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**ISSUERS IDENTIFICATION DETAILS**

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Year-end date:

[ 31/12/2019 ]

TAX Id. #

[ A-36046993 ]

Company name:

[ **GRUPO EMPRESARIAL SAN JOSE, S.A.** ]

Registered office:

[ ROSALIA DE CASTRO 44, BAJO (PONTEVEDRA) ]

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

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

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

In any event, the following aspects should be reported:

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

The current remuneration policy for years 2019, 2020 and 2021 was adopted by the AGM held on 21 June 2018, at request of the Board of Directors based on a report of the Nominating, Remuneration and Good Governance Commission.

The Policy pursues an adequate remuneration for directors in accordance with the dedication and responsibility assumed, related to each director and pursuant to what is satisfied in the market in comparable companies at national and international level, taking into consideration the long-term interest of all the shareholders.

The remuneration provided for in the aforementioned document is reasonably proportionate to the importance of the Company, its economic situation and market standards. In addition, the remuneration system is aimed at promoting profitability and long-term sustainability of the Company.

With regards to executive directors, the basic criterion is to offer remuneration systems that attract, retain and motivate professionals in order to facilitate the Company's ability to meet its strategic objectives, consequently, this policy pursues to ensure that remuneration complies with best practices and is competitive with respect to what is satisfied in comparable companies, and includes a significant annual variable component linked to individual performance and the achievement of predetermined objectives aligned with social interest and strategic objectives of the Company.

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

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

In accordance with Article 25.3 of the by-Laws, the AGM sets the maximum amount of the annual remuneration that the Company allocates to all its directors in their capacity as such.

The setting of the exact amount to be paid in each year within that limit and its distribution among the different directors will correspond to the Board of Directors.

The maximum amount of annual remuneration for all the directors in their capacity as such is set at one million euros (EUR 1,000,000). This maximum amount will remain valid as long as its amendment is not approved.

The remuneration that corresponds to the directors due to their status as such may include, within the legal and statutory framework, the following concepts:

- a) Annual fixed allocation  
Directors may receive a fixed annual amount that is in line with market standards, taking into account the functions and responsibilities attributed to each director, the membership of Board committees and the other objective circumstances as may be deemed appropriate by the Board of Directors.
- b) Assistance allowances  
The directors may receive certain amounts for attendance fees, either to the meetings of the Board or to the meetings of the committees which they belong to.
- c) Statutory services and risk coverage  
The Company will pay premiums corresponding to the civil liability insurance policy for directors and executives.

The remuneration attributed to each director will be determined in consideration of the functions and responsibilities attributed to each director, their membership in the different committees and the other objective circumstances considered relevant.

The remuneration that corresponds to non-executive directors due to their status as members of the executive committee or the international executive committee may include, within the legal and statutory framework, the following concepts:

An annual variable remuneration that cannot exceed the limits referred to below and shall be approved by the Board of Directors, following a favourable report from the Nominating, Remuneration and Good Governance Committee.

Limitation to this retribution are:

- By membership of the executive committee: up to a maximum of 1% of the Group's EBITDA.
- By membership of the international executive committee: up to a maximum of 1.5% of the Group's international turnover.

The aforementioned limits have been set with prudent criteria and with the intention of obtaining the certainty that the company has obtained a real profit and on the other hand the involvement in the international development of the company is valued for the achievement of the established international billing objectives.

Each year, the board, after a favourable report from the Committee, will determine which directors will be entitled to receive this annual variable remuneration, as well as the corresponding amount within the limits set.

In the event of a correction to the financial statements that substantiated any variable remunerations, the Board will assess whether it is appropriate to cancel, in whole or in part, the settlement of the variable remuneration

The fixed amounts of compensation for different items are determined by the board based on the work to be performed, the responsibility and dedication of directors, taking as reference the remuneration of companies with similar characteristics.

The variable remuneration seeks to encourage the director to search for and achieve profitable business to the company's social interest, therefore this type of compensation is calculated when the company has enough objective data to assess the results arising from the performance of each one of the directors entitled to this type of remuneration.

To the extent that the variable remuneration is determined and paid up according to the profit/(loss) for the year, the company has not considered it necessary to implement formulas or clauses for recovery of the variable components of the remuneration.

