

REPSOL S.A.

**2019** Annual Report  
on the Remuneration  
of Directors



*Translation of a report originally  
issued in Spanish.  
In the event of a discrepancy,  
the Spanish language version prevails*



The English version is a translation of the original in Spanish for information purposes only. In case of any discrepancy, the Spanish original will prevail.

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## 1. PRESENTATION OF THE REPORT

This Annual Report on Directors' Remuneration corresponding to financial year 2019 (the "Report") has been prepared by the Compensation Committee of Repsol S.A. ("Repsol" or the "Company") pursuant to section 541 of the Spanish Companies Act (*Ley de Sociedades de Capital*) and based on the model and instructions stated in the Spanish National Securities Market Commission ("CNMV") Circular 2/2018<sup>3</sup>.

In accordance with Circular 2/2018, Repsol has decided to use, for second year, the free format model, including the content required by the regulation as well as the statistical appendix described in Circular 2/2018. This Report is issued in response to Repsol's desire to continue in the forefront of the transparency of its remuneration schemes and provide shareholders with an understanding of the remuneration systems currently in place.

Similarly, in preparing this report, Repsol has taken into account the draft bill amending the consolidated text of the Spanish Companies Act (*Ley de Sociedades de Capital*) with regard to the encouragement of long-term shareholder engagement<sup>4</sup>.

This Report provides complete and detailed information about the implementation of the remuneration policy of the Directors approved in a binding manner by the General Shareholders Meeting on May 31, 2019 (the "Remuneration Policy"), both in the performance of their executive functions and the supervision and decision-making functions inherent to the office.

Please consult the Remuneration Policy available on Repsol's website at the following link:

[https://www.repsol.com/imagenes/global/en/2019\\_2021\\_remuneration\\_policy\\_directors\\_tcm14-150990.pdf](https://www.repsol.com/imagenes/global/en/2019_2021_remuneration_policy_directors_tcm14-150990.pdf)

In business terms, Repsol is focusing its strategy to become a net zero emissions company by 2050, the first in its sector to set this ambitious target. The Company has assumed a new crude oil and gas price scenario consistent with the climate targets of the Paris Agreement, which entails an adjustment of 4.849 billion euros in the accounting value of the Group's assets. This has impacted the 2019 net income, which was -3.816 billion euros. Meanwhile, the adjusted net income, which measures the

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<sup>3</sup> Spanish National Securities Market Commission Circular 2/2018 of 12 June, which amends Circular 5/2013 of 12 June, which establishes the annual corporate governance report models for listed companies, savings banks, and other entities that issue securities admitted for trading on official securities markets, and Circular 4/2013 of 12 June, which establishes the models for the annual report on the remuneration of directors of listed companies and members of the board of directors and the control committees of savings banks that issue securities admitted for trading on official securities markets.

<sup>4</sup> Draft bill amending the consolidated text of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, to bring them into line with Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.



performance of the company's businesses, totalled 2.042 billion euros, demonstrating their soundness even in a context of falling crude oil and gas prices and slimmer industrial margins.

In relation to the organisational changes for senior executives, as of 31 December 2019, the executive functions as General Secretary of Luis Suárez de Lezo Mantilla have terminated, by mutual agreement and at the initiative and in the interest of the Company, while remaining in his position as a member of Repsol, S.A.'s Board and of its Delegate Committee, as a non-executive director and as Secretary to the Board.

Finally, during the FY 2019, Repsol has continued its engagement campaign with shareholders and proxy advisors, focused particularly on ESG issues (Environmental, Social and Governance), thus consolidating a pioneering initiative in Spain of two-way dialogue with these stakeholders on these matters. In this regard, in 2019, the Company has carried out 12 specific roadshows concerning these matters, and it has interacted with more than 100 shareholders and ESG specialists. The 6th edition of the Repsol Sustainability Day with ESG investors has also been held with the aim of publicizing the Company's strategy and performance in the sustainability area.

As established in art. 541 of the Spanish Companies Act, this Annual Remuneration Report, that has been unanimously approved by the Board of Directors at its meeting of February 19, 2020 will be subject to a consultative vote by shareholders at the 2020 General Shareholders Meeting as a separate item on the agenda.

Madrid, February 19, 2020

## 2. COMPENSATION COMMITTEE



### Chairwoman

Ms. Carmina Ganyet i Cirera  
[Independent Director]



Ms. Maite Ballester Fornés  
[Independent Director]

Mr. José Manuel Loureda Mantiñán  
[External Institutional Director]

Mr. Mariano Marzo Carpio  
[Independent Director]

In accordance with the Bylaws and Regulations of the Board of Directors, as of December 31, 2019 the Compensation Committee was comprised entirely by External Directors, the majority of whom (three) were Independent, while the other one was Institutional. All the Committee members have extensive experience and expertise in the duties to be performed.

The functions of the Board of Directors of Repsol and its Compensation Committee in matters of remuneration are regulated in the Bylaws (arts. 45, 45 bis and 45 ter) and the Regulations of the Board of Directors (arts. 5 and 36).

The Compensation Committee has, among others, the following functions:

- Propose to the Board the remuneration policy thereof, assessing the responsibility, dedication and incompatibilities required of Directors; and, for Executive Directors, propose to the Board the additional remuneration for their executive functions and other terms of their contracts;
- Propose to the Board of Directors the remuneration policy for general directors or whomever performs the senior executive functions under the Board's direct supervision. Likewise, this Committee will analyse the proposals for the long-term incentives plans that affect the Group's Senior Executives and, in particular, those that may be established in relation to the value of the share and will be familiar with the fundamental aspects related to the Company's general salary policy.
- Propose to the Board of Directors the basic terms for Senior Executives' contracts;
- Verify that the remuneration policy established by the Company is observed;
- Periodically review the remuneration policy applied to Directors and Senior Executives, including share-based remuneration systems and their application;
- Ensure that possible conflicts of interest do not jeopardise the independence of the external advisory services provided to the Committee;
- Verify the information on the remuneration of Directors and Senior Executives contained in the various corporate documents, including the Annual Report on Directors' Remuneration;

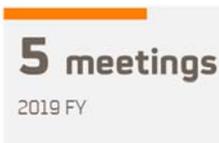
- Any other functions related to matters for which they are responsible and that they are asked to perform by the Board of Directors or by its Chairman;
- Report, in advance, to the Board of Directors the cases envisaged under the law and the Company's internal regulations and, in particular, in those cases contained in articles 21 and 22 of the Board of Directors' Regulations related to the use of corporate information and assets for private purposes, as well as the exploitation of business opportunities; and
- Report to the Board of Directors in all cases in which the Board itself or its Chairman request a report.

Accordingly, it should be noted that the Committee has the power to require any member of the management team or the Company's personnel to attend its meetings, who must accept any invitation from the Chairwoman of the Committee to attend under the terms stated therein.

Notwithstanding the fact that the Chairwoman of the Committee reports on the content of its meetings and the Committee's activities at the Board meetings, every quarter all Directors are given a copy of the minutes of all Committee meetings held during the period.

## 2.1. Most relevant activities carried out by the Committee in 2019 and 2020

In 2019, the Compensation Committee convened on five occasions. In 2020, as of the publication date of this Report, the Committee has met on one occasion.



**5 meetings**  
2019 FY

At the aforementioned meetings, the Committee has discussed, among others, the following issues, and resolved, where appropriate, to submit them to the Board of Directors for approval:

- Report on the proposals to settle the 2015-2018 and 2016-2019 Long-Term Incentive Programmes (LTIs).
- Report on the proposals for new 2019-2022 Long-Term Incentives Programme, as well as the new 2020-2023 Long-Term Incentive Plan with partial allocation in shares.
- Remuneration proposal for serving on the Board of Directors and its Committees for the financial years ending 2019 and 2020, including for the Chairman of the Board of Directors and for the Lead Independent Director for 2020.
- Additional remuneration proposal for Directors who perform executive functions, specifically:
  - Proposal of fixed remuneration for Executive Directors for the financial

- year ending 2018 and for the CEO for 2020.
- Proposal to settle the annual variable remuneration of Executive Directors for financial years 2018 and 2019.
  - Proposal of annual variable remuneration for Executive Directors for the financial year ending 2019 and for the CEO for 2020.
  - Proposal to settle the long-term variable remuneration of Executive Directors corresponding to the 2015-2018 and 2016-2019 Long-Term Incentives Programmes, as well as the Long-Term Incentives Programmes 2017-2020; 2018-2021 and 2019-2022 for the General Counsel Director.
  - Proposal of long-term variable remuneration for Executive Directors corresponding to the 2019-2022 Long-Term Incentives Programmes and for the CEO for the new 2020-2023 Long-Term Incentive Plan with partial allocation in shares.
- Proposal of Annual Reports on Directors' Remuneration for financial years 2018 and 2019.
  - Verification of information pertaining to the remuneration of Directors and Senior Managers contained in the annual consolidated financial statements for the financial years ending 31 December 2018 and 31 December 2019.
  - Verification of the compliance with the Remuneration Policy for Directors of Repsol, S.A. approved by the Annual General Meeting.
  - Proposals and reports for the 2019 General Shareholders Meeting concerning:
    - Inclusion of the Total Shareholder Return (TSR) target in the long-term variable remuneration of Executive Directors (2018-2021 LTI and 2019-2022 LTI).
    - Annual Directors' Remuneration Reports for 2018.
    - Directors' Remuneration Policy of Repsol, S.A. for 2019-2021.
  - Definition of 2019-2022 Long-Term Incentive targets and subsequent review of the objective of developing the Low Carbon business.
  - Planning the Compensation Committee's schedule of meetings and activities for the financial years ending 2019 and 2020.
  - Assessment of the Remuneration Committee's performance in 2018 and 2019.
  - Proposal for the new Global Share Purchase Plan ("*Tu Repsol*") for all employees.
  - Analysis of the Spanish National Securities Market Commission's Technical Guide

1/2019 on Appointments and Remuneration Committees.

- Organisational changes for senior executives, in particular the termination, by mutual accord and at the initiative and in the interest of the Company, of the executive functions as General Secretary of Mr. Suárez de Lezo.

## 2.2. External consultants

In accordance with the provisions of the Regulations of the Board of Directors, for the better performance of its functions the Compensation Committee may apply to the Board to engage the services of specialised external consultants at the Company's expense.

