ANNUAL REPORT ON THE REMUNERATIONS OF DIRECTORS OF LISTED COMPANIES

SCHEDULE 1

ANNUAL REPORT ON THE REMUNERATIONS OF DIRECTORS OF LISTED COMPANIES

ISSUER'S IDENTIFICATION DETAILS

END OF REFERENCE FINANCIAL YEAR 31/12/2017

TAX REGISTRATION NUMBER (C.I.F) A-64622970

REGISTERED NAME:

APPLUS SERVICES, S.A.

REGISTERED OFFICE

CALLE CAMPEZO 1, EDIFICIO 3, PARQUE EMPRESARIAL LAS MERCEDES, 28022 MADRID

ANNUAL REPORT ON THE REMUNERATIONS OF DIRECTORS OF LISTED COMPANIES

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the company's remuneration policy. This section will include information regarding:

- General principles and foundations of the remuneration policy.
- Most significant changes made to the remuneration policy from the policy applied during the prior financial year, as well as changes made during the year or the terms for exercising options already granted.
- Standards used to establish the company's remuneration policy.
- Relative significance of the variable remuneration components as compared to fixed components and standards used to determine the various components of the director remuneration package (remunerative mix).

At the 2015 Annual General Meeting the Company approved the directors' remuneration policy, amended at the 2016 Annual General Meeting to include a long-term incentive plan linked to value creation for shareholders, for the executive director (which is described in detail under section A.4 below).

Both the Remuneration Policy and its amendment will be in force during the present financial year, unless an agreement amending or replacing such policy is passed at the Annual General Meeting during its applicable period, in accordance with article 529 novodecies of the Spanish Corporate Companies Act. In this regard, the Board of Directors is scheduled to submit a proposal of amendment to the Remuneration Policy to the General Shareholders' Meeting that, should it be approved, will be in force during the present financial year 2018 and the following three.

The principles and grounds of the directors' Remuneration Policy of Applus, in their capacity of board members and for the performance of executive duties, is based on a remuneration centered on market practices, capable of attracting, retaining and motivating the necessary talent in accordance with the characteristics of its industry and of the countries in which the Company operates in order to satisfy its business needs and shareholders' expectations.

Likewise, according to article 27.2 of the Board of Directors Regulation of the Company, independent directors' remuneration shall be sufficient to compensate the devotion, abilities and responsibilities that the position entails, but it shall not be so high as to compromise their independence.

In any case, the directors' compensation provided for in this Remuneration Policy will be reasonably proportionate to the importance of the Company, the economic situation and the market standards of comparable companies. Furthermore, the remuneration system is oriented towards the promotion, in the long-term, of the profitability and sustainability of the Company and it incorporates the necessary cautions to avoid an excessive assumption of risks and the reward of unfavourable results.

The position of director of the Company is remunerated. In general, such remuneration comprises a fixed annual amount, as follows:

(i) The maximum amount of the annual remuneration for the Board of Directors as a whole, in their capacity as board members (as fixed amount), will be approved by the General Shareholders' Meeting. If such sum is not set by the Shareholders' Meeting, the amount will be the same as that set for the preceding year.

(ii) The Board of Directors will set the specific remuneration for each director, in his/her condition as board member (as fixed amount), taking into account the functions and responsibilities attributed to each director, membership of Board committees and any other objective circumstances that may be deemed relevant.

Notwithstanding the above, executive and proprietary directors shall not receive any remuneration for sitting on the Board of Directors or any other committee of the Board of Directors.

The maximum amount to be paid to the Company directors, as fixed amount, in their capacity of board members, shall not exceed an annual amount of € 1,500,000 for the year 2018 (same amount fixed for the year 2017), unless the General Meeting approves a different amount.

In addition, directors will be reimbursed for travel and accommodation expenses incurred due to attendance at Board of Directors and Committees meetings, as long as they are duly justified.

Furthermore, the Company has entered into a liability insurance agreement for its directors on market conditions.

Notwithstanding the foregoing, directors are also entitled to receive wages, remuneration, indemnity payments, pensions, contributions to welfare benefit systems, life insurance or compensation of any kind, of a fixed or variable, annual or multiannual nature, set on a general or individual basis for those members of the Board of Directors who perform executive functions, whatever the nature of their relationship with the Company is.

As for the executive director (the only one having that consideration is the CEO), his remuneration is composed of (i) a fixed salary of €650,000 (adjustable as per CPI), although it is scheduled to be increased to €750,000, in accordance with the amendment of the Remuneration Policy that will be proposed to the next General Shareholders' Meeting; (ii) the in- kind benefits mentioned under section A.10 below, and (iii) the variable remuneration described in detail under section A.4 below.