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

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

Overall amounts for all directors are as follows:

- a) Total annual fixed allocation amounting to EUR 280,000.
- b) Assistance allowances amounting to EUR 197,000.
- c) Statutory services and coverage of risks: The company pays the premium corresponding to the civil liability policy for directors and executives amounting to EUR 100,628

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

The total fixed amount accrued by executive directors for the performance of their executive functions amounts to EUR 1,255,000 for the year.

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

The company pays the amount of the premium corresponding to the civil liability policy for directors and executives and a private healthcare assistance insurance amounting to EUR 100,682

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

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

Previous report of the Nominating, Remuneration and Good Governance Committee, the board of directors agrees each year a variable remuneration for directors, according to the indicators or reference parameters established in the company's remuneration policy.

The indicators or reference parameters established in the remuneration policy in force for the year 2017 for the variable compensation are the following:

1. Annual variable remuneration.

A part of the remuneration of executive directors may be variable, in order to enhance their commitment to the Company and encourage the best performance of functions. A part of such variable remuneration will be discretionary fixed and another will be linked to specific financial economic and operational objective indicators, namely:

- By membership of the executive committee: up to a maximum of 1% of the EBITDA of the Company.
- By membership of the international executive committee: up to a maximum of 1.5% of the international turnover of the Company.

The Board of Directors shall pass on May 2020 the amount of the variable compensation for directors for their performance in 2019. In the previous year, it amounted to EUR 1,450,000.

2. Variable remuneration in the medium and long term.

Up to date, the Company has no medium and long-term variable remuneration system.

3. Variable remuneration of directors forming part of the executive commission or the international executive committee.

Remuneration for directors forming part of the executive commission or the international executive committee may include the following:

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An annual variable remuneration with the following limitations:

- for being members of the executive commission: up to 1% of EBITDA
- for being members of the international executive committee: up to 1.5% of the international turnover.

The annual report on the remuneration of the directors corresponding to the previous year is submitted to vote at the AGM

It is foreseen that the board of directors will approve in May 2020 the amount of the variable remuneration of the non-executive directors corresponding to 2019. In the previous year, the amount of this remuneration was EUR 130,000.

The company's remuneration policy does not contemplate non-financial parameters for setting variable remuneration.

However, at the proposal of the appointments and remuneration committee, in November 2019 the board of directors approved an extraordinary remuneration in favour of the executive directors and a part of the non-executive directors on the occasion of the closing of the sale of a participation of the 14.46% of the capital of the company Distrito Castellana Norte. This remuneration took the form of variable remuneration for executive directors and non-executive directors who belong to the executive commission or the international executive commission. The fixed remuneration of the outstanding directors for year 2019 was increased.

In accordance with the importance of this sale transaction for the profit of the company and the consolidation of the financial situation of Grupo San José, the combined amount of this extraordinary remuneration amounted to € 3,500,000.

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

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

The group does not make contributions to pension plans, individual and defined contribution systems, for executive directors, with coverage for contingencies such as retirement, disability, death and severe dependence.

The company does not have any amount recorded or accumulated for pension, retirement or similar benefits.

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

There are no compensation or protection clauses for termination of functions of directors in their capacity as such.

The executive directors have foreseen in their respective contracts the following payments/compensation in case of termination of their contract:

Severance grant:

In the cases of termination envisaged in the contract, the executive director will be entitled to receive compensation for termination, except in the event that such termination is due to a serious breach of any of the obligations of the executive director, in which case the director executive will not be entitled to receive any compensation.

Severance grant shall be equivalent to:

- Three annual payments of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate of these two amounts is less than EUR 750,000.
- Two and a half years of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate of these two amounts is greater than EUR 750,000, yet less than EUR 1,100,000.

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(iii) Two annuities of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate is greater than EUR 1,100,000.

- 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, any clauses or agreements on non-competition, exclusivity, continuance in office and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

Executive directors' contracts will remain in force as long as they continue to be director executives of the Company.

In the cases of termination provided for in the contract, the executive director will be entitled to receive a compensation for termination according to the terms detailed in the above-mentioned paragraph.

The executive director may terminate the contract unilaterally and by his own will, bringing it to the attention of the Company in writing at least three months in advance. In case of non-compliance with the notice obligation, the executive director shall compensate the Company with an amount equivalent to the fixed remuneration applicable in the moment of termination of the contract corresponding to the unfulfilled period of notice.

During the period of notice, the Company may exempt the executive director from the performance of duties, although said director will continue to be entitled to the remuneration thereon.