Thus, in 2020, EY Abogados, an independent consultant specialized in the field of remuneration of Directors and Senior Management, has advised the Compensation Committee in the preparation of this Report. In addition, Willis Towers Watson has advised the Compensation Committee on the preparation of benchmarking for the CEO's remuneration.

## 2.3. Proposed resolutions for the General Shareholders Meeting regarding Director remuneration in 2020

It is expected to submit the following proposed resolutions for approval at the 2020 General Shareholders Meeting:

- Annual Report on Directors' Remuneration for the financial year closing 31 December 2019.
- Approval of a new Long-Term Incentive Plan including the partial granting of shares as of Program 2020-2023.
- Approval of new additional cycles of the Beneficiaries' Share Purchase Plan of the Long-Term Incentives Programmes.

## 2.4. Actions taken to mitigate risk in the Remuneration Policy

The measures designed to ensure the Directors' Remuneration Policy addresses the Company's long-term results are:

- Executive Directors' total compensation consists of various remunerative elements that include, essentially: (i) fixed remuneration, (ii) short-term variable remuneration, and (iii) long-term variable remuneration (LTI). The variable remuneration has a weight of around 69% of total remuneration of the CEO in a scenario of 100% compliance with targets and it is linked to the objectives established in the Strategic Plan.
- LTI Plans are part of a multi-year framework (four years) to ensure that the evaluation process is based on long-term results and considers the underlying economic cycle of the Company, as well as the achievement of strategic objectives. Moreover, the Company has established a one-year period, beginning when the shares are delivered, during which the

Executive Directors may not transfer or hedge (directly or indirectly) the Company shares delivered in payment for such programmes.

- The Company has a Share Purchase Plan for the beneficiaries of the Long-Term Incentive Plans aimed at aligning the interests of the participants with those of the shareholders.
- Repsol has a permanent shareholding policy, according to which, for the duration of their tenure, Executive Directors must retain ownership of the shares in their portfolio, as well as other shares received as payment under the LTI Programmes or linked to the Share Purchase Plan, until they reach, at least, an amount equivalent to twice their fixed remuneration.
- As of 31 December 2019, the Compensation Committee consists of four members, two of whom are also members of the Audit and Control Committee. The existence of a cross-presence on these two committees helps when assessing the risks associated with remunerations during deliberations and in their proposals to the Board of Directors, when determining and evaluating annual and multiannual incentives.
- In addition, two members of the Compensation Committee are also members of the Sustainability Committee, which is in charge of supervising the non-financial risk management and control systems and other aspects related to the sustainability of the Company, the maximisation of long-term value, and the

fulfilment of indicators related to the target of becoming a zero net emission company by 2050. As such, the cross-presence of Directors also allows for the consideration of aspects relevant to the issues that concern the remuneration of the CEO and Senior Managers.

The Remuneration Policy, meanwhile, establishes an adequate and efficient balance between the fixed and variable components of remuneration in line with best corporate governance practices. The variable components are set so that, in the event minimum objectives are not achieved, no payment will be made, and there are no guaranteed variable remunerations.

The Compensation Committee may recommend the Board of Directors to adjust to the elements, criteria, thresholds and limits of variable remuneration, whether annual or multiannual, in exceptional circumstances prompted by extraordinary internal or external factors, which will not imply that the targets will be less challenging. In the event that such an adjustment occurs, the Company will provide detailed information on the reasons justifying its application.

The Compensation Committee is also responsible for examining and analysing the Remuneration Policy for Directors and Senior Managers and its application, in as much as the professional activities of these personnel can have a material impact on the Company's risk profile. Moreover, the Compensation Committee assesses compliance with the objectives established in the long-term variable remuneration plans and submits them to the Board of Directors to approve the level of incentive to be paid.

### 3. PAY FOR PERFORMANCE

The compliance of the predetermined and measurable targets established at the beginning of the financial year, by the Board of Directors, at the proposal of the Compensation Committee, to calculate the annual variable remuneration of the Executive Directors is aligned with the economic results achieved by the Company in 2019. Thus, the main business milestones achieved in the year have been:

- Repsol is orienting its strategy to become a net zero emissions Company by 2050, making it the first in its sector to set this ambitious target which aims to go even further than the goals of the Paris Agreement by aspiring to limit global warming to below 1,5 degrees Celsius with respect to pre-industrial levels. For this purpose, Repsol has set a decarbonisation roadmap with intermediate targets for 2025, 2030 and 2040. These targets will serve as the basis for the Company's next Strategic Plan, to be presented in the first half of 2020.
- The Company has assumed a new crude oil and gas price scenario consistent with the climate targets of the Paris Agreement, which entails an adjustment of 4.849 billion euros in the accounting value of the Group's assets. This has impacted the 2019 net income, which was -3.816 billion euros.
- The adjusted net income, which measures the performance of the Company's businesses, totalled 2.042 billion euros, demonstrating their soundness even in a context of falling crude oil and gas prices and slimmer industrial margins.
- Operating cash flow maintained positive momentum throughout the year and totalled 5.837 billion euros, 8% more than the previous year, as a result of a strategy that allowed the Company to overcome an adverse environment.
- Strong cash generation allows Repsol to advance in its commitment to actively fight climate change and, at the same time, maintain its remuneration policy, which is one of the most attractive of the Ibex and of its sector. For 2020, this includes proposing to the General Shareholders' Meeting an additional improvement through the amortization of 5% of the company's share capital.
- The Downstream (Refining, Chemicals, Marketing, Lubricants, Trading, LPG, Gas & Power, Gas & Electricity) result reached 1.456 billion euros, in a year in which it maintained its focus on innovation, internationalization, and emissions reductions, with milestones such as the incorporation of three new renewable energy projects and surpassing one million electricity and gas customers.
- The Upstream unit earned 1.050 billion euros with production of 709,000 barrels of oil equivalent per day, in alignment with the strategic vision of prioritizing value creation.

In 2020 the specialised firm Willis Towers Watson has carried out a benchmarking analysis for the Total remuneration of the CEO. The following criteria have been taken into consideration in order to determine the comparison group:

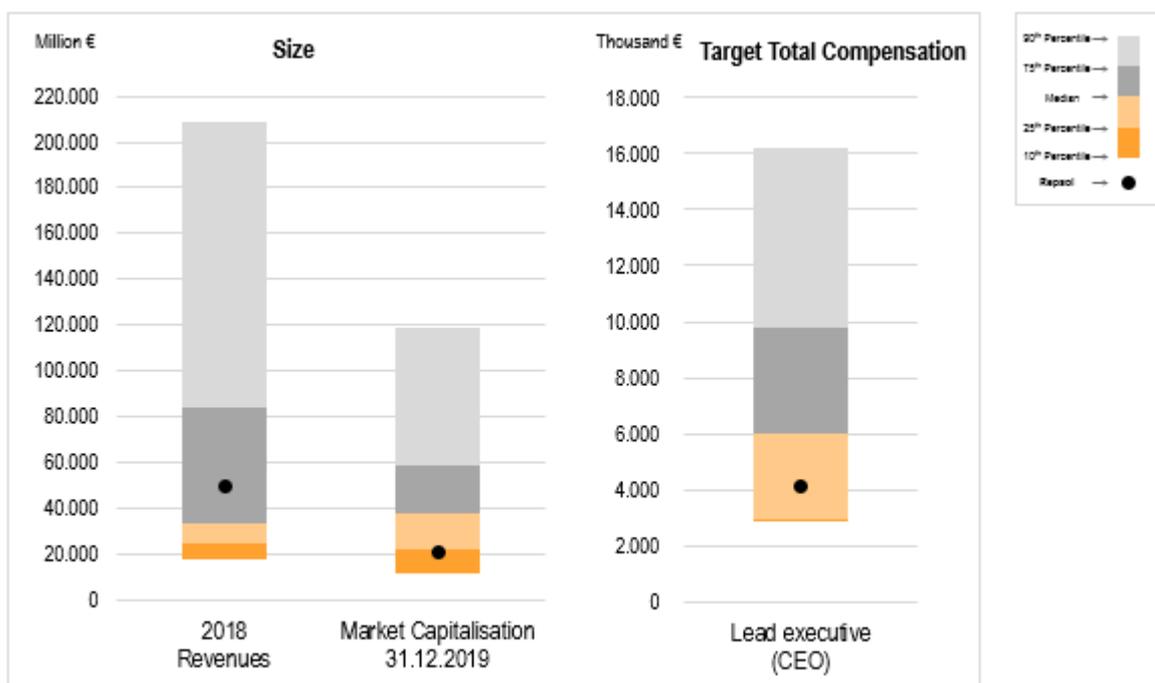
- a) Listed Companies within the energy and utilities sector comprising the following indices (EURO STOXX 600 Oil & Gas/DJ Titans Oil & Gas 30, Stoxx Europe 600 Utilities/ S&P 500 Utilities).
- b) Headquarters location: Europe and USA.
- c) Dimension and complexity comparable to Repsol considering a range of revenues and market capitalization between 30% and 320% of Repsol's figures, as well as the volume of total assets and the number of employees.
- d) Global and international geographic scope.
- e) Companies that are part of the peer group that Repsol has defined for the purposes of measuring Shareholder Total Return ("TSR") within the Long-Term Incentive Program 2019-2022.
- f) Companies that are part of the peer group considered by the proxy advisor

Institutional Shareholder Services ("ISS") for carrying out the pay for performance analysis in their Voting Recommendation Report.

The abovementioned group excludes companies in the financial sector and those companies that have considerable state involvement and are not considered highly comparable with Repsol.

Taking into consideration the above, the resulting comparison group would be composed of the following 18 companies: - BP, Centrica, Cepsa, Conoco Phillips, Endesa, ENGIE, ENI, Iberdrola, Marathon Petroleum, National Grid, Naturgy, Phillips 66, Royal Dutch Shell, Schlumberger, Snam, Suez, Total and Veolia Environment.

The following are the results of the analysis in which the position of the Chief Executive Officer is shown against the comparison group in relation to the Total Target Compensation in which the following remuneration items are included : fixed remuneration for its supervisory duties as Directors; executive duties fixed remuneration; annual variable remuneration; long-term incentive plan; social welfare schemes.



