety (based on the Company's results). Furthermore, the quantitative limits contained in the Company's Bylaws, Compensation Policy and Regulations of the Board of Directors help to necessarily link director compensation to the Company's best long-term interests. Likewise, the Board of Directors has been placing a limitation on said compensation each year, taking the Company's best long-term interests into account.

B. COMPENSATION POLICY PLANNED FOR FUTURE YEARS

Repealed.

C. OVERVIEW OF THE IMPLEMENTATION OF THE COMPENSATION POLICY IN THE YEAR ENDED

- C.1. Summarize the main features of the structure and items of the compensation policy applied in the year ended that gave rise to the details of the individual compensation accrued by each one of the directors shown in section D of this report, as well as a summary of the decisions made by the Board for application of said items.**

Explain the structure and items of the compensation policy applied in the year

The following is a summary of the structure and items of the Company's director compensation system applied to the members of the Company's Board of Directors in 2018, including the amounts of the compensation for 2017 and 2016.

As stated above, the structure of the director compensation policy may be divided into: (i) those items of compensation that comprise the fixed income received by the members of Company's Board of Directors, which is only applicable to the Chief Executive Officer, the main features and procedure for application of which are described in Section A 3 above; (ii) the other items of compensation that form the variable compensation (in accordance with the Bylaws and Compensation Policy), the main features and procedure for application of which are described in section A 1 above..

For further clarification, in addition to the chart describing the individual compensation accrued by each one of the directors as set forth in section D 1 below, the breakdown of the compensation by item (in thousands of euros) for the years 2016, 2017 and 2018 may be summarized as follows:

Item of compensation	2018	2017	2016
Salaries	290	281	249
Fixed compensation	0	0	0
Variable compensation	215	230	100
Bylaw-stipulated compensation	1,200	1,200	1,200
Share-based compensation system	338	306	70
Cash compensation	2,043	2,017	1,619
Other items of compensation	68	67	57
TOTAL	2,111	2,084	1,676

D. DETAILS OF INDIVIDUAL COMPENSATION ACCRUED BY EACH DIRECTOR

Name	Class	Accrual period 2018
MR MARIO ABAJO GARCIA	Other external	From 12/01/2017 to 11/30/2018
OTIS ELEVATOR COMPANY	Proprietary	From 12/01/2017 to 11/30/2018
EURO-SYNS S.A.	Proprietary	From 12/01/2017 to 11/30/2018
MR ALBERTO ZARDOYA ARANA	Proprietary	From 12/01/2017 to 11/30/2018
MR JOSE MARIA LOIZAGA VIGURI	Independent	From 12/01/2017 to 11/30/2018
MR BERNARDO CALLEJA FERNANDEZ	Executive	From 12/01/2017 to 11/30/2018
MR MARK GEORGE	Proprietary	From 12/01/2017 to 11/30/2018
MS ROBIN FIALA	Proprietary	From 12/01/2017 to 11/30/2018
MR PATRICK BLETHON	Proprietary	From 12/01/2017 to 11/30/2018
MR JOSE MIGUEL ANDRES TORRECILLAS	Independent	From 12/01/2017 to 11/30/2018
MR PIERRE DEJOUX	Proprietary	From 12/01/2017 to 26/07/2018
MR PATRICK MARTIN²	Proprietary	From 07/27/2018 to 11/30/2018

² On July 27, 2018, Mr Patrick Martin replaced Mr Pierre Dejoux as a member of the Board of Directors.

D.1 Complete the following charts on the individual compensation of each one of the directors (including compensation for performing executive duties) accrued during the year.