The termination of the contract due to the unilateral withdrawal of the executive director will imply, automatically and with effect as from the same date the contract is terminated upon, the resignation from the position of director, and the revocation of as many faculties said director had been delegated in his favour by the board of directors, as well as all the powers granted to the director by the company.

During the term of the contract and unless there was express and written consent of the company, the executive director shall provide its services exclusively for the Company and the companies of its group.

The executive director may not provide any kind of services, directly or indirectly, under any kind of legal relationship, for third parties, or for his/her own account, even when the activities carried out are not concurrent with those of the company or those of the group, and all professional activity shall be dedicated to the company and the companies of the group.

The provision of services or the performance of any other activity that results, for any reason, relevant or may require dedication by the executive director will require the prior authorisation of the board of directors.

The executive director undertakes to use the information of the company solely and exclusively for the purpose of complying with the functions entrusted in the contract. In addition, the executive director undertakes to keep and treat as confidential information and, in particular, not to disclose it to any third party or employee of the company without the prior consent of the company, except in the exercise of the functions entrusted in the contract or by legal imperative, and not to reproduce it, transform it or, in general, use it in a different way other than what is necessary for the exercise of the professional activity.

The executive director undertakes to return immediately to the company, upon request of this during the term of the contract and, in any case, and without need of request, upon its extinction, any kind of confidential information that has been disclosed to or has been created by the executive director.

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

Directors are not expected to receive any significant remuneration for services rendered other than those inherent to their position.

The three executive directors are not expected to receive additional remuneration other than that provided in their respective contracts for the provision of services.

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

The company has not granted or plans to grant advances, credits or guarantees to members of the board of directors.

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

Directors will not earn any supplementary remuneration, other than that indicated in this report.

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

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

In year 2019 there has been no change in the remuneration policy approved at the shareholders meeting dated 21 June 2018 for years 2019, 2020 and 2021.

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

[http://www.gruposanjose.biz/data/pdf/1549473562\\_38488372.pdf](http://www.gruposanjose.biz/data/pdf/1549473562_38488372.pdf)

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

The annual remuneration report for the previous year has been subject to a positive assessment, as it was approved by 98.65% of the share capital present or represented at the meeting.

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

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

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With respects to those directors who have exclusively received attendance allowance for meetings of the board and the meetings of the commissions which they belong to, once the attendance of the member has been verified at the corresponding meeting, the payment order is notified to the financial department (Treasury) that carries out the payment in the following days.

Regarding the remuneration consisting of an annual fixed allocation and the variable remuneration for directors in their condition as such by belonging to the executive committee and/or the international executive committee, the Nominating, Remuneration and Good Governance Committee draws up a reasoned report taking into consideration the functions and responsibilities of each director, with the remuneration proposal addressed to the board of directors for, if applicable, its approval.

With regards to executive directors, the aforementioned applies to the variable remuneration of non-executive directors and members of the executive committee and the international executive committee. The remuneration of the executive directors is that set out in their contracts approved by the board of directors, following a proposal from the Nominating, Remuneration and Good Governance Committee.

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

At current date, it has not been necessary to undertake any action to correct any dysfunction of the company's remuneration system, given that the forecasts considered for the calculation of the remuneration proposals have coincided in general terms with the actual results.

Notwithstanding the foregoing, the remuneration policy of the company provides for the right to correct any mismatch of the remuneration system in case of correcting the financial statements. In that case, the board will assess whether it is appropriate to cancel, in whole or in part, the settlement of the remuneration.

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

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

The total remuneration of directors approved by the board of directors represents only 66% of the maximum amount of the annual remuneration for all the directors approved by the AGM.

Likewise, the extraordinary profit arising from the sale of the shares in the company Distrito Castellana Norte, and its impact on the financial situation of the company, has determined the approval of extraordinary remuneration for the majority of the directors of the company. This remuneration has been approved by the board of directors with the favourable report of the appointments and remuneration committee, and within the framework and criteria established in the remuneration policy in force

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

	Number	% on total
Issued votes	42,867,408	65.92



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	Number	% on issued
_Negative votes	580,475	1.35
Positive votes	42,286,933	98.65
Abstentions		0.00

Notes

**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

The annual fixed allocation of directors in 2019 has been determined by the board of directors, on the proposal of the Nominating, Remuneration Committee, taking into account the functions actually performed, the special complexity to the dedication provided and to the different responsibilities assumed by the different directors. This allocation in 2019 has been increased by EUR 172,000 compared to the previous year.