Source: Willis Towers Watson

In terms of dimension –considering both revenues and market capitalisation–, Repsol lies between the 25th percentile and the median of the comparison group. In terms of total target remuneration, the CEO is in this same range.

## 4. REMUNERATION POLICY 2020

The new Repsol Directors’ Remuneration Policy, to be applied in 2019, 2020 and 2021, was approved in accordance with section 529 *novodecies* of the Companies Act, at the proposal of the Board and following a report from the Remuneration Committee, at the General Shareholders Meeting held on 31 May 2019.

The defining principle of the Remuneration Policy is the creation of reciprocal value for the Group and for the directors and the alignment of their interests over the long-term with those of the shareholders, ensuring total transparency.

The Remuneration Policy is therefore reviewed on a regular basis to ensure it is in line with best corporate governance practices and market trends, and is submitted for approval at the General Shareholders Meeting whenever it is necessary or when it is recommended that it be amended and at least every three years, as provided for under the Companies Act.

### 4.1. Concerning the Executive Directors

Following the above-mentioned Board resolution regarding the organizational

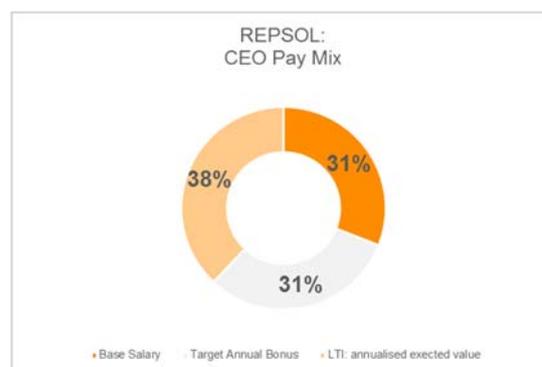
structure dated 18 December 2019, the only Executive Director expected in 2020 is the Chief Executive Officer.

In this regard, the remuneration package for the Chief Executive Officer for the performance of executive duties, in accordance with the Remuneration Policy, essentially consists of a fixed item, a short-term variable item and a long-term variable item, aligned with Company's management objectives under the Strategic Plan with the sustained maximisation of the Company's value. Furthermore, his Remuneration Package also includes pension schemes and specific in-kind payment systems.

In line with previous years, the proposed pay package for 2020 is a suitably balanced and efficient mix of fixed and variable pay items in which the fixed component accounts for a sufficiently high percentage of the total remuneration. The variable pay items must be flexible to the point that they can be completely removed from the pay package, in a given year, if the targets linked to those items have not been achieved. In this case, the CEO will only receive fixed remuneration, as well as other items relating to their participation in pension schemes and in-kind benefits. The CEO's remuneration mix reflects the Company's philosophy of competitive compensation that encourages the achievement of corporate objectives while preventing excessive risk assumption.

Assuming a scenario where the 100% of the targets are met in 2020, fixed remuneration for the CEO would account for 31% of the total remuneration (fixed, annual variable and long-term variable) and the variable remuneration

69% (approximately 45% short term variable pay and 55% long-term variable pay).



Source: Willis Towers Watson

This compensation structure allows the variable remuneration package of the CEO to vary depending on Repsol's earnings and may vary between zero (in the case of insufficient achievement of targets) and a maximum of 220% of his fixed remuneration (100% for short-term and 120% for long-term<sup>5</sup>). Notwithstanding this, the Board of Directors may adjust, to a maximum of 20% upwards or downwards, the final quantitative results for the variable remuneration, depending on the quality of results, individual performance and

<sup>3</sup> To the extent that the new 2020-2023 Long-Term Incentive Program implies partial allocation in shares, this reference value calculated on the date of granting of the Incentive could be modified by the fluctuation of the value of Repsol's share during the validity of the Program until its liquidation.

other issues that require qualitative measurement. Thus, the maximum amounts of the long-term variable remuneration for the CEO are the following:

<b>Chief Executive Officer</b>	<b>Maximum amount of annual variable remuneration</b>
	100% of his fixed remuneration +/- 20% of qualitative adjustment to be approved, as the case may be, by the Board of Directors at the time of payment.
	<b>Maximum amount of long-term variable remuneration</b>
	120% <sup>3</sup> of his fixed remuneration +/- 20% of qualitative adjustment to be approved, as the case may be, by the Board of Directors at the time of payment.

In case the Board of Directors, based on a proposal of the Compensation Committee, agrees to adjust –upwards or downwards– the variable remuneration of the CEO, the Company will provide detailed information of the rationale that justifies the qualitative adjustment.

When establishing the remuneration package of the CEO, the Compensation Committee considers, among others, the provisions of the Remuneration Policy, guidelines from institutional investors and proxy advisors' guidelines, the information received by the latter in the engagement process carried out by Repsol, as well as market data.

Listed below are the items of the remuneration package of the CEO for 2020 and its main characteristics:

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#### **4.1.1. Fixed Remuneration**

The fixed remuneration of the CEO for the performance of his executive duties considers the level of responsibility of these functions,

his position and his professional experience. This remuneration is reviewed on a regular basis, considering the Company's results, market data and the remuneration conditions within the organisation, ensuring that it is competitive with respect to the reference market.

Based on this, the Compensation Committee proposes annually to the Board, for its approval, the fixed remuneration for the CEO for performing their executive functions, considering the framework of the Remuneration Policy approved.

In order to determine the fixed remuneration and any possible updates to it, the Compensation Committee considers, among other matters, the specific characteristics of each position and the dedication required, market analyses and average increases in the remuneration of the Company's Senior Executives. All the foregoing in order to establish compensation that befits the function performed, guaranteeing that it is competitive with respect to the reference market.

The Board of Directors resolved, at its meeting of 19 February 2020, at the proposal of the Compensation Committee, to keep the fixed remuneration of the CEO for 2020 in the same amounts as those established for 2019, namely 1,200 thousand euros, thus remaining unchanged since his appointment in 2014.

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#### **4.1.2. Annual Variable Remuneration**

The annual variable remuneration appraises the individual contribution of the CEO towards the fulfilment achievement of predetermined, specific and measurable targets. The

Compensation Committee performs an annual review of the conditions of the system in response to Repsol's strategy, its needs and the business situation and establishes the corresponding objectives at the beginning of each year.

The following table details the goals, indicators and weightings proposed by the Compensation Committee for the current year, in respect of the CEO's annual variable compensation, and approved by the Board of Directors at its meeting of 19 February 2020<sup>6</sup>:

CATEGORY	WEIGHT	INDICATOR	WEIGHTING
COMPANY PERFORMANCE	40%	Adjusted net result	15%
		Net profit	15%
		Improvement of the CFFO	10%
STRATEGY	15%	Strategic Plan: Define and release to the market a new Company Strategic Plan, focused on decarbonization and sustainability.	15%
OPERATIONS AND EFFICIENCY	20%	E&P CFFO	5%
		CCS vs Margin Indicator Spread & Conversation Utilization	5%
		Reliability in Chemical Industrial plants	5%
		Digitalization	5%
DECARBONIZATION AND SUSTAINABILITY	25%	Gas & Power Business Performance: Clients (5%) & Generation capacity (5%)	10%
		Reduction of carbon intensity	10%
		Total Recordable Incident Rate and 0 fatalities	5%

<sup>6</sup> Some of the performance targets for the annual bonus are commercially sensitive and it would be detrimental to the interests of the Company to disclose them before the start of the relevant performance period. The performance targets and level of achievement will be disclosed after the end of the relevant financial year in that year's remuneration report subject to the sensitivity no longer remaining.

The Company maintains a continuous dialogue on ESG (environmental, social and governance) matters with its main shareholders and proxy advisors, in order to know first-hand their opinion and positioning regarding these matters and to explain the practices of the Company. As a result of this engagement and the resolution passed by the Board of Directors on December 2 to align the Company with the objectives of the Paris Agreement the objectives related to sustainability and decarbonization in the 2020 annual variable remuneration of the CEO have been increased up to 25% and up to 40% of the long-term variable remuneration as indicated in section 4.1.3 below.

A scale of achievement is associated to each indicator defined according to its variability and level of achievement. These scales have a minimal compliance threshold, below which they do not generate a right to an incentive, and a maximum level, set at 110%, although the degree of achievement overall the objectives to be determined by the Compensation Committee shall not exceed 100%.

For the calculation of the amount of the variable remuneration the fulfilment and the weighting of each of the targets will be considered. In order to ensure that the annual variable remuneration retains an effective relationship with the professional performance of the beneficiaries, when determining the level of compliance with the quantitative objectives, positive or negative economic effects that arise from extraordinary events and that could distort the assessment results are eliminated.

At year-end, the Compensation Committee conducts an appraisal based on the information provided by the Financial and Persons and Organization areas on the results obtained by the Company. Depending on the level of compliance of each objective and its weighting, a weighted average fulfilment level is calculated.

With regards to the CEO, the structure of his annual variable remuneration for 2020 is maintained in the same terms as per 2019, with amounts varying between 0%, if the minimum fulfilment threshold is not reached, and 100% of his fixed remuneration, if 100% of the established targets is reached.

Therefore, in a scenario where 100% of the targets are achieved, the CEO would receive 1,200 thousand euros as annual variable remuneration. Notwithstanding that, the Board of Directors retains the ability to adjust, to a maximum of 20% upwards or downwards, the final quantitative results for the annual variable remuneration, depending on the quality of results, individual performance and other issues that require qualitative measurement. Thus, the maximum amount of the annual remuneration for the CEO could amount up to 1,440 thousand euros in the event of overachievement of targets and outstanding personal and Company's performance. In case the Board of Directors resolves on such adjustment, the Company will provide additional and detailed information about the rationale of the adjustment.

The annual variable remuneration is paid entirely in cash.

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#### 4.1.3. Long-term Variable Remuneration

Repsol has implemented many long-term incentive plans (LTIs) for managers and other employees of the Group, including the CEO, to promote the reciprocal generation of value for the Group, for its shareholders and for its employees; to foster the commitment of its beneficiaries as well as to compensate the creation of sustainable value for shareholders at long-term.

These programs are independent of each other, but their main characteristics are the same:

- They are structured in overlapping cycles of 4 years and are linked to the fulfilment of objectives and commitments set out in the Company's Strategic Plan in force at any given time.
- Their objectives are linked to maximising the Company's value, the performance of Repsol's businesses and sustainability.
- They are linked to their beneficiaries remaining until the end of the measurement period, except under special circumstances that can cause their early settlement.