- a) Compensation accrued in the company to which this report refers:
 (i) Cash compensation (thousands of €):

Name	Salaries	Fixed remuneration	Per diem	Short-term variable remuneration	Long-term variable remuneration	Compensation for membership of Board commissions	Indemnities	Other items	Total 2018	Total 2017
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	200	200	200
MR JOSE MARIA LOIZAGA VIGURI	0	0	0	0	0	0	0	200	200	200
OTIS ELEVATOR COMPANY	0	0	0	0	0	0	0	600	600	600
MR ALBERTO ZARDOYA ARANA	0	0	0	0	0	0	0	50	50	50
MR JOSE MIGUEL ANDRES TORRECILLAS	0	0	0	0	0	0	0	100	100	100
MR BERNARDO CALLEJA FERNANDEZ	290	0	0	215	0	0	0	68	573	578
MR PIERRE DEJOUX / MR PATRICK MARTIN	0	0	0	0	0	0	0	0	0	0
MR MARK GEORGE	0	0	0	0	0	0	0	0	0	0
MS ROBIN FIALA	0	0	0	0	0	0	0	0	0	0
MR PATRICK BLETHON	0	0	0	0	0	0	0	0	0	0

Translation of Annual Report on the Compensation of Directors originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

When preparing the above chart, the following were taken into account:

- (i) The compensation of directors in their capacity as such in accordance with the Bylaws and the Compensation Policy (i.e. a 1.5% share in the consolidated profit after tax with an upper limit of 1% of the consolidated profit) cannot be classified as “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, said variable compensation is included as “Other compensation items”.
- (ii) The proprietary directors appointed at the proposal of UNITED TECHNOLOGIES HOLDINGS, S.A.S. (“UTC”) (i.e., Mr Pierre Dejoux (replaced by Mr Patrick Martin), Mr Mark George, Mr Patrick Blethon and Ms Robin Fiala) did not receive the aforementioned Bylaw-stipulated compensation, which is received by Otis Elevator Company (a UTC Group company) on their behalf.

This is because UTC Group policy is that directors appointed at the proposal of UTC do not receive any compensation for holding directorships in Group companies. Furthermore, no UTC Group company subsequently pays said compensation to the proprietary directors, although they are remunerated in accordance with their positions and responsibilities.

(ii) Share-based compensation systems:

Name/Type/Accrual period 2018	Options held at beginning of 2018 period				Options allocated during 2017 period					Shares awarded during 2017 period
	No. of options	No. of shares affected	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period	Exercise requirements	Price / Amount
MR BERNARDO CALLEJA FERNANDEZ										
Plan A 2014	17,400	17,400	93,2	10	N/A	N/A	N/A	N/A	N/A	N/A
Plan A 2015	6,300	6,300	95,3	10	N/A	N/A	N/A	N/A	N/A	N/A
Plan B 2015	6,870	6,870	0	3	N/A	N/A	N/A	N/A	N/A	N/A
Plan A 2016	11,900	11,900	85,8	10	N/A	N/A	N/A	N/A	N/A	N/A
Plan B 2016	2,390	2,390	0	3	N/A	N/A	N/A	N/A	N/A	N/A
Plan A 2017	5,200	5,200	98,6	10	N/A	N/A	N/A	N/A	N/A	N/A
Plan B 2017	3,116	3,116	0	3	N/A	N/A	N/A	N/A	N/A	N/A
Plan A 2018	N/A	N/A	N/A	N/A	N/A	5,050	106,28	10	Must be held for a minimum period of 3 years	N/A
Plan B 2018	N/A	N/A	N/A	N/A	N/A	2,752	0	3	Must be held for a minimum period of 3 years	2,752

Name/Type/Accrual period 2018	Options exercised in 2018 period				Options matured but not exercised	Options at end of 2017 period				
	No. of options	No. of shares affected	Exercise price (€)	Gross profit (€)		No. of options	No. of shares affected	Exercise price (€)	Exercise period	Other exercise requirements
DON BERNARDO CALLEJA FERNANDEZ										
Plan A 2014	16,425	16,425	106,2	228,9	975	N/A	N/A	N/A	N/A	N/A
Plan A 2015	6,300	6,300	105,6	64,4	0	N/A	N/A	N/A	N/A	N/A
Plan B 2015	420	420	105,6	44,3	1,080	N/A	N/A	N/A	N/A	N/A
Plan A 2015	N/A	N/A	N/A	N/A	N/A	2,865	2,865	98,6	10	Mantenerse por un periodo mínimo de 3 años
Plan A 2016	N/A	N/A	N/A	N/A	N/A	11,900	11,900	85,8	10	Must be held for a minimum period of 3 years
Plan B 2016	N/A	N/A	N/A	N/A	N/A	2,390	2,390	0	3	Must be held for a minimum period of 3 years
Plan A 2017	N/A	N/A	N/A	N/A	N/A	5,200	5,200	98,6	10	Must be held for a minimum period of 3 years
Plan B 2017	N/A	N/A	N/A	N/A	N/A	3,116	3,116	0	3	Must be held for a minimum period of 3 years
Plan A 2018	N/A	N/A	N/A	N/A	N/A	5,050	5,050	106,28	10	Must be held for a minimum period of 3 years
Plan B 2018	N/A	N/A	N/A	N/A	N/A	2,752	2,752	0	3	Must be held for a minimum period of 3 years