In order to adopt any agreement within the scope of their responsibilities and competences the Appointment and Compensation Committee (the "ACC") and the Board of Directors have taken into account the compensation received by the directors and senior management team of other companies of similar size, features, significance and activity to Applus. Based on the above analysis, the ACC believes that directors' remuneration is within a reasonable market range.

Since only the executive director receives variable remuneration (which is further explained in Section A.13), the relevance of the variable remuneration components regarding the fixed components is limited.

A.2 Information regarding preparatory work and the decision-making process followed to determine the remuneration policy, and any role played by the Remuneration Committee and other control bodies in the configuration of the remuneration policy. This information shall include any mandate of the Remuneration Committee, the composition thereof, and the identity of external advisors whose services have been used to determine the remuneration policy. There shall also be a statement of the nature of any directors who have participated in the remuneration policy determination.

The ACC assists the Board of Directors with the compensation policy for Directors and senior managers, according to the competences that have been assigned to it by the Regulations of the Board of Directors of the Company.

In compliance with article 529 novodecies of the Spanish Corporate Companies Act and the provisions of article 40.3.b) of the Regulations of the Board of Directors of the Company, on 4 May 2016 the ACC submitted to the Board of Directors the amendment to Directors' Remuneration Policy which was finally approved by the General Shareholders' Meeting held on June 2016. The initial Remuneration Policy so amended will be in force during this year, although it is expected that the Board proposes a new amendment to this Policy to the coming General Shareholders' meeting.

Likewise, according to the above-mentioned article 40.3.b) of the Regulations of the Board of Directors, the ACC shall perform the following functions regarding the remunerations of the directors:

- To report on and propose to the Board of Directors the remuneration policy for Directors and senior executives;
- To propose to the Board of Directors the individual remuneration of executive Directors and other conditions of their contracts;
- To propose to the Board of Directors the basic terms and conditions of contracts for senior executives; and
- Oversee the compliance with the compensation policy set by the Company.

Once a year, the ACC shall prepare an annual action plan and submit it to the Board of Directors.

The article 40 of the Regulations of the Board of Directors provides that the ACC shall be composed by a minimum of three Directors and a maximum of five Directors, who shall be Non-Executive Directors and, at least two of them will have to be Independent Directors. All of them shall be appointed by the Board of Directors considering their knowledge, skills and experience, as well as the commitments of the ACC.

The ACC designates a Chairman (which must be independent) from among its members. It also designates a Secretary, who may not be a member of the ACC and who assists the Chairman and cooperates for the good functioning of the ACC, taking care that the minutes duly reflect the progress of its meetings and the content of the deliberations.

The current composition of the ACC is as follows:

1) Mr. John Daniel Hofmeister (Chairman) is an Independent Director of Applus since 1 July 2013.
2) Mr. Richard Campbell Nelson (member) is an Independent Director of Applus since 1 October 2009.
3) Mr. Claudi Santiago Ponsa (member) is an Independent Director of Applus since 22 September 2016.

Currently, the Secretary of the ACC is Mr. Vicente Conde Viñuelas, secretary non-member of the Board of Directors.

Accordingly, the composition of the ACC complies with the provisions of the Regulations of the Board of Directors.

The Regulations of the Board of Directors also provide that, for the best performance of its functions, the ACC may seek advisory services from external professionals. The ACC relied in 2017 on an external advisor, the compensation consultancy firm Mercer Consulting , that elaborated a wage benchmark process for the compensation policy of the executive director and of the non-executive directors of the Board, with reference to other comparable companies, considering both an international and national market level. According to the previous analysis, the ACC has submitted to the Board its proposals of amendment to the compensation policy of the executive director of the Company.

A.3 State the amount and nature of the fixed components, with a breakdown, if applicable, of remuneration for the performance by executive directors of senior management duties, of additional remuneration as chair or member of a committee of the board, of attendance fees for participation on the Board and the committees thereof or other fixed remuneration as director, and an estimate of the annual fixed remuneration to which they give rise. Identify other benefits that are not paid in cash and the basic parameters upon which such benefits are provided.

It is expected that the fixed remuneration to be received in 2018 by the members of the Board of Directors in such capacity will be the same as in 2017, except for the Chairman of the Board of Directors This remuneration depends on the specific functions performed by each director, in accordance with the following breakdown:

- Member of the Board of Directors: €60,000.
- Chairman of the Board of Directors: €250,000 (€200,000 in 2017).
- Member of any of the Committees (Audit Committee, ACC and Corporate Social Responsibility Committee): €20,000 per each Committee.
- Chairman of any of the Committees: €30,000 per each Committee.