Each metric in the LIP has an associated achievement scale defined based on its variability and level of demand. These scales will have a minimum compliance threshold, below which they will not generate incentive rights, and a maximum set at 100%.

At the proposal of the Remuneration Committee, the Board establishes the

weighting of the objectives and metrics associated with the LIPs, taking into account Repsol's strategy, its needs and the situation of the business.

Once the measurement period has ended, the Remuneration Committee will assess the level of compliance achieved in each of the objectives and the plan as a whole according to the information provided by the Finance and the People and Organisation areas, as well as the beneficiary's personal performance, and will propose the corresponding incentive amounts based on the achievement scales established.

In 2020, the Company intends to implement a new Long-Term Incentive Plan, where the main difference with regard to the previous Plans is based on the partial allocation of shares, through performance shares, as part of the long-term incentive granted, and not only as part of the payment under this plan. This new LTI is in line with regulations, corporate governance recommendations and best market practices.

In this regard, at the proposal of the Remuneration Committee, the Board is expected to submit the new Long-Term Incentive Plan for approval at the 2020 General Shareholders Meeting. This Plan is made up of three independent cycles for 2020-2023 (First Cycle), 2021-2024 (Second Cycle) and 2022-2025 (Third Cycle).

With regard to the objectives, metrics and weightings of the First Cycle of the new Long-Term Incentive Plan, corresponding to the 2020-2023 period, the Board approved, at the proposal of the Remuneration Committee, the

following objectives and weightings at its meeting held on 19 February 2020:

- **Decarbonisation and Sustainability**, with a total weight of 40% and objectives and indicators related to the reduction in energy intensity.
- **Performance**, with a total weight of 30% and metrics related to compliance with financial and operational indicators in line with the new Strategic Plan.
- **Creating value for shareholders**, with a total weight of 30% and the Total Shareholder Return (TSR) metric.

This metric measures the relative performance of Repsol's total shareholder return in the period compared with the TSRs of a benchmark group (the "Benchmark Group") made up of the following listed companies: Total, Shell BP, ENI, OMV, Equinor, GALP, Iberdrola, Naturgy and Endesa. A degree of compliance is assigned based on the relative position of Repsol's TSR with regard to the Benchmark Group, which will be determined according to the below table, so that if the position reached by Repsol is below the median, the degree of achievement of the target will be zero:

Position Repsol TSR	Degree of compliance
1st or 2nd	100%
3rd or 4th	75%
5 <sup>th</sup>	50%
6th	25%
≥ 7th	0%

**TSR** is the difference (expressed as a percentage) between the end value of an investment in ordinary shares of Repsol and the initial value of this same investment during the period in question, factoring in to the calculation of the final value the gross dividends or other similar instruments (such as the Repsol Flexible Dividend Programme) received by shareholders in relation to this investment during the corresponding period of time as if an investment had been made in more shares of the same type at the first date on which the dividend or similar instrument was payable to shareholders and at the closing share price at that date. To obtain this calculation, the *Cumulative\_Tot\_Return\_Gross\_DVDS* function of the Bloomberg tool –or a similar tool if it is no longer available– will be used, taking the average value for the month of December of each appraisable year as a reference and adjusting, for each company of the Benchmark Group and Repsol, the resulting TSR by the percentage of change in the benchmark index of each market.

The specific metrics and indicators for the objectives related to Decarbonisation and Sustainability, as well as the Company's financial and operating performance, will be fully defined in the coming months, once the new Strategic Plan is approved, and the Company commits to publish this information on the Repsol website, as well as in the Remuneration Report for 2020.

The linking of the 40% of the long-term variable remuneration of executives and leaders, including the Chief Executive Officer

and senior executives, to objectives addressed to comply with the Paris Agreement and, therefore, to the progressive decarbonisation of the Company shows the Company's strong commitment to sustainability and the fight against climate change and its leadership in the energy transition.

In the case of the Chief Executive Officer, the long-term variable remuneration structure will be implemented by granting the right to receive a certain number of Repsol, S.A. shares (performance shares), as well as an amount in cash, in a proportion of 50% each with regard to the total incentive<sup>7</sup> at the time of granting.

To this regard, the total incentive that the Board of Directors has resolved to assign to the CEO as 2020-2023 Long-Term Incentive is the 120% of his fixed remuneration, in a proportion of 51,633 Repsol performance shares<sup>8</sup> and 720 thousand Euros.

Once the measurement period for the 2020-2023 Long Term Incentive Plan has ended, in the first four months of 2024 the Compensation Committee will assess the level of compliance achieved with regard to each of the objectives and the 2020-2023 LIP as a whole, considering the information provided by the Company and the personal performance of the Chief Executive Officer, and will propose the corresponding incentive

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<sup>7</sup> For the rest of the beneficiaries of the LIP, the proportion of the incentive award is 70% in cash and 30% in shares, except for members of the Executive Committee, where the proportion is equal to that of the Chief Executive Officer (50% in shares and 50% in cash).

<sup>8</sup> Each performance share gives the right to receive, in case of fulfilment of the established objectives, a Repsol share, so that the reference value calculated on the concession date could be modified by the fluctuation of the Repsol share value itself during the validity of the Program until its liquidation.

amounts based on the achievement scales established, which may vary between 0%, if a level of compliance above the minimum threshold is not reached, and 51,633 Repsol shares and 720 thousand Euros if the level of overall compliance with the objectives is 100%.

Notwithstanding the above, the Board retains the ability to increase or decrease, by up to a maximum of 20%, the final result of the long-term variable remuneration, in view of the quality of the results, individual performance or other matters that require qualitative measurement. Therefore, the maximum long-term variable remuneration of the Chief Executive Officer could amount to 61,960 Repsol, S.A. shares and EUR 864 thousand, if objectives have been exceeded and in the case of extraordinary performance both on the part of the Company and the Chief Executive Officer. Should the Board agree to this adjustment, detailed information will be provided on the reasons justifying its application.

The Chief Executive Officer may not transfer the Company's shares delivered, nor directly or indirectly arrange hedges on them for a period of one year after they are delivered. Nor may he directly or indirectly arrange hedges on the shares prior to the delivery.

The shares delivered, where applicable, to the Chief Executive Officer pursuant to this long-term variable remuneration plan may be calculated for the purpose of the investment in shares referred to in the Beneficiaries' Share Purchase Plan of the Long-Term Incentive Plans described in section 4.1.4 below.

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#### **4.1.4. Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs**

The purpose of this plan is to promote the alignment of the interests of its beneficiaries (which include the CEO and high-potential employees) with the long-term interests of shareholders and the Company.

The Plan (whose first ten cycles have already been approved by the General Meeting in 2011 and 2016) allows its beneficiaries to invest a maximum amount in Repsol shares, so that if they hold those shares for a period of three years and comply with the Plan's other conditions, the Company will give them one additional share for every three shares initially bought by them at the end of the specified period.

In order to simplify its implementation, only the beneficiaries of the Long-Term Incentive programs -as the group of employees targeted by both programs- can participate in the Plan and the maximum amount to be invested is 50% of the gross amount vested of the LTI corresponding to each beneficiary under such programs.

Beneficiaries with Senior Management status, meaning the Executive Directors and those directors who are part of the Executive Committee -or any other equivalent committee that may replace it in the future- have additional performance targets. Thus, these beneficiaries will only be entitled to receive the extra share if, in addition to complying with the general conditions of the Plan applicable to all the beneficiaries, the overall a level of compliance of the targets established for the Long-Term Incentive program closed in the financial year

immediately preceding the date of delivery of the shares, is at least 75%.

At 2019-year end, the Seventh (2017-2020), Eighth (2018-2021) and Ninth (2019-2022) cycles of the Beneficiaries' Share Purchase Plan for the Long-Term Incentive Programs were in force.

The consolidation period of the 7th Cycle of the Plan (2017-2020) is expected to be completed in 2020, which the CEO participate in, as well as the launching of the Tenth Cycle of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Program (2020-2023).

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#### **4.1.5. Ex-post control of the annual and long-term variable remuneration**

In accordance with the terms of the Remuneration Policy, the Compensation Committee has the power to propose the cancellation of the payment of the short and long-term variable remuneration, upon the emergence of circumstances that show that the remuneration was paid based on inaccurate or erroneous data. Thus, the Compensation Committee may claim for the reimbursement (clawback) of the variable components of the CEO' remuneration when the payment has not been adjusted to the performance conditions or when it has been awarded based on data that is subsequently shown to be inaccurate.

In particular, the conditions of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs establish, that the accrual of the extra shares is conditional upon not having occurred, in the period prior to each allocation of shares, in the opinion of the Board of Director, based on a report by the

Compensation Committee, the material restatement of the Company's financial statements if this affects the degree of fulfilment of the objectives set for the relevant long-term remuneration program, except when this is due to a change to the accounting principles.

With regard to conflicts of interest, the Board Regulation, the Internal Code of Conduct for the Repsol Group as regards securities markets, and the Code of Ethics and Conduct ([www.repsol.com](http://www.repsol.com)) regulate the framework of actions that must be followed by individuals facing a potential conflict of interest.

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#### 4.1.6. Long-Term Saving Systems

The CEO participates in the Group's Executives' Benefits Plan, a defined contribution system. According to the formula envisaged in its Regulations, the annual retirement contributions are equivalent to approximately 20.5% of his fixed remuneration. The contingencies covered in the Plan are retirement, total or absolute permanent disability, severe disability and death.

The economic rights accumulated in the Executives' Benefits Plan will vest if the CEO's relationship with the Company is terminated because of:

- A unilateral decision by the Company, provided that it is not based on the grounds envisaged in articles 40, 41 or 50 of the Spanish Workers' Statute (*Estatuto de los Trabajadores*).
- An unjustified disciplinary dismissal.

- An objective dismissal or if the relationship is terminated due to organisational, economic, productive or technical grounds, whether or not it is declared or recognised as justified or unjustified.
- A termination according to the CEO's decision for any of the reasons envisaged in articles 40, 41 or 50 of the Spanish Workers' Statute.

Additionally, the CEO participates in the Repsol pension scheme, also a defined contribution plan, the maximum contribution to which is set at 7 thousand euros per year.