Regarding attendance allowances, directors have received attendance allowance for every of the meetings of the board of directors amounting to EUR 2,000, EUR 3,000 for the executive committee, EUR 1,500 for the audit committee and the nominating, remuneration and good governance committee, and EUR 3,000 for the international executive committee. These amounts are the same as those foreseen in previous years.

**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.

Fixed salaries accrued in 2019 by the executive directors were the following:

Jacinto Rey González: EUR 571,429, with an increase over that accrued in the previous year of EUR 71,429

Jacinto Rey Laredo: EUR 385,714, with an increase over that accrued in the previous year of EUR 35,714

Javier Rey Laredo: EUR 219,289, with an increase over that accrued in the previous year of EUR 19,289

Said salaries were agreed by approval of the board of directors at the proposal of the appointments, remuneration and good governance committee of the Company.

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

In particular:

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

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

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

- As the case may be, information is to be provided on periods for the accrual or deferment of payment applied and/or the periods for withholding/unavailability of shares or other financial instruments, if they should exist.

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

Variable remuneration to directors:

The remuneration that corresponds to non-executive directors due to their status as members of the executive committee or the international executive committee may include, within the legal and statutory framework, the following concepts:

An annual variable remuneration that cannot exceed the limits referred to below and shall be approved by the board, upon a favourable report from the commission. The limits of this remuneration are:

- By membership of the executive committee: up to a maximum of 1% of the Group's EBITDA.
- By membership of the international executive committee: up to a maximum of 1.5% of the Group's international turnover.

Each year, the board, upon a favourable report from the committee, will determine which directors, if applicable, will be entitled to receive this annual variable remuneration, as well as the corresponding amount within the limits set.

Variable remuneration of members of the board of directors for year 2019 amounts to EUR 180,000

1. Variable remuneration to executive directors:

A part of the remuneration of executive directors may be variable, in order to strengthen their commitment to the Company and encourage the best performance of their duties. Part of this variable remuneration will be fixed in a discretionary manner and another part will be linked to specific economic, financial and operational objective indicators, namely:

- By membership of the executive committee: up to a maximum of 1% of the Group's EBITDA.
- By membership of the international executive committee: up to a maximum of 1.5% of the Group's international turnover.

Variable remuneration of executive directors in 2019, including the extraordinary remuneration derived from the sale of the 14.46% of the shares of DCN, amounted to EUR 4,800,000. After an individual analysis of each director, the appointments, remuneration and good governance commission made a remuneration proposal to the board of directors that brought cause for the closing of the successful sale transaction of 14.46% shares of Distrito Castellana Norte, owned by one of its subsidiaries.

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

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

This has not occurred up to the date of preparation of this report.

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

The company does not currently have any long-term savings system.

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

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

The early termination of the director in his/her condition as such, for any reason, does not imply any compensation in favour of the director.

Contracts of executive directors provide for the termination of the contractual relationship in the following terms:

### TERMINATION OF THE CONTRACT

The Contract will be terminated for the following reasons and with the subsequent consequences, without prejudice to those arising from the application of the common Law.

#### 10.1 Termination by mutual agreement of the Parties

The Contract may be terminated by the agreement between the executive director and the Company, as agreed by the Parties.

#### 10.2 Termination for unilateral will of the executive director

The executive director may terminate the contract unilaterally, informing the Company in writing at least three months in advance. In the event of default of notice, the executive director shall indemnify the Company with an amount equivalent to the fixed remuneration applicable at the time of termination of the contract corresponding to the period of unfulfilled notice. During the period of notice, the Company may exempt the executive director from the performance of his/her duties, although he/she will continue to receive the corresponding remuneration.

The termination of the contract by unilateral will of the executive director will automatically imply, with effect as from the same date on which the contract is terminated, his/her resignation from the position of director, and the revocation of any powers delegated to him/her by the board of directors, as well as all the powers granted to by the Company.

#### 10.3 Termination for reasons attributable to the Company

##### 10.3.1 Termination at the Company's discretion

The Contract will be terminated by the will of the Company expressed by agreement of the board of directors, in accordance with the provisions of its by-Laws.