Based on the current composition of the Board of Directors and its Committees, the fixed remuneration that directors will receive in 2018 is expected to amount to €800,000.

The executive Director will receive an annual fixed remuneration established in his senior management contract, which amounts to €650,000 per year, although it is planned to increase it to €750,000, in accordance with the amendment to the Remuneration Policy to be proposed to the next General Shareholders' Meeting. Likewise, the executive director of the Company will receive other benefits as remuneration in kind for a maximum amount equal to 10% of the fixed remuneration in cash.

Neither the non-Executive Proprietary Directors nor the Executive Director will receive any remuneration based on the position held on the Board of Directors or for belonging to any Committee thereof.

Furthermore, the Company will pay the premiums regarding the civil liability insurance policy entered to cover its directors.

Aside from the foregoing, the Company's directors will not receive allowance fees. However, they will receive reimbursement for travel and other expenses related to the attendance to meetings of the Board of Directors and the Committees thereof, provided that they are duly justified.

A.4 Explain the amount, nature and main features of the variable components of the remuneration systems.

In particular:

- Identify each remuneration plan of which directors are beneficiaries, their scope, date of approval and implementation and date of effectiveness, as well as the main features thereof. In the case of share option plans and other financial instruments, general features of the plan shall include information on the conditions for the exercise of such options or financial instruments for each plan

- State any remuneration received under profit-sharing or bonus schemes, and the reason for the accrual thereof;

- Explain any annual bonus plan fundamental and rationale parameters.

- The classes of directors (executive directors, non-executive nominee directors, non-executive independent directors or other non-executive directors) that are beneficiaries of remuneration systems or plans that include variable remuneration.

- Rationale for such remuneration systems or plans, the chosen standards for evaluating performance, and components and methods of evaluation to determine whether or not such evaluation standards have been met, and an estimate of the absolute amount of variable remuneration to which the current remuneration plan would give rise, based on the level of compliance with assumption or goals used as benchmark.

- If applicable, information shall be provided regarding any payment deferral periods that have been established and/or periods for retaining shares or other financial instruments, if any.

Remuneration based on the delivery of Company shares or of shares in companies within Applus Group, share options or instruments related to the share value, variable remuneration linked to Company's performance or pension systems shall be limited to Executive Directors. All of the above without prejudice to the rights that may have been previously conferred to other Directors on an exceptional basis. The remuneration linked to the Company's performance may take into account the qualifications stated in the external auditor's report which may reduce the results.

In 2018 only the executive director will be beneficiary of remuneration systems that include variable remuneration. In 2017 such variable remuneration consisted first of an annual cash amount linked to the achievement of certain targets (Group Adjusted Operating Profit and Group's operating cash-flow). The specific amount is based on a target value of €325,000. The variable remuneration will rise by 3% for each 1% increase in targets attained, up to a maximum of 250% of the base target. Therefore, in order to achieve the 250% of the target value, it is necessary to reach 150% in the achievement of targets. On the other hand, for each reduction of 1% on the targets attained, variable remuneration will fall by 10%.

However, as mentioned above, approval of the amendment to the Directors' Remuneration Policy to be proposed to the next General Shareholders' Meeting is pending, that would be in force in 2018, and by virtue of which it is proposed for the variable remuneration of the executive director to include the free delivery of rights over the Company shares called *restricted stock units* ("RSUs"). Therefore, the target value on which the variable remuneration amount is determined would increase, comprising 80% of the fixed remuneration paid in cash (that is, €600,000). Further, 62.5% of the variable remuneration to be received would be paid in cash and 37.5% by the delivery of RSUs.

In addition, the variable amount would increase 2% for every 1% increase of the targets, the maximum being 150% of the target value. On the other hand, for every 1% decrease of the targets, the variable remuneration would fall by 5%.

In this context, the basis for the calculation of the RSUs to be delivered to the executive director would be the average market value of Applus Services, S.A. shares during the 30-day period prior to the date of delivery of the RSUs. The RSUs will be delivered every year on the date of approval by the Board of Directors of Applus Services, S.A.'s annual results and the amount of the executive director's annual variable remuneration. Specifically, the first RSUs will be delivered in February 2019.

Each RSU shall be vested into one share of Applus Services, S.A. within a three-year period as from the date they were awarded, on a 30% basis for the first two years and a 40% basis for the last year. The first RSUs delivered will be vested into shares in February 2020. Likewise, the RSUs might be vested in advance in certain circumstances.