The long-term savings systems do not stipulate that the CEO must be paid when he ceases to perform his executive functions or cease to be director of the Company. However, the amount of the CEO's long-term savings systems, which he will receive when the criteria are met for him to vest, are compatible with the benefits in the event of termination of the relationship envisaged in his contract and that is explained in paragraph 4.1.8 of this Report.

Taking into account the foregoing, the expectation is that in 2020 contributions will be made to the CEO's pension plan and benefits plan, amounting to 254 thousand euros.

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#### 4.1.7. Other benefits

The CEO is the beneficiary of certain payments in kind that include, among other matters, life and disability insurance and health insurance. As applicable, these payments also include the payments on accounts linked to cash remuneration. The amount of these perceptions for 2020 will be in line with the

amount paid in 2019 and will be detailed in the 2020 Annual Report on the Remuneration of Directors.

Repsol's policy does not provide for the Company granting any advances, loans or guarantees to the CEO.

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#### **4.1.8. Main conditions of the contract of the CEO**

The remuneration, rights and financial rewards of the CEO are determined in his contract, in accordance with the provisions of the Company's Bylaws and the Remuneration Policy.

The contract signed with the CEO is indefinite, does not provide a notice period for Repsol for its termination and establish a post-contractual non-compete obligation in companies similar to Repsol and activities of a similar nature during its term and for one year after its extinction.

The contractual conditions of the CEO include a severance pay limit agreed for new executive directors, equivalent to two years' fixed and annual variable remuneration -including non-competition payment-, pursuant to the commitment assumed by the Board of Directors at its meeting of 25 February 2014, at the proposal of the Compensation Committee. This severance payment will apply when the contract is terminated for grounds attributable to Repsol or by mutual agreement, if it is in the interest of the Company. If the contract is terminated by unilateral decision of the CEO, he must notify the Company three months in advance and will only receive one year of his fixed and variable remuneration as compensation for the non-competition clause.

## **4.2. Regarding Directors in their capacity as such**

In accordance with the Directors' Remuneration Policy approved by the General Shareholders Meeting on May 31, 2019, the remuneration of the Directors, in their capacity as such, seeks to adequately and sufficiently compensate the dedication, qualification and responsibilities of the Directors, without going so far as to jeopardise their independence of judgment. Such remuneration is in line with the recommendations issued by supervisory bodies, as well as market practices and trends in remuneration, considering the remuneration in other listed business groups of similar size, complexity of their business and operations and geographical distribution of their assets.

This remuneration is made up exclusively of fixed items and does not apply to variable remuneration systems or pension schemes.

The Compensation Committee regularly reviews the remuneration of the Board of Directors, in line with the best practices of corporate governance adopted by institutional shareholders and in accordance with the guidelines of the main *proxy advisors*.

Furthermore, as provided in Article 45 of the Bylaws, the Company has taken out a collective liability insurance policy that covers to the Directors, managers and other employees of the Group who exercise management-related functions. The policy covers the different companies of the Group under certain circumstances and conditions.

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#### 4.2.1. *Maximum limit*

In accordance with article 45 of the Articles of Association, the Directors, as members of the Board and for performing the collective supervision and decision-making functions specific to this body, are entitled to receive a fixed remuneration that may not exceed the amount set for such purposes by the General Shareholders' Meeting or in the Directors' Remuneration Policy.

The current Directors' Remuneration Policy approved by the General Shareholders' Meeting on 31 May 2019, establishes a maximum limit for these purposes of €8.5 million, including the remuneration of the Chairman of the Board of Directors.

The Board is responsible for determining the exact amount to be paid within the aforementioned limit and its distribution among the various Directors, taking into account the functions and responsibilities attributed to each one, the committees they belong to, the roles they perform within the Board and other objective circumstances it considers relevant.

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#### 4.2.2. *Calculation of remuneration*

The calculation of Directors' s remuneration for carrying out their collegiate supervision and decision-making duties, except for that relating to the Chairman of the Board of Directors, is carried out by assigning points, with an equivalent remuneration, for belonging of the Board of Directors or of the various Committees or for the performance of particular commitments.

For FY 2020 the Board of Directors resolved, at this meeting of 19 February 2020, upon recommendation by the Compensation Committee, to maintain the value of the point in 2020 at the amount set for 2019, i.e. 88,297.11 euros gross/year. In this way, remuneration for membership of the Board of Directors has risen only 2.5% since 2009.

The Board has also agreed to specifically remunerate the performance of the duties of the Lead Independent Director with the allocation of 0.25 points, which is equal to an amount of EUR 22,074.28. With regard to the Secretary of the Board, he shall not receive any additional remuneration for the performance of his duties, apart from that corresponding to his belonging to the Board of Directors or its different Committees.

The approved points table for FY 2020 is as follows:

Body	Points
Board of Directors	2
Delegate Committee	2
Audit and Control Committee	1
Nomination Committee	0.25
Compensation Committee	0.25
Sustainability Committee	0.5
Lead Independent Director	0.25

#### 4.3. *Regarding the Chairman of the Board of Directors*

The remuneration of the Chairman of the Board of Directors is established in the Directors' Remuneration Policy approved at 2019 General Shareholders Meeting and

reflects the importance of the Chairman's role, his active involvement in the institutional representation of the Company and his contribution in the office he has held since 30 April 2015, as well as any other criteria contained in the said Policy.

The remuneration of the Chairman of the Board of Directors is formed exclusively by fixed items and its amount, which includes amounts for sitting on the Board of Directors and Committees of Repsol's Group, multi-group and associated companies, amounts to 2,500 thousand euros per year. This amount has not varied since his re-election by the General Shareholders Meeting in 2015.

Also, the Chairman of the Board of Directors is also the beneficiary of certain in-kind benefits that include medical insurance, the cost of the residence that the Company provides him as a

home and for the institutional representation of the Company, the corresponding payments on account arising from such items and the economic compensation for the applicable personal taxation arising from the aforementioned in-kind remuneration (withholdings). The amount of these perceptions for 2020 will be in line with the amount paid in 2019 –excluding the amount of the life insurance, which he resigned last year– and will be detailed in the corresponding Annual Remuneration Report.

The remuneration, rights and economic compensation of the Chairman of the Board of Directors is contained in his new contractual conditions, in force as from 1 May 2015 that contemplate a one-year post-contractual non-compete commitment, although he will no longer receive any financial compensation for the termination of his contract

## 5. IMPLEMENTATION OF THE REMUNERATION POLICY IN 2019

This section details the remuneration received by the Directors in 2019 in line with the Remuneration Policy approved by the General Shareholders Meeting.

### 5.1. Concerning the Executive Directors

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#### 5.1.1. Fixed Remuneration

The total amount of the fixed remuneration of the Executive Directors, for performing executive duties, in 2019 amounted to 2,183 thousand euros. The breakdown is as follows:

	Fixed remuneration 2019 in thousands of euros
Mr. Josu Jon Imaz	1,200
Mr. Luis Suárez de Lezo	983

### 5.1.2. Annual Variable Remuneration

The categories of targets, indicators and weightings in the CEO's 2019 annual variable remuneration, as well as their corresponding degree of fulfilment, determined by the Board of Directors at the proposal of the Compensation Committee, are as follows:

CATEGORY	TOTAL WEIGHT	METRIC	WEIGHT	2019 TARGET VALUE <sup>(2)</sup>	VALUE OBTAINED <sup>(3)</sup>	% ACHIEVEMENT
<b>VALUE</b>	15%	Strategic Plan deployment regarding: improvement of E&P portfolio (5%); Downstream growth (5%); and development of the Low Carbon business (5%)		To be evaluated by Compensation Committee	See detail of achievements <sup>4</sup>	40%
<b>EFFICIENCY</b>	35%	CFFO improvement	20%	AB 19: 6,103 M€	2019: 5,837 M€	93%
		Digitalization pre-tax impact	5%	AB 19: 215 M€	2019: 227 M€	110%
		E&P FCF Breakeven	5%	AB 19: < 50\$/bbl	2019: 48.4 \$/bbl	110%
		Repsol FCF Breakeven	5%	AB 19: 59.8\$/bbl	2019: 56.8 \$/bbl	110%
<b>OPERATIONS</b>	35%	Adjusted net income	20%	AB 19: 2,350 M€	2019: 2,042 M€	78%
		Production	5%	711.5 Kboe/d (AB 19: 720 Kboe/d adjusted due to operations interruption in Lybia)	707 kboe/d (708.8 kboe/d, adjusted due to inorganic transaction not included in the AB)	99%
		Conversion utilisation	5%	AB 19: 103%	2019: 103.3%	110%
		Performance of the Electricity and Gas Business	5%	AB 19 clients (2.5%) EBIT AB 19 (2.5%)	Clients: 2019 > AB 19 and EBIT: 2019 > AB 19	110%
<b>SUSTAINABILITY</b>	15%	Compliance with the path that allows to achieve the objective of 3% reduction in carbon intensity by 2020	10%	2.25% reduction in carbon intensity as per 2016	2.8% reduction from 2016 value	110%
		Total recordable Incident rate and fatalities	5%	Total frequency rate 19: 1.42 and 0 fatalities	2019: 1.24 and 1 fatality	0%
<b>Degree of Fulfilment of the Objectives of the Program</b>						<b>83.6%</b>

(1) The total Degree of Achievement of Objectives to be applied shall not exceed 100%.

(2) The target value corresponds to the figures contained in the budget.