(iii) Long-term saving systems:

Name	Company's contribution during period (thousand €)		Amount of accumulated funds (thousand €)	
	Period 2018	Period 2017	Period 2018	Period 2017
MR BERNARDO CALLEJA FERNANDEZ	68	67	593	517

b) Compensation accrued by directors of the Company from membership of Boards of Directors of other group companies

(i) Cash compensation (thousand €)

Name	Salaries	Fixed compensation	Per Diem	Short term variable remuneration	Long term variable remuneration	Compensation for membership of Board committees	Indemnities	Other remuneration	Total 2018	Total 2017
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 MARIO ABAJO GARCIA	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

(ii) Share-based compensation systems

N/A

(iii) Long-term saving systems

N/A

c) Summary of compensation (thousand €):

The summary must include the amounts for all the items of compensation included in this report that were accrued by the director, in thousands of euros.

In the case of long-term saving systems, the contributions or provisions made to systems of this nature must be included:

Name	Compensation accrued in the company				Compensation accrued in group companies				Total		
	Total cash compensation	Amount of shares awarded	Gross profit on options exercised	Total 2018 Company	Total cash compensation	Amount of shares awarded	Gross profit on options exercised	Total 2018 Group	Total 2018	Total 2017	Contribution to saving systems in the period
DON BERNARDO CALLEJA FERNANDEZ	573	0	338	911	0	0	0	0	911	884	68
DON JOSE MARIA LOIZAGA VIGURI	200	0	0	200	0	0	0	0	200	200	0
DON ALBERTO ZARDOYA ARANA	50	0	0	50	0	0	0	0	50	50	0
EURO-SYNS S.A.	50	0	0	50	0	0	0	0	50	50	0
DON MARIO ABAJO GARCIA	200	0	0	200	0	0	0	0	200	200	0
OTIS ELEVATOR COMPANY	600	0	0	600	0	0	0	0	600	600	0
DON ANDRES TORRECILLAS, JOSE MIGUEL	100	0	0	100	0	0	0	0	100	100	0
DON PATRICK MARTIN (*)	451	0	118	569	0	0	0	0	569	81	0
TOTAL	2.224	0	456	2.680	0	0	0	0	2.680	2.084	68

(*) This compensation relates to compensation as a member of the management 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 latter by Otis Elevator Worldwide Sprl. through a contract signed with this Company.

D.2 Describe the relationship between the compensation obtained by the directors and the results or other measurements of the company's performance, explaining, if applicable, how variations in the company's performance may have affected the variation in the directors' compensation.

With the sole exception of the executive director, who receives additional fixed compensation for performing executive duties in the Company, the compensation of the Board of Directors is variable in its entirety and, therefore, based on the Company's results. Furthermore, the quantitative limits contained in the Company's Bylaws and Regulations of the Board of Directors have necessarily determined that director compensation is linked to the Company's best long-term interests.

In addition to said quantitative limits, as mentioned in Section A 4 above, at its meeting of February 20, 2018, the Board of Directors unanimously decided to limit the total amount of the By-Law stipulated compensation to €1,200,000.

D.3 State the result of the consultative ballot at the General Shareholders' Meeting on the annual compensation report for the preceding period, giving the number of votes against, if any.

	Number	% of total
Votes issued	339,446,038	72.15%

	Number	% of total
Votes against	25,376,973	7.48%
Votes in favour	314,019,876	92.51%
Abstentions	49,189	0.01%

E. OTHER INFORMATION OF INTEREST

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

This annual compensation report was approved by the Company's Board of Directors at its meeting of February 21, 2019.

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

Yes []

No [X]