Additionally, the executive director is beneficiary of a long-term incentive plan, with an indefinite term, approved at the 2016 Annual General Meeting, upon the pre-approval of the Board of Directors' at the proposal of the ACC. The aim of this incentive plan is to establish a share-based remuneration linked to achieving certain parameters regarding total shareholder return and adjusted earnings per share during the three years period of each plan. Each year the plan awards the executive director Performance Stock Units ("PSUs"), which will be exchangeable for Company shares within a three-year period as from the day they were awarded.

According to this plan, the executive director will be granted each year *Performance Stock Units* (PSUs) equal to, in principle, 60% of his fixed remuneration (even though, depending on the degree of achievement of the parameters set forth below such amount may finally fluctuate between a minimum of 0% and a maximum of 120% of his fixed remuneration), where the value of each PSU is equivalent to the average quote value of a share in the Company during the thirty days prior to the granting of the PSUs. Each PSU will be exchangeable for one Company share in accordance with a vesting schedule.

The PSUs awarded each year shall be vested into shares within a three-year period as from the day they were awarded provided that certain parameters regarding total shareholder return and adjusted earnings per share reported by Applus are met. The number of PSUs that will be vested will have a value of between 0% and 120% of the fixed remuneration of the executive director depending on the degree of compliance with such parameters during the three years prior to the vesting, so as to ensure that the vesting reflects the professional performance of the executive director during each three-year period. Provided the conditions are met, the first PSUs granted will vest in February 2019.

In particular, the vesting of PSUs will be based on the following quantitative parameters:

a) A target based on relative total shareholder return ("TSR") within a three-year period, where the Company's TSR will be compared with an unweighted index composed of a group of peer companies within the testing, inspection and certification industry.

   This parameter will represent 40% of the total PSUs granted each year.

   In particular, within this 40%, 50% of PSUs will be vested should the TSR performance be equal to the index and 200% of PSUs will be vested should the TSR performance be 5% greater on an annual cumulative basis than the index. Between the index and the TSR value that gives right to vest 200% of PSUs, there will be a straight line vesting between such two values. As a result, 100% of PSUs will be vested should the TSR performance be 1.67% greater than the index.

   If the TSR performance is below the index, no PSUs will vest for this parameter.

b) A target regarding adjusted earnings per share ("EPS") accumulated within a three-year period.

   This parameter will represent 60% of the total PSUs granted each year.

   The Board of Directors will set specific thresholds for this EPS target at which 50%, 100% and 200% (within the 60% this parameter represents) of Target PSUs will be vested. The maximum number of PSUs that will be vested will be 200% of the Target PSUs.

   If the EPS performance is below the specific threshold that gives right to vest 50% PSUs, no PSUs will vest for this parameter.

If accredited inaccuracies in the data taken into account for the purpose of awarding the PSUs are observed, mechanisms will be implemented so that the Company may claim the refund of the amount corresponding to the relevant PSUs, net of any withholding, taxes or fees, effectively received by the executive director (claw back)

Likewise, the PSUs may vest early under certain circumstances.

A.5 Explain the main features of the long-term saving systems, including retirement and any other survival benefit, either wholly or partially financed by the company, and whether funded internally or externally, with an estimate of the equivalent annual amount or cost thereof, stating the type of plan, whether it is a defined-contribution or -benefit plan, the conditions for the vesting of economic rights in favor of the directors, and the compatibility thereof with any kind of indemnity for advanced or early termination of the labour relationship between the company and the director.

Also state the contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans.

As of the date of this report, there are no long-term saving systems, neither retirement nor any other survivor benefit, in favor of the directors, except for the life insurance premium for the executive director as indicated in Section A.10.

Currently, the Company has no prior commitments, neither contributions nor defined-benefit plans, with any director's retirement or long-term saving system.

Notwithstanding the above, the aforementioned proposal to amend the Directors' Remuneration Policy of the Company provides for a contribution to be made to the pension scheme of the executive director of an amount equal to the difference between the referred 10% of fixed remuneration that may be received as remuneration in kind (see Section 10) and the amount of the benefits actually received by the executive director as remuneration in kind in said year. Consequently, it will be construed as an individual pension scheme of defined contribution, by virtue of which Applus will make annual contributions for the stated amount, without existing any limitation or restrictive condition for its enjoyment by the executive director.

A.6 State all commitments agreed or to pay severances indemnity for directorships

As of the date of this report, there are no commitments to pay severance indemnity in the event of termination of directorships other than those indicated in section A.7. In addition, in 2017, no Director was awarded with any payment for termination of duties as Director.