The Contract will also be terminated in the event of (i) cessation or non-renewal of the executive director as a director by resolution of the AGM, or (ii) total or partial revocation, as the case may be, of the powers delegated to the director by the board of directors or of the powers granted by the Company. However, the termination and subsequent and immediate appointment as director or the total or partial revocation of the aforementioned powers or powers and the subsequent and immediate delegation or granting of faculties or powers of analogous content shall not entail the termination of the Contract.

In the event of termination provided for in clause 10.3.1 of the contract, the executive director shall be entitled to receive the compensation for termination indicated below, except in the event that such termination is due to a serious breach of any of the obligations of the executive director, in which case the executive director will not be entitled to receive any compensation.

##### 10.3.2 Other reasons for termination

The Contract will automatically be terminated, as a consequence of the death of the executive director or due to his/her legal incapacitation, declaration of total or superior permanent disability, or incapacity or temporary impossibility for the exercise of his/her functions for a period exceeding 12 months.

In any of the above cases, the revocation, if any, of the faculties and powers of the Executive Director will be automatic and neither this nor, where appropriate, his/her successors will be entitled to receive compensation, without prejudice to the endowments, insurance system or insurance that the Company would have contracted for on behalf of the Executive Director in these cases, which will be consolidated in favour of this or its successors in title.

#### Severance grant:

In the cases of termination envisaged in the contract, the executive director will be entitled to receive compensation for termination, except in the event that such termination is due to a serious breach of any of the obligations of the executive director, in which case the director executive will not be entitled to receive any compensation.

Severance grant shall be equivalent to:

- (i) Three annual payments of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate of these two amounts is less than EUR 750,000.
- (ii) Two and a half years of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate of these two amounts is greater than EUR 750,000, yet less than EUR 1,100,000 euros.

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(iii) Two annuities of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate is greater than EUR 1,100,000.

**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.**

There have been no changes in the contracts of executive directors during year 2019.

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

The Director Javier Rey Laredo received EUR 8,400 as compensation for the services rendered in PAMSA, investee with a 20% ownership interest of Grupo San José.

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

The company has not granted advance payments, loans or guarantees to any members of the board of directors.

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

Directors of the company have not accrued any remuneration for this concept. Executive directors enjoy small compensations consisting of medical insurance

**B.15. Explain the remuneration accrued by directors by virtue of payments made 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.**

Directors of the company have not accrued any remuneration for this concept.

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

None.

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

Name	Type	Period of accrual year 2018
Mr. JACINTO REY GONZÁLEZ	Executive Chairman	From 01/01/2019 to 31/12/2019
Mr. JACINTO REY LAREDO	Executive	From 01/01/2019 to 31/12/2019
Mr. JAVIER REY LAREDO	Executive	From 01/01/2019 to 31/12/2019
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ	Independent	From 01/01/2018 to 31/12/2018
Mr. RAMON BARRAL ANDRADE	Coordinating Director	From 01/01/2018 to 31/12/2018
Mr. NASSER HOMAID SALEM ALI ALDAREI	Other External	From 01/01/2019 to 31/12/2019
Mr. GUILLERMO EMILIO NIELSEN	Independent	From 01/01/2019 to 31/12/2019
Mr. SUNIL KANORIA	Independent	From 01/01/2019 to 31/12/2019
Mr. JOSÉ MANUEL OTERO NOVAS	Independent	From 01/01/2019 to 31/12/2019
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Independent	From 01/01/2019 to 31/12/2019
Mr. ENRIQUE MARTIN REY	Property	From 01/01/2019 to 31/12/2019

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

a) Remuneration from the reporting company:

i) Remuneration in cash (thousand euros)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other grounds	Total in year 2019	Total in year 2018
Mr JACINTO REY GONZÁLEZ		12	18	571	4,100				4,701	1,528
Mr JACINTO REY LAREDO		12	18	385	450				865	578
Mr JAVIER REY LAREDO		12	18	219	250				499	303
Ms ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ	60	10	7						77	17
Mr RAMÓN BARRAL ANDRADE	75	12	12						99	23
Mr NASSER HOMAID SALEM ALI ALDAREI										
Mr GUILLERMO EMILIO NIELSEN	85								85	60
Mr SUNIL KANORIA										
Mr JOSE MANUEL OTERO NOVAS		12	16		75				103	28
Mr ROBERTO ÁLVAREZ ÁLVAREZ		10	10		105				125	78
Mr ENRIQUE MARTIN REY	60	10	6						76	16