- (3) *The values achieved have been standardised, as provided for in their definition, due to inorganic operations not provided for in the budget.*
- (4) *Although, as detailed below, actions and operations have been carried out to improve the E&P portfolio and the growth of Downstream, it is considered that the transformation has not been sufficient. As regards the improvement of the portfolio, the following agreements are noteworthy: (i) acquisition of 63% of Eagle Ford (United States); (ii) acquisition of 7.65% of Mikkel (Norway); (iii) extension of the Corridor contract (Indonesia) until 2043; (iv) equalization of interests in the Alaska blocks; (v) exchange of interests in Gulf of Mexico blocks between Leon and Mocassin and between Mollerusa and Monument; (vi) dilution of the Andaman III block (Indonesia); (vii) acquisition of new exploratory mining domain in Brazil, Norway and Russia. With respect to the growth of Downstream, we would like to highlight (i) the boost of the trading position as a Global Trader, which has improved our results, (ii) the implementation of the SuperCor Stop & Go franchise project and the acquisition of Pisco in Peru; (iii) the growth of Waylet; (iv) the activities related to the new mobility businesses (Wible, IBIL, refueling points, AutoGas, and CNG/GNL; (v) the growth of the business in Mexico; (vi) the international expansion of Lubricants; and (vii) the launch of the LPG activity in France.*
- On the other hand, with regard to the development of the low-carbon business, it is worth noting: (i) that Repsol has 2,952 MW in operation and several projects under development; and (ii) that Repsol Electricidad y Gas has more than one million customers and has signed alliances with El Corte Inglés.*

Notwithstanding the Degree of Fulfilment of the Objectives set for the annual variable remuneration of the CEO (83.6%), because of the fatality of one subcontracted person that occurred due to a traffic accident in 2019, and in view of the fact that the metrics considered for the year did not include the net profit thereof, affected by the decisions taken by the Company in the context of the energy transition, the Compensation Committee submitted to the Board of Directors, and this has resolved, to reduce the fulfillment rate to 66.9%.

On the basis of the foregoing, at its meeting of 19 February 2020, at the proposal of the Compensation Committee, the Board of Directors resolved to pay the amount indicated below as the annual variable remuneration of the CEO corresponding to 2019, that represents 66.9% of his fixed remuneration.

**2019 annual variable remuneration in  
thousand euros**

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Mr. Josu Jon Imaz	803
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As per Mr. Suárez de Lezo, the Board of Directors has approved on December 18, 2019, at the proposal of the Remuneration Committee, the payment of 840,444 euros as settlement of the Annual Variable Remuneration corresponding to him for the year 2019.

For these purposes, the ex-post control mechanism—provided for in the Remuneration Policy pursuant to section 4.1.5. of this report—has not been applied to the annual variable remuneration of Executive Directors.

### 5.1.3. Long-Term Variable Remuneration

The Long-Term Incentive 2016-2019 Program closed on December 31, 2019 as per its terms and condition.

The following table details the objectives, weightings, indicators and scales of attainment for each category of targets that determined the remuneration payable:

Category	Total Weight	Metric	Weight	2016-2019 Cumulative Target Value	Individual achievement %	Overall achievement%
UPSTREAM	37.5%	Investment efficiency	5%	Real capex < Expected capex under the current Strategic Plan	100%	78.2%
		Annual FCF breakeven	15%	Real E&P FCF Breakeven < Target E&P FCF Breakeven under the current Strategic Plan	100%	
		Goodwill value associated to the acquisition of Talisman	5.6%	Absence of Goodwill impairments	0%	
		Project execution (time and cost): Lapa, Reggane, Kinabalu, MAR and Sagari	3.8%	Delay ≤ 6 months and real cost ≤ 110% vs. FID	100%	
		Operational excellence vs. competitors (EBITDA/barrel evolution)	8.1%	Evolution 2015: 4th quartile; 2016: 1st quartile; 2017: 1st quartile and 2018: 2nd quartile of the peer group (Anadarko, Apache, BP, Chevron, CNRL, Devon, ENI, EOG Resources, Exxon, Noble Energy, Occidental, Statoil, Total, ConocoPhillips and Murphy)	68.8%	
DOWNSTREAM	20%	Repsol's Integrated refining and marketing margin vs. sector ( <i>leadership</i> )	10%	First or second quartile of the sector of the peer group (Eni, Total, Cepsa, Galp, Saras, OMV, MOL, Neste Oil, Hellenic)	100%	100%
		Free cash flow generation	10%	Real FCF ≥ FCF expected under the current Strategic Plan	100%	
CREATION OF VALUE AND RESILIENCE	32.5%	Synergies and Efficiency Program in OPEX	7.5%	Real opex savings ≥ Expected Opex savings under the current Strategic Plan	100%	100%
		Digitalization	4%	Positive pretax impact on actual CFFO > Positive pretax impact on target CFFO	100%	
		Adjusted net income	13.5%	Real Adjusted net profit ≥ Expected adjusted net profit under the current Strategic Plan <sup>(1)</sup>	100%	
		Divestment plan	7.5%	Real divestments ≥ Expected divestments under the current Strategic Plan	100%	
SUSTAINABILITY	10%	Integrated frequency rate (IFR)	5%	Real IFR average - Average target IFR for the years 2016-2019	100%	100%
		CO <sub>2</sub> equivalent Emissions reduction plan	5%	Real value of emissions reduced ≥ Target value of emissions reduction	100%	
<b>Overall Achievement of the Objectives -GCO</b>						<b>91.8%</b>

(1) For 2019, taking into account that the current Strategic Plan has been carried out in an acid scenario (Brent 50\$/bbl), the target value will be the higher of the one foreseen for 2019 in the 18-20 Strategic Plan or the one in the 2019 Annual Budget

The Compensation Committee has employed mathematical formulae to calculate the degree of fulfilment of the pre-established targets based on the information received from the Financial and the People and Organisation areas on the results obtained and based on the objective values initially defined.

Likewise, to determine the amounts of long-term variable remuneration payable to the CEO, the Compensation Committee has also valued his personal performance during the plan. In this way, the final settlement of the Long-Term Incentive is determined as the product of the initial target incentive amount granted for said program (LTI target) by the Overall Achievement of his Objectives (GCO) and by the average reached in his individual performance evaluation during the years included in the measurement period of each program (D).

$$\text{Incentive to pay} = \text{LTI target} \times D \times \text{GCO}$$

Notwithstanding the degree of achievement of the objectives set for the long-term variable remuneration of the CEO (91.8%), taking into account that the GCO of the LTI 2016-2019 for the rest of the beneficiaries has been 86% as it included an objective related to the share performance that does not apply to the CEO, since its annual variable remuneration already contemplated a similar objective, the Remuneration Committee has submitted to the Board of Directors, and the latter has agreed to reduce said degree of achievement to 86% so that it corresponds to that of the other beneficiaries.

Consequently, the Board of Directors approved at its meeting on February 19, 2020, at the proposal of the Remuneration Committee, the

following amount as the long-term variable remuneration 2016-2019 of the Chief Executive Officer, which represents 78.88% of its maximum attainable and equivalent to 94.66% of its annual fixed remuneration.

#### **Long-Term Variable Remuneration 2019 in thousands of euros**

Mr. Josu Jon	1,136
Imaz	

In accordance with the resolutions passed by the General Shareholders Meetings on May 19, 2017 and as indicated under paragraph 4.1.3 above, the amount of the Long-Term Incentive 2016-2019 will be paid to the CEO in a proportion of 70% in cash and 30% in Company shares, so that he will receive 948 thousand euros in cash and 14,743 Company shares –equivalent to 187 thousand euros–.

With regard to Mr. Suárez de Lezo, on the basis of the termination of his executive functions, the Board of Directors resolved on December 18, 2019, at the proposal of the Compensation Committee and strictly applying the General Terms and Conditions of those plans, to settle in cash the amounts corresponding thereto under the Long-Term Incentive Plans in which he had participated to date (2016-2019 LIP, 2017-2020 LIP, 2018-2021 LIP and 2019-2022 LIP), on 31 December 2019, in the amount of EUR 2,995,829. In accordance with the General Conditions of the aforementioned Plans, that the Compensation Committee has applied without any degree of discretion, in order to calculate the amount corresponding to Mr. Suárez de Lezo, the Committee has considered the estimated degree of achievement of the targets, further to the information provided by the Financial and People and Organization areas.

For these purposes, the ex-post control mechanism –provided for in the Remuneration Policy pursuant to section 4.1.5 of this report– has not been applied to the annual variable remuneration of Executive Directors.

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#### **5.1.4. Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs**

In May 2019, the process of voluntary inclusion in the 9<sup>th</sup> cycle of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Program (2019-2022) took place. The CEO allocated a total of 44,909 shares to the Plan, 14,330 of which correspond to shares delivered as partial payment for the 2015-2018 LTI, and 30,579 of which were acquired by Mr. Imaz in order to reach the maximum possible investment in the Plan, equal to 50% of the gross amount of the long-term incentive. For his part, Mr. Suárez de Lezo allocated the 9,214 shares received in partial payment for the 2015-2018 LTI to the Plan. At the end of the Cycle, in June 2022, and provided that the conditions established in its Regulations are met, the CEO may receive a maximum of 14,969 shares.

Additionally, it should be noted that on 30 June 2019 the consolidation period was completed of the Sixth Cycle of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Program (2016-2019). As a result of this the CEO consolidated, rights to delivery of 3,550 gross shares valued at EUR 14,02 per share, which entails an amount equivalent to EUR 49,768 .

As of the date of the present Report, the CEO has 319,913 Company shares representing more than twice his current non-variable

remuneration. The valuation of his shares held is based on the acquisition prices of the share.

With regard to Mr. Suárez de Lezo, on 18 December 2019 the Board resolved, at the proposal of the Compensation Committee, to settle on December 31, 2019 the consolidated units under the Beneficiaries' Share Purchase Plan of the Long-Term Incentive Plan in which Mr. Suárez de Lezo participated, in the amount of EUR 45,963, which corresponds to the conversion of the consolidated units into cash by Mr. Suárez de Lezo after using as a reference the closing price of the shares corresponding to the third business day prior to 31 December 2019, the day on which his contract was terminated and, therefore, when his executive functions ended.

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#### **5.1.5. Long-Term Saving Systems**

In 2019, Repsol has contributed 246 thousand euros to the Executives' Benefits Plan explained in paragraph 4.1.6 above in which the CEO participates. In addition, the CEO is also unitholder of a defined contribution company pension scheme of Repsol, the contribution to which for FY 2019 was seven thousand euros.

In addition, in 2019 Repsol contributed the amount of EUR 197 thousand to the defined contribution system in which Mr. Suárez de Lezo participated and that is structured through the investment fund known as "*Fondo de Permanencia, FI*", to which Repsol has been making annual contributions equivalent to 20% of its annual fixed remuneration, in exchange for receiving shares of the fund.

On December 18, 2019, the Board of Directors resolved, at the proposal of the Compensation

Committee, as a result of the termination of Mr. Suárez de Lezo's executive duties and in accordance with his contractual conditions, to proceed with the settlement in his favour of the amount accumulated on his behalf in said fund, on December 31, 2019, in the amount of EUR 2,939,930.