A.7 State the terms and conditions that must be included in the agreements of executive directors performing senior management duties. Include information regarding, among other things, the term, limits on termination benefit amounts, continuance in office clauses, prior notice periods, and payment in lieu of prior notice, and any other clauses relating to hiring bonuses, as well as benefits or golden parachutes due to advanced or early termination of the contractual relationship between the company and the executive director. Include, among other things, any post-contractual clauses or agreements on non-competition, exclusivity, continuance in office or loyalty, and non-competition.

Essential terms and conditions of the executive director's agreement are, in addition to those concerning his financial compensation, those indicated below, which will enter into force should the General Shareholders' Meeting approve the amendment to the Remuneration Policy that will be proposed.

a) Term: indefinite

b) Exclusivity: as long as he performs senior management duties, the executive director may not hold any direct or indirect interest in any other business or activity that might represent a conflict of interests with regard to his obligations and responsibilities towards the Company or the activities of the Company and the Applus Group.

c) Termination: the executive director's agreement states that the agreement can be terminated at any point by the executive director or the Company, provided that the other party is notified in writing and notice is given six months in advance in both cases. In this context, the executive director is not entitled to any compensation as a result of the termination of contract, except for the provisions contained in the non-competition agreement. Nevertheless if either the executive director or the Company failed wholly or partially to provide a notice, the other party would be entitled to an amount equivalent to the executive director's fixed remuneration for the non-observed term of notice.

d) Post-contractual agreement on non-competition: in the two years following the termination date of the contract, the executive director will not compete against the Company or any Applus Group company. Competition shall be understood as the provision of any kind of services, on his own behalf or on behalf of a third party, whether it entails executive duties or mere advisory duties, or the direct or indirect promotion of the incorporation of companies and entities that will develop a competing business, as well as equity stake in these companies or entities. For these purposes, a competing business shall be deemed as any activity that, at the time of termination of the executive director's contract, is being developed by any company belonging to the Applus Group in a certain territory or it is scheduled to start being developed in a certain territory within the 12 months following the termination of the executive director's contract. Likewise, the executive director will not recruit nor participate in the recruitment (for him or for the entity which he represents or in which he performs his activities) of employees who, at the date of termination of their contract or in the preceding twelve months, form part or have formed part of the Company's workforce or that of any Applus Group.

   In order to adequately meet the aforementioned non-competition commitments assumed by the executive director once the contract has been terminated, upon such termination (whether at the request of the executive director or the Company), the executive director shall be entitled to receive an amount equal to the double of the fixed annual remuneration received in cash in the last year prior to the termination of the contract, that will be paid for the 24-month period following such termination by means of 24 equal installments. The referred amount shall be reduced by the sum that, as the case may be, the Company would have to grant the executive director as legal compensation —which might result from the enforcement of the applicable law— for the termination of the contract, so that the total amount to be received by the executive director once the contract has been terminated does not exceed, in any case, the double of the fixed remuneration that he received in the last year prior to the termination of the contract. Such reduction would be equally apportioned among the monthly payments pending to be paid.

   Should the executive director breach this commitment and compete with the Company and with any Applus Group company, he must return the amounts paid by the Company to compensate the agreement.

   It must be noted that part of the compensation formerly received by the executive director for its non-competition commitments (that is, 30% of the fixed remuneration in cash) will be deemed as consolidated into his fixed remuneration, without it being linked to the non-competition agreement in any way that, as from this date, will only be awarded as stated above.

A.8 Explain any supplemental remuneration accrued by the directors in consideration of services provided other than those inherent in their position.

As of the date of this report, no director provides services other than those inherent to their position and, therefore, there is no supplemental remuneration accrued for such items.

A.9 State any remuneration in the form of advances, loans or guarantees provided, with an indication of the interest rate, main features, and amounts potentially returned, as well as the obligations assumed on their behalf as a guarantee.

As of the date of this report, there are no advances, loans or guarantees granted to any member of the Board of Directors.

A.10 Explain the main features of remunerations in kind.

Remunerations in kind of the members of the Board of Directors are limited to the executive director.

According to the Directors' Remuneration Policy, the executive director of the Company shall receive other benefits as remuneration in kind, for a maximum amount equal to 10% of the fixed remuneration in cash. It should be noted that, in the event of approval of the aforementioned proposal to amend the Directors' Remuneration Policy of the Company, an amount equal to the difference between the above-mentioned 10% of the fixed remuneration and the amount of the benefits actually received by the executive director as remuneration in kind, as indicated in section A. 5, will be contributed to the executive director's pension scheme.

The Company's executive director receives, as remuneration in kind, the use of a Company's vehicle (including fuel expenses), a medical insurance for him and his family (which includes an annual check-up for him and his wife), and a life insurance premium (with a compensation for €150,000 in case of death or permanent disability and for €300,000 in case of death by accident).