Notes

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

Name	Name of Plan	Financial instruments at start of year 2018		Financial instruments vested during year 2019		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of year 2019	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No of equivalent/vested shares	Price of consolidated shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares
Mr JACINTO REY GONZÁLEZ	Plan							0,00				
Mr JACINTO REY LAREDO	Plan							0,00				
Mr JAVIER REY LAREDO	Plan							0,00				
Ms ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ	Plan							0,00				
Mr RAMÓN BARRAL ANDRADE	Plan							0,00				
Mr NASSER HOMAID SALEM ALI ALDAREI	Plan							0,00				
Mr GUILLERMO EMILIO NIELSEN	Plan							0,00				
Mr SUNIL KANORIA	Plan							0,00				
Don JOSE MANUEL OTERO NOVAS	Plan							0,00				
Mr ROBERTO ÁLVAREZ ÁLVAREZ	Plan							0,00				
Mr ENRIQUE MARTIN REY	Plan							0,00				

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings system
Mr JACINTO REY GONZÁLEZ	
Mr JACINTO REY LAREDO	
Mr JAVIER REY LAREDO	
Ms a ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ	
Mr RAMÓN BARRAL ANDRADE	
Mr NASSER HOMAID SALEM ALI ALDAREI	
Mr GUILLERMO EMILIO NIELSEN	
Mr SUNIL KANORIA	
Mr JOSE MANUEL OTERO NOVAS	
Mr ROBERTO ÁLVAREZ ÁLVAREZ	
Mr ENRIQUE MARTIN REY	



Name	Contribution over the year from the company (thousand EUR)				Amount of accumulated funds (thousand EUR)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018
Mr JACINTO REY GONZÁLEZ								
Mr JACINTO REY LAREDO								
Mr JAVIER REY LAREDO								
Ms ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ								
Mr RAMÓN BARRAL ANDRADE								
Mr NASSER HOMAID SALEM ALI ALDAREI								
Mr GUILLERMO EMILIO NIELSEN								
Mr SUNIL KANORIA								
Mr JOSE MANUEL OTERO NOVAS								
Mr ROBERTO ÁLVAREZ ÁLVAREZ								
Mr ENRIQUE MARTIN REY								

iv) Details of other items

Name	Item	Amount remunerated
Mr JACINTO REY GONZÁLEZ	Item	
Mr JACINTO REY LAREDO	Item	
Mr JAVIER REY LAREDO	Item	
Ms ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ	Item	
Mr RAMÓN BARRAL ANDRADE	Item	
Mr NASSER HOMAID SALEM ALI ALDAREI	Item	
Mr GUILLERMO EMILIO NIELSEN	Item	
Mr SUNIL KANORIA	Item	
Mr JOSE MANUEL OTERO NOVAS	Item	
Mr ROBERTO ÁLVAREZ ÁLVAREZ	Item	
Mr ENRIQUE MARTIN REY	Item	

Notes

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

i) Remuneration in cash (thousand EUR)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance pay	Other grounds	Total in year 2019	Total in year 2018
Mr JACINTO REY GONZÁLEZ		81							81	53
Mr JACINTO REY LAREDO										
Mr JAVIER REY LAREDO		35							35	33
Ms ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ										
Mr RAMÓN BARRAL ANDRADE										
Mr NASSER HOMAID SALEM ALI ALDAREI										
Mr GUILLERMO EMILIO NIELSEN		27							27	
Mr SUNIL KANORIA										
Mr JOSE MANUEL OTERO NOVAS										
Mr ROBERTO ÁLVAREZ ÁLVAREZ		81							81	
Mr ENRIQUE MARTIN REY										

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

Name	Name of Plan	Financial instruments at start of year 2019		Financial instruments vested during year 2019		Financial instruments consolidated during the year			Instruments matured but not exercised	Financial instruments at end of year 201		
		No instruments	No of Equivalent shares	No instruments	No of Equivalent shares	No instruments	No of Equivalent shares	Price of consolidated shares	Gross profit from vested shares or financial instruments (thousand €)	No instruments	No instruments	No of Equivalent shares
Mr JACINTO REY GONZÁLEZ	Plan							0.00				
Mr JACINTO REY LAREDO	Plan							0.00				
Mr JAVIER REY LAREDO	Plan							0.00				
Ms ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ	Plan							0.00				
Mr RAMÓN BARRAL ANDRADE	Plan							0.00				
Mr NASSER HOMAID SALEM ALI ALDAREI	Plan							0.00				
Mr GUILLERMO EMILIO NIELSEN	Plan							0.00				
Mr SUNIL KANORIA	Plan							0.00				