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#### **5.1.6. Other benefits**

During 2019, the Executive Directors have been beneficiaries of certain payments in kind that include, among other matters, life and disability insurance and health insurance. The expenditure associated with in kind benefits received in 2019 amounts to 32 thousand euros for the CEO and 158 thousand euros for Mr. Suárez de Lezo.

Meanwhile, in 2019 the Company has not granted any advance payments, loans or guarantees to the Executive Directors.

The Board of Directors of Repsol S.A. resolved, at its meeting on December 18, 2019, to terminate, by mutual agreement and at the initiative and in the interest of the Company, the executive functions as General Secretary of Luis Suárez de Lezo Mantilla, effective as of December 31, 2019.

In this regard, the terms of Mr. Suárez de Lezo's contract –which was signed in 2005 and approved by the Board, following a favourable report by the Remuneration Committee, after analysing current market practices at the time and receiving external advice from independent experts– envisaged, in the event of termination of the contract by mutual agreement and in the interest of the Company, a deferred economic compensation equal to three years of the total annual remuneration

plus an additional year corresponding to the compensation for the commitment of the post-contractual non-compete covenant.

Strictly applying the contractual conditions agreed at that time, the Board of Directors has agreed to pay Mr. Suárez de Lezo the Deferred Economic Compensation provided for in the ninth clause of his service agreement, amounting to EUR 8,741,514, and the economic compensation for the non-compete covenant provided for in clause fifteenth of this contract, amounting to EUR 2,560,650.

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#### **5.1.7. Main conditions of the contracts of Executive Directors**

The remuneration, rights and financial rewards of the Executive Directors are determined in their respective contracts, always adhering to the Company's Articles of Association and Remuneration Policy.

As indicated above, at its meeting held on 18 December 2019, the Board of Repsol S.A. resolved to terminate, the "Professional Services Lease Agreement" formalized between Repsol, S.A. and Mr. Luis Suárez de Lezo Mantilla on February 2, 2005 - partially modified by agreement dated March 31, 2015 - at the initiative and in the interest of the Company, and with the agreement of Mr. Suárez de Lezo, effective December 31, 2019.

#### **5.2. Regarding Directors in their capacity as such**

The Board of Directors resolved, at its meeting of 27 February 2019, upon recommendation of the Compensation Committee, to maintain the

value of the point in 2019 at the amount of 88,297.11 euros gross/year.

For said Financial Year, the total amount of compensation of the Directors for their non-executive functions amounted to 6.963 million euros, including the remuneration of the Chairman of the Board of Directors.

In the Individual Remuneration Tables section, the detail of each Director's compensation is broken down.

The overall amount of the premium for the collective liability insurance policy that covers the Directors, managers and other employees of the Group who exercise management-related functions, and that also extends to different companies of the Group under certain circumstances and conditions amounted to 1.9 million euros in 2019. This amount corresponds to all the insured of the Group and therefore does not refer exclusively to the members of the Board of Directors of Repsol, S.A.

### **5.3. Regarding the Chairman of the Board of Directors**

For 2019 the total fixed remuneration of the Chairman of the Board of Directors has amounted to 2,500 thousand euros.

In addition, as provided in the Remuneration Policy, the Chairman is the beneficiary of certain in-kind benefits that include, among others, medical insurance, the cost of the residence that the Company provides him as a home and for the institutional representation of the Company, the corresponding payments on account arising from such items and the

economic compensation for the applicable personal taxation arising from the aforementioned in-kind remuneration (withholdings), as well as life insurance until the date of the 2019 General Meeting -when he resigned from it-.The expenditure associated with payments in kind to the Chairman of the Board of Directors amounted to 419 thousand euros.

The Chairman of the Board of Directors has not received any advance payment, loan or guarantee by the Company.

## 6. INDIVIDUAL REMUNERATION TABLES

### 6.1. Remuneration of the Executive Directors for the Financial Year 2019

The following table shows a summary of the accrued gross total remuneration of the Executive Directors during FY 2019:

(In thousands of euros)

#### REMUNERATION OF THE EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR 2019

Directors	Fixed Remuneration	Annual Variable Remuneration	Remuneration for duties as Director <sup>1</sup>	2016-2019 LIP		2017-2020, 2018-2021 and 2019-2022 LIP Cash settlement <sup>4</sup>	Total
				Long-Term Variable Remuneration in cash <sup>2</sup>	Long-Term Variable Remuneration in shares <sup>3</sup>		
Mr. Josu Jon Imaz	1,200	803	354	948	187	N.A.	3,492
Mr. Luis Suárez de Lezo	983	840	354	808	0	2,188	5,173

**1. Remuneration for duties as Director:** includes the fixed allocation for belonging to the Board and Committees of Repsol S.A.

**2. Long-Term Variable Remuneration in cash:** refers to the remuneration corresponding to the Long-Term Incentive 2016-2019 paid in cash.

**3. Long-Term Variable Remuneration in shares:** refers to the remuneration corresponding to the Long-Term Incentive 2016-2019 paid in shares.

**4. On December 18, 2019, the Board resolved, at the proposal of the Remuneration Committee, to settle in cash of the units consolidated by Mr. Suárez de Lezo in the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs in which he participated to date (2017-2020 LIP, 2018-2021 LIP and 2019-2022 LIP), in accordance with the General Conditions of those plans, dated 31 December 2019.**

With regards to the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs, on 30 June 2019 the consolidation period of the Sixth Cycle (2016-2019) was completed, whereby the CEO consolidated the right to receive gross shares for total value shown:

Director	No. gross shares	Total value (in thousands of euros)	No. net shares delivered
Mr. Josu Jon Imaz	3,550	50	2,454

Shown below are the number of shares purchased by the CEO and Mr. Suárez de Lezo on the Cycle 2019-2022:

Number of shares acquired by the Executive Directors	
Directors	2019-2022 Cycle
Mr. Josu Jon Imaz <sup>1</sup>	44,909
Mr. Luis Suárez de Lezo <sup>2</sup>	9,214

1. These shares will generate, in the event that the CEO holds for a period of three years and the entire plan's other conditions are met, a delivery of one additional share for every three shares initially purchased.

2. On 18 December 2019, the Board resolved, at the proposal of the Remuneration Committee, to settle on 31 December 2019 the consolidated units under the Beneficiaries' Share Purchase Plan of the Long-Term Incentive Plan in which Mr. Suárez de Lezo participated, in the amount of EUR 45,963, which corresponds to the conversion of the consolidated units into cash by Mr. Suárez de Lezo after using as a reference the closing price of the shares corresponding to the third business day prior to 31 December 2019, the day on which his contract was terminated and, therefore, when his executive functions ended.

The following table shows a breakdown of the cost incurred by the Company in contributions to **pension plans** and **welfare schemes** for the Executive Directors for 2019, as well as other remuneration in kind received by the Directors in that period:

Directors	Contributions to Pension Plans	Contributions to Long-Term Saving Plans	(In thousands of euros)
			Long-Term Saving Systems
Mr. Josu Jon Imaz	7	246 <sup>1</sup>	254
Mr. Luis Suárez de Lezo	N.A.	197 <sup>2</sup>	197

1. **Contributions to the Executives' Benefits Plan** that imply a defined contribution equivalent to approximately 20.5% of the annual fixed remuneration of the CEO.

2. **Contributions to the deferred remuneration scheme**, Length of Service Reward which is a defined contribution equivalent to 20% of the fixed annual remuneration of Mr. Suárez de Lezo.

Directors	Life Insurance Premiums	Health Insurance and Other Welfare Benefits	(In thousands of euros)
			Total Payment In Kind
Mr. Josu Jon Imaz	24	8	32
Mr. Luis Suárez de Lezo	135	23	158

## 6.2. Directors' compensation in their condition as such for FY 2019

The personal attendance of the Directors to the Board and Committees meetings in 2019 has been the following:

	Board of Directors	Delegate Committee	Audit and Control Committee	Nomination Committee	Compensation Committee	Sustainability Committee
<b>Number of meetings</b>	<b>12</b>	<b>8</b>	<b>10</b>	<b>7</b>	<b>5</b>	<b>4</b>
<b>Executive Directors</b>						
<i>Josu Jon Imaz San Miguel</i>	12/12	8/8	--	--	--	--
<i>Luis Suárez de Lezo Mantilla</i>	12/12	8/8	--	--	--	--
<b>External Institutional Directors</b>						
<i>Manuel Manrique Cecilia</i>	12/12	8/8	--	--	--	--
<i>Rene Dahan</i>	12/12	8/8	--	--	--	--
<i>José Manuel Loureda Mantiñán<sup>1</sup></i>	11/12	--	--	3/3	5/5	3/4
<b>Independent Directors</b>						
<i>Maite Ballester Fornés</i>	12/12	--	10/10	--	5/5	--
<i>Luis Carlos Croissier Batista<sup>2</sup></i>	5/5	--	3/4	--	--	1/1
<i>Ángel Duráñez Adeva<sup>3</sup></i>	5/5	--	4/4	3/3	2/2	--
<i>Arantza Estefanía Larrañaga<sup>4</sup></i>	7/7	--	--	4/4	--	3/3
<i>Carmina Ganyet i Cirera<sup>5</sup></i>	12/12	--	10/10	7/7	3/3	--
<i>Teresa García-Milá Lloveras<sup>6</sup></i>	7/7	--	6/6	4/4	--	--
<i>Ignacio Martín San Vicente<sup>7</sup></i>	12/12	8/8	--	--	2/2	--
<i>Mariano Marzo Carpio<sup>8</sup></i>	12/12	--	--	7/7	3/3	4/4
<i>Isabel Torremocha Ferrezuelo<sup>9</sup></i>	12/12	--	10/10	--	--	3/3
<i>J. Robinson West<sup>10</sup></i>	11/12	7/8	--	--	--	--
<b>Other External Directors</b>						
<i>Antonio Brufau Niubó</i>	12/12	8/8	--	--	--	--
<i>Henri Philippe Reichstul<sup>11</sup></i>	11/12	8/8	--	--	--	--

(1) Due to health reasons, Mr. Loureda was unable to attend the meetings of the Board of Directors and the Sustainability Committee held on September 25, 2019. Therefore, Mr. Loureda attended the meetings represented by Mr. Manrique and Mr. Marzo, respectively. The documentation for the meetings was sent to him prior to its celebration, so he transmitted his considerations on it and the voting instructions prior to the meetings. On the other hand, Mr. Loureda ceased to be a member of the Nomination Committee on May 31, 2019.