A.11 State the remuneration accrued by the director by virtue of payments made by the listed company to a third party to which the director provides services, if such payments are intended to provide remuneration for the services thereof in the company.

As of the date of this report, no payments of such nature have been made.

A.12 Any item of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the making thereof detracts from a true and fair view of the total remuneration accrued by the director.

There are no items of remuneration other than those listed above.

A.13 Explain actions taken by the company regarding remuneration system in order to reduce exposure to excessive risk and align it with the long-term goals, values, and interests of the company, including any reference to: measures provided to ensure that the remuneration policy takes into account the long-term results of the company, measures establishing an appropriate balance between the fixed and variable components of remuneration, measures adopted with respect to those categories of personnel whose professional activities have a significant impact on the entity's risk profile, recovery formulas or clauses to be able to demand the return of the variable components of remuneration based on results if such components have been paid based on data that is later clearly shown to be inaccurate, and measures provided to avoid any conflicts of interest.

As stated by the ACC, the independent directors' remuneration should be sufficient to attract and retain directors with the appropriate profile and to compensate the devotion, abilities and responsibilities that the position entails, but, at the same time, it should not be as high as to compromise their independence.

For the opinion of the ACC, the independent directors' remuneration is commensurate with market standards and rewards sufficiently their services and commitments, without compromising, in any case, their independence.

The remuneration based on the delivery of Company shares, stock options or any other instrument referenced to the share value and to variable remunerations linked to the Company's performance are limited to the Company's executive director. In this sense, in order to reduce the risk exposure and to adjust to the Company's long-term objectives, values and interests, the following is considered:

i. remuneration relating to the Company's results shall take into account any possible qualifications indicated in the external audit report which may reduce those results; and

ii. remuneration policies concerning variable remuneration shall incorporate precautionary techniques, which shall specifically ensure that such remuneration maintains a relation with the professional performance of the beneficiaries and does not derive simply from the general evolution of markets, or the sector in which the Company operates, or any other similar circumstances.

In particular, the annual bonus system of the executive director establishes a maximum limit due to which no one can be paid more than 250% of the amount of the target value. In particular, in order to reach this amount, it is necessary to reach a 150% of achievement of targets, which have been Adjusted Operating Profit and *cash-flow* of the Group in 2017. However, as it has been pointed out in the previous sections, an amendment of the Directors' Remuneration Policy will be proposed to the next General Shareholders' Meeting, by virtue of which the objective value on which the variable remuneration amount is determined will be increased to € 600,000, the maximum being 150% of the target value. In particular, in order to reach the stated amount it will be necessary to reach 125% of attained targets. Further, 62.5% of the variable remuneration to be received would be paid in cash and 37.5% by means of the free delivery of rights over the Company shares called *restricted stock units* ("RSUs").

In addition, the long-term incentive plan approved by the 2016 Annual General Meeting for the executive director (as described in Section A.4.) is based on quantitative parameters calculated within a three-year period. The plan also establishes the possibility for the Company of requiring the refund if accredited inaccuracies in the data taken into account for the purpose of awarding the PSUs are observed.

Regarding potential situations of conflict of interest, the Regulations of the Board of Directors provides that conflict of interest situations shall be reported to the Board by the affected parties, with due notice. In addition, the director shall abstain from attending and intervening in deliberations in relation to issues in which they have a personal interest, and from voting in the corresponding resolutions.

B REMUNERATION POLICY FOR FUTURE FINANCIAL YEARS
[Repealed]

C OVERALL SUMMARY OF THE REMUNERATION POLICY APPLICATION DURING FINANCIAL YEAR ENDED

C.1 Summarize the main features of structure and items of remuneration from the remuneration policy applied during the financial year ended, which give rise to the breakdown of individual remuneration accrued by each of the directors as reflected in section D of this report, as well as a summary of the decisions made by the board to apply such items.

In 2017 the fixed remuneration of the members of the Board of Directors was:

- Member of the Board of Directors: €60,000.
- Chairman of the Board of Directors: €200,000.
- Member of any of the Committees (Audit Committee, ACC and the Corporate Social Responsibility Committee): €20,000 per each Committee.
- Chairman of any of the Committees: €30,000 per each Committee.
- The executive Director received an annual fixed remuneration established in his senior management contract, which amounted to €650,000 per year.

Neither the non-Executive Proprietary Directors nor the executive director have received any remuneration based on the position held on the Board of Directors or for belonging to any Committee thereof.

Aside from the foregoing, the Company's directors have not received allowance fees. However, they have received reimbursement for travel and other expenses related to the attendance to meetings of the Board of Directors and the Committees thereof, provided that they have been duly justified.