Name	Name of Plan	Financial instruments at start of year 2019		Financial instruments vested during year 2019		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of year 201	
		No instruments	No of Equivalent shares	No instruments	No of Equivalent shares	No instruments	No of Equivalent shares	Price of consolidated shares	No instruments	No of Equivalent shares	No instruments	No of Equivalent shares
Mr JOSE MANUEL OTERO NOVAS	Plan							0.00				
Mr ROBERTO ÁLVAREZ ÁLVAREZ	Plan							0.00				
Mr ENRIQUE MARTIN REY	Plan							0.00				

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings system
M JACINTO REY GONZÁLEZ	
Mr JACINTO REY LAREDO	
Mr JAVIER REY LAREDO	

Name	Remuneration from vesting of rights to savings system
Ds ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ	
Mr RAMÓN BARRAL ANDRADE	
Mr NASSER HOMAID SALEM ALI ALDAREI	
Mr GUILLERMO EMILIO NIELSEN	
Mr SUNIL KANORIA	
Mr JOSE MANUEL OTERO NOVAS	
Mr ROBERTO ÁLVAREZ ÁLVAREZ	
Mr ENRIQUE MARTIN REY	

Name	Contribution over the year from the company (thousand EUR)				Amount of accumulated funds (thousand EUR)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018
Mr JACINTO REY GONZÁLEZ								
Mr JACINTO REY LAREDO								
Mr JAVIER REY LAREDO								
Ms ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ								
Mr RAMÓN BARRAL ANDRADE								
Mr NASSER HOMAID SALEM ALI ALDAREI								

Name	Contribution over the year from the company (thousand EUR)				Amount of accumulated funds (thousand EUR)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Year 2019	Year 2018	Year 2019	Year 2018	Ejercicio 2019	Year 2019	Year 2018	Year 2019
Mr GUILLERMO EMILIO NIELSEN								
Mr SUNIL KANORIA								
Mr JOSE MANUEL OTERO NOVAS								
Mr ROBERTO ÁLVAREZ ÁLVAREZ								
Mr ENRIQUE MARTIN REY								

iv) Details of other items

Name	Item	Amount remunerated
Mr JACINTO REY GONZÁLEZ	Item	
Mr JACINTO REY LAREDO	Item	
Mr JAVIER REY LAREDO	Item	
Ms ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ	Item	
Mr RAMÓN BARRAL ANDRADE	Item	

Name	Item	Amount remunerated
Mr NASSER HOMAID SALEM ALI ALDAREI	Item	
Mr GUILLERMO EMILIO NIELSEN	Item	
Mr SUNIL KANORIA	Item	
Mr JOSE MANUEL OTERO NOVAS	Item	
Mr ROBERTO ÁLVAREZ ÁLVAREZ	Item	
Mr ENRIQUE MARTIN REY	Item	

c) Summary of remuneration (thousand €):

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

Name	Remuneration accrued at the Company					Remuneration accrued at group companies				
	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total year 2019 company	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total year 2019 group
Mr JACINTO REY GONZÁLEZ	4,701				4,701	81				81
Mr JACINTO REY LAREDO	865				865					
Mr JAVIER REY LAREDO	499				499	35				35
Ms ALTINA DE FÁTIMA SEBASTIAN GONZÁLEZ	77				77					



Name	Remuneration accrued at the Company					Remuneration accrued at group companies				
	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total year 2019 company	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total year 2019 group
Mr RAMÓN BARRAL ANDRADE	99				99					
Mr NASSER HOMAID SALEM ALI ALDAREI										
Mr GUILLERMO EMILIO NIELSEN	85				85	27				27
Mr SUNIL KANORIA										
Mr JOSE MANUEL OTERO NOVAS	103				103					
Mr ROBERTO ÁLVAREZ ÁLVAREZ	125				125	81				81
Mr ENRIQUE MARTIN REY	76				76					
TOTAL	6,630				6,630	224				224



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**D. OTHER INFORMATION OF INTEREST**

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

[ None. ]

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

[ 27/02/2019 ]

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

Yes

No