- (2) *Mr. Croissier ended his mandate as a Director and member of the Audit and Control and Sustainability Committees on May 31, 2019. Due to other commitments assumed prior of the convening of the Audit and Control Committee meeting of April 29, 2019, Mr. Croissier attended the meeting represented by Ms. Torremocha. The documentation for the meetings was sent to him prior to its celebration, so he transmitted his considerations on it and the voting instructions prior to the meetings.*
- (3) *Mr. Durández's term as a Director and member of the Audit and Control, Nomination and Compensation Committees ended on May 31, 2019.*
- (4) *Ms. Estefanía was appointed as Director of the Company and member of the Nomination and Sustainability Committees on May 31, 2019.*
- (5) *Ms. Ganyet was appointed as member of the Compensation Committee on May 31, 2019 and Chairwoman of the same on June 26, 2019.*
- (6) *Ms. García-Milá was appointed as a Director of the Company and member of the Audit and Control and Nomination Committees on May 31, 2019.*
- (7) *The term of Mr. Martín as member of the Compensation Committee ended on May 31, 2019.*
- (8) *Mr. Marzo was appointed as member of the Compensation Committee on May 31, 2019.*
- (9) *Ms. Torremocha was appointed as member of the Sustainability Committee on 31 May 2019.*
- (10) *Due to other commitments assumed prior of the convening of the Board of Directors meeting of December 2, 2019, Mr. West attended the meeting represented by Mr. Brufau. The documentation for the meetings was sent to him prior to its celebration, so he transmitted his considerations on it and the voting instructions prior to the meetings.*
- (11) *Due to other commitments assumed prior of the convening of the Board of Directors meeting of December 2, 2019, Mr. Reichstul attended the meeting represented by Mr. Brufau. The documentation for the meetings was sent to him prior to its celebration, so he transmitted his considerations on it and the voting instructions prior to the meetings.*

The amounts accrued individually by the Directors during the last year in their condition as such and their membership of the various Board Committees have been as follows:

(In thousands of euros)

Director	Fixed allocation	Remuneration for membership of Board Committees	TOTAL 2019
<b>Executive</b>			
<i>Josu Jon Imaz San Miguel</i>	177	177	354
<i>Luis Suárez de Lezo Mantilla</i>	177	177	354
<b>Institutional</b>			
<i>Manuel Manrique Cecilia</i>	177	177	354
<i>Rene Dahan</i>	177	177	354
<i>José Manuel Loureda Mantiñán<sup>(1)</sup></i>	177	75	252
<b>Independent</b>			
<i>Maite Ballester Fornés</i>	177	110	287
<i>Luis Carlos Croissier Batista<sup>2</sup></i>	74	55	129
<i>Ángel Duráñez Adeva<sup>3</sup></i>	74	55	129
<i>Arantza Estefanía Larrañaga<sup>4</sup></i>	118	39	157
<i>Carmina Ganyet i Cirera<sup>5</sup></i>	177	123	300
<i>Teresa García-Milá Lloveras<sup>6</sup></i>	118	64	182
<i>Ignacio Martín San Vicente<sup>7</sup></i>	177	186	363
<i>Mariano Marzo Carpio<sup>8</sup></i>	177	79	256
<i>Isabel Torremocha Ferrezuelo<sup>9</sup></i>	177	114	291
<i>J. Robinson West</i>	177	177	354
<b>Other outside</b>			
<i>Antonio Brufau Niubó</i>	2,500	-	2,500
<i>Henri Philippe Reichstul</i>	177	177	354

1. Mr. Loureda ended to be a member of the Nomination Committee on May 31, 2019.

2. Mr. Croissier's term as Director and member of the Audit and Control and Sustainability Committees ended on May 31, 2019.

3. Mr. Duráñez's term as Director and member of the Audit and Control, Nomination and Compensation Committees ended on May 31, 2019.

4. Ms. Estefanía was appointed as Director of the Company and member of the Nomination and Sustainability Committee on May 31, 2019.

5. Ms. Ganyet was appointed member of the Compensation Committee on May 31<sup>st</sup> 2019 and Chairwoman of the same on June 26, 2019.

6. Ms. García-Milá was appointed as Director of the Company and as member of the Audit and Control and Nomination Committee on May 31, 2019.

7. Mr. Martín ended to be a member of the Remuneration Committee on May 31, 2019.

8. Mr. Marzo was appointed member of the Compensation Committee on May 31<sup>st</sup> 2019.

9. Ms. Torremocha was appointed member of the Sustainability Committee on May 31<sup>st</sup> 2019.

(In thousands of euros)

Directors	Remuneration for Board membership	Remuneration por Committees membership	Fixed Remuneration	Short-term Variable Remuneration	Long-term Variable Remuneration	Compensation	Other items <sup>1</sup>	Total FY 2019	Total FY 2018	Contributions to Long-term saving plans
<b>Executive</b>										
<i>Josu Jon Imaz San Miguel</i>	177	177	1,200	803	1,136	--	82	3,575	4,028	254
<i>Luis Suárez de Lezo Mantilla<sup>2</sup></i>	177	177	983	840	2,996	8,742	5,705	19,620	3,178	197
<b>Institutional</b>										
<i>Jordi Gual Solé<sup>3</sup></i>	--	--	--	--	--	--	--	--	162	--
<i>Gonzalo Gortázar Rotaache<sup>4</sup></i>	--	--	--	--	--	--	--	--	250	--
<i>Manuel Manrique Cecilia</i>	177	177	--	--	--	--	--	354	354	--
<i>Rene Dahan</i>	177	177	--	--	--	--	--	354	354	--
<i>José Manuel Loureda Mantiñán<sup>5</sup></i>	177	75	--	--	--	--	--	252	265	--
<b>Independent</b>										
<i>Maite Ballester Fornés</i>	177	110	--	--	--	--	--	287	280	--
<i>Artur Carulla Font<sup>6</sup></i>	--	--	--	--	--	--	--	--	166	--
<i>Luis Carlos Croissier Batista<sup>7</sup></i>	74	55	--	--	--	--	--	129	309	--
<i>Ángel Duráñez Adeva<sup>8</sup></i>	74	55	--	--	--	--	--	129	302	--
<i>Aranzta Estefanía Larrañaga<sup>9</sup></i>	118	39	--	--	--	--	--	157	--	--
<i>Mario Fernández Pelaz</i>	--	--	--	--	--	--	--	--	51	--
<i>Carmina Ganyet i Cirera<sup>11</sup></i>	177	123	--	--	--	--	--	300	192	--
<i>Teresa García-Milá Lloveras<sup>12</sup></i>	118	64	--	--	--	--	--	182	--	--
<i>Ignacio Martín San Vicente<sup>13</sup></i>	177	186	--	--	--	--	--	363	250	--
<i>Mariano Marzo Carpio<sup>14</sup></i>	177	79	--	--	--	--	--	256	243	--

Directors	Remuneration for Board membership	Remuneration por Committees membership	Fixed Remuneration	Short-term Variable Remuneration	Long-term Variable Remuneration	Compensation	Other items <sup>1</sup>	Total FY 2019	Total FY 2018	Contributions to Long-term saving plans
<i>Isabel Torremocha Ferrezuelo</i> <sup>15</sup>	177	114	--	--	--	--	--	291	265	--
<i>J. Robinson West</i>	177	177	--	--	--	--	--	354	354	--
<b>Other External</b>										--
<i>Antonio Brufau Niubó</i>	2,500	--	--	--	--	--	419	2,919	3,105	--
<i>Henri Philippe Reichstul</i>	177	177	--	--	--	--	--	354	58	--
<b>TOTAL</b>	<b>5,008</b>	<b>1,962</b>	<b>2,183</b>	<b>1,643</b>	<b>4,132</b>	<b>8,742</b>	<b>6,206</b>	<b>29,876</b>	<b>14,166</b>	<b>451</b>

**1. Other Items** Total amount of the remaining compensation accrued in the financial year and not covered by any of the other headings, including remuneration in kind and the amount of the shares received under the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs. Regarding Mr. Suárez de Lezo, the liquidation of the amount accrued on his own account in the Investment Fund "Premio de Permanencia" (equivalent to 2,939,930 euros) and the compensation for the commitment of the post-contractual non-competition agreement (for an amount of 2,560,650 euros) are also included.

**2.** The Board of Directors has agreed on his meeting held on December 18, 2019, at the proposal of the Remuneration Committee, the cash settlement that corresponds to Mr. Suárez de Lezo for the Long-Term Incentive plans in which he participated until the date (2016-2019 LIP, 2017-2020 LIP, 2018-2021 LIP and 2019-2022 LIP), in accordance with the General Conditions of said plans, dated December 31, 2019.

**3.** Mr. Gual resigned from his post as Director of the Company on September 20, 2018.

**4.** Mr. Gortázar resigned from his post as Director of the Company on September 20, 2018.

**5.** Mr. Loureda ended to be a member of the Nomination Committee on May 31, 2019.

**6.** Mr. Carulla's term as Director of the Company ended on May 11, 2018.

**7.** Mr. Croissier's term as Director and member of the Audit and Control and Sustainability Committees ended on May 31<sup>st</sup> 2019.

**8.** Mr. Durández 's term as Director and member of the Audit and Control, Nomination and Compensation Committees ended on May 31, 2019.

## 7. TABLES OF VOTING RESULTS IN GENERAL MEETINGS

The following table lists the vote percentages obtained at the Company's Ordinary General Shareholders Meeting, held in 2019 in relation to the Annual Report on Directors' Remuneration:

<b>Annual Report on Directors' Remuneration</b>		
	<b>Number</b>	<b>% of votes cast</b>
<b>Votes in favour</b>	840,209,395	95.89%
<b>Votes against</b>	28,839,777	3.29%
<b>Abstaining</b>	7,134,040	0.81%

In light of the foregoing and having approved the 2018 Report on Directors' Remuneration with a favourable vote of 95.65%, the remuneration of the Board of Directors is considered consistent with the expectations of the Company's shareholders and will therefore remain unchanged.