In addition, the executive director received 392,990 shares (221,804 net shares) on 10 May 2017 as a result of the vesting of the same amount of RSUs as committed in his remuneration plan and was granted 36,449 PSUs under the Plan described in Section A.4., which will be converted, where appropriate, into shares in February 2020

The executive director also received the same remunerations in kind described in section A.10 above, which amount to a total of approximately €31,010 for the financial year 2017.

Finally, a bonus was approved for 2017 for the executive director of €324,350 (99.8% of his €325,000 target bonus).

D BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS

Name	Class	Accrual period – Financial Year 2017
Mr. Christopher Cole	Independent Director	From 01/01/2017 to 31/12/2017
Mr. Fernando Basabe Armijo	Executive Director	From 01/01/2017 to 31/12/2017
Mr. Richard Campbell Nelson	Independent Director	From 01/01/2017 to 31/12/2017
Mr. John Daniel Hofmeister	Independent Director	From 01/01/2017 to 31/12/2017
Mr. Ernesto Gerardo Mata López	Independent Director	From 01/01/2017 to 31/12/2017
Mr. Nicolás Villén Jiménez	Independent Director	From 01/01/2017 to 31/12/2017
Ms. Maria Cristina Henríquez de Luna Basagoiti	Independent Director	From 01/01/2017 to 31/12/2017
Mr. Scott Cobb	Proprietary Director	From 01/01/2017 to 31/12/2017
Mr. Claudi Santiago Ponsa	Independent Director	From 01/01/2017 to 31/12/2017

D.1 Complete the following tables regarding the individualized remuneration of each of the directors (including the remuneration for the financial year for executive duties) accrued during the financial year.

a) Accrued remuneration at the company covered by this report*:*

i) Cash remuneration (in thousands of €)

Name	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board Committees	Termination benefits	Other items	Total 2017	Total 2016
Mr. Christopher Cole	0	200	0	0	0	30	0	0	230	230
Mr. Fernando Basabe Armijo	650	0	0	324	0	0	0	9	983	985
Mr. Richard Campbell Nelson	0	60	0	0	0	40	0	0	100	100
Mr. John Daniel Hofmeister	0	60	0	0	0	30	0	0	90	90
Mr. Ernesto Gerardo Mata López	0	60	0	0	0	30	0	0	90	90
Mr. Nicolás Villén Jiménez	0	60	0	0	0	20	0	0	80	80

Name	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board Committees	Termination benefits	Other items	Total 2017	Total 2016
Ms. Maria Cristina Henríquez de Luna Basagoiti	0	60	0	0	0	20	0	0	80	36
Mr. Scott Cobb	0	0	0	0	0	0	0	0	0	0
Mr. Claudi Santiago Ponsa	0	60	0	0	0	20	0	0	80	22

ii) Share-based remuneration systems

Mr. Fernando Basabe Armijo
Equity Incentive in RSUs

Date of implementation	Ownership of options at beginning of financial year 2017				Options allocated during financial year 2017			
	No. of options	No. of shares affected	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period
04/05/2014	1,178,968	1,178,968	0	2015-2017	0	0	0	February 2020

Terms: 0

Shares delivered during financial year 2017			Options exercised in 2017				Options expired and	Options at end of financial year 2017			
No. of shares	Price	Amount	Exercise price (€)	No. of options	No. of share	Gross Profit (m€)	No. of options	No. options	No. of shares affected	Exercise price (€)	Exercise period
392,990	11.53	4,531	0	0	0	0	0	0	0	0	February 2019- 2020

Terms: 0

Mr. Fernando Basabe Armijo
Long- Term Incentive Plan in PSUs (2016-2018)

Date of implementation	Ownership of options at beginning of financial year 2017				Options allocated during financial year 2017			
	No. of options	No. of shares affecte	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period
21/07/2016	44,931	44,931	0	February 2020	36,449	36,449	0	February 2020

Terms: 0

Shares delivered during financial year 2017			Options exercised in 2017				Options expired and	Options at end of financial year 2017			
No. of shares	Price	Amount	Exercise price (€)	No. of options	No. of shares affecte	Gross Profit (m€)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period
0	0	0	0	0	0	0	0	81,380	81,380	0	February 2019-2020

Terms: 0

iii) Long-term savings systems

iv) Other benefits (in thousands of €)

Fernando Basabe Armijo	
Remuneration in the form of advances, loans	
0	
Interest rate for the transaction	
0	
Life insurance premiums	
Financial year 2017	Financial year 2016
1	1

b) Remuneration accrued by directors of the company for belonging to boards at other companies of the group:

i) Cash remuneration (in thousands of €)

Name	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to committees of the Board	Termination benefits	Other items	Total 2017	Total 2016
CHRISTOPHER COLE	0	0	0	0	0	0	0	0	0	0
FERNANDO BASABE ARMIJO	0	0	0	0	0	0	0	0	0	0
RICHARD CAMPBELL NELSON	0	0	0	0	0	0	0	0	0	0
JOHN DANIEL HOFMEISTER	0	0	0	0	0	0	0	0	0	0
ERNESTO GERARDO MATA LOPEZ	0	0	0	0	0	0	0	0	0	0
NICOLÁS VILLÉN JIMÉNEZ	0	0	0	0	0	0	0	0	0	0
MARIA CRISTINA HENRÍQUEZ DE LUNA BASAGOITI	0	0	0	0	0	0	0	0	0	0
SCOTT COBB	0	0	0	0	0	0	0	0	0	0
CLAUDI SANTIAGO PONSA	0	0	0	0	0	0	0	0	0	0

ii) Share-based remuneration systems

iii) Long-term savings systems

c) Summary of remuneration (in thousands of €):

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

In the case of long-term saving systems, the summary must include contributions or funding for these types of systems:

Name	**Accrued remuneration at the Company**				**Accrued remuneration at other companies of the group**				**Totals**		
	Total cash remuneration	Amount regarding the shares granted	Gross profit on options exercised	Total contribution for the year by the Company for financial year 2017	Total cash remuneration	Amount of shares granted	Gross profit on options exercised	Total by the group for financial year 2017	Total financial year 2017	Total financial year 2016	Contribution to savings systems during the year
Mr. Christopher Cole	230	0	0	230	0	0	0	0	230	230	0
Mr. Fernando Basabe Armijo	983	4,531	0	5,514	0	0	0	0	5,514	4,011	0
Mr. Richard Campbell Nelson	100	0	0	100	0	0	0	0	100	100	0
Mr. John Daniel Hofmeister	90	0	0	90	0	0	0	0	90	90	0
Mr. Ernesto Gerardo Mata López	90	0	0	90	0	0	0	0	90	90	0

Name	Accrued remuneration at the Company				Accrued remuneration at other companies of the group				Totals		
Mr. Nicolás Villén Jiménez	80	0	0	80	0	0	0	0	80	80	0
Ms. Maria Cristina Henríquez de Luna Basagoiti	80	0	0	80	0	0	0	0	80	36	0
Mr. Scott Cobb	0	0	0	0	0	0	0	0	0	0	0
Mr. Claudi Santiago Ponsa	80	0	0	80	0	0	0	0	80	22	0
TOTAL	1,733	4,531	0	6,264	0	0	0	0	6,264	4,659	0

D.2 Report the relationship between the remuneration obtained by directors and the results or other measures of entity's performance, explaining how any changes in company's performance may have influenced changes in directors' remuneration.

The executive director's variable remuneration corresponding to year 2017 results amounts to €324,000 being the target value of €325,000 (with the maximum possible amount being 250% of the target value) and it has been linked to the achievement of certain goals (marked by Adjusted Operating Profit and cash-flow operations of the Group), which shows how changes in the Company's performance influence in executive director's variable remuneration.

The target amount and the executive director's maximum variable remuneration have remained unchanged from the financial year 2011 to the financial year just ended, on 31 December 2017. However, it should be reiterated that the Board of Directors foresees to propose to the next General Shareholders' Meeting an amendment to the Remuneration Policy for Directors of the Company in order to increase the target value, on which the amount of variable remuneration is determined to be €600,000 the maximum being of 150% of the target value. In particular, in order to reach the stated amount it will be necessary to reach 125% of attained targets. Further, 62.5% of the variable remuneration to be received would be paid in cash and 37.5% by the delivery RSUs.

D.3 Report the results of consultative vote of the General Shareholders' Meeting on the annual remuneration report for the preceding financial year, indicating the number of votes against, if any:

	Number	% of total
Votes cast	88,455,677	68.03%

	Number	% of total
Votes against	4,744,832	5.36%
Votes in favor	83,441,991	94.33%
Abstentions	268,854	0.30%

E OTHER INFORMATION OF INTEREST

If there are any significant aspects regarding director remuneration that could not be included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the remuneration structure and practices of the company with respect to its directors, briefly describe them.

This Annual Remuneration Report was approved by the Board of Directors of the Company in its meeting held on 21 February 2018.

State whether any directors voted against or abstained in connection with the approval of this Report.

Yes ☐ No ☒ X