



ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

The following English translation is provided by the Company for information purposes only and is based on the original official document in Spanish available on the Company's website (www.caf.net). In the event of any discrepancy between the English version and the original document in Spanish, the latter will prevail.

ISSUER'S PARTICULARS

End date of reference financial year:

[31/12/2022]

Tax Identification
Number (CIF):

[A20001020]

Company name:

[**CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, SA**]

Registered office:

[JOSE MIGUEL ITURRIOZ, 26 20200 BEASAIN (GUIPUZCOA)]

A. THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1.1 Explain the policy in force applicable to the current year relating to the remuneration of directors. If relevant, certain information may be included in relation to the remuneration policy approved by the shareholders at the Annual General Meeting, provided that the information included is clear, specific and precise.

The specific decisions for the current year should be described, both in relation to the remuneration of the directors in their capacity as such and for the discharge of executive functions by the Board in accordance with the provisions of the contracts signed with the executive directors and with the remuneration policy approved by the shareholders at the Annual General Meeting.

In any case, the following matters must be reported, at minimum:

- a) Description of the company's procedures and bodies involved in determining, approving and applying the remuneration policy and the conditions thereof.
- b) Indicate and, where applicable, explain whether any comparable companies were taken into account to establish the company's remuneration policy.
- c) Information on whether any external advisor has participated and, if so, their identity.
- d) Procedures considered in the director remuneration policy in force to apply temporary exceptions to the policy, conditions in which these exceptions can be applied and components that can be subject to exemption according to the policy.

* CAF's remuneration policy for 2023 was approved by the General Shareholders' Meeting held on 11 June 2022, following a proposal made by the Board of Directors dated 6 May 2022. The Board of Directors in turn formulated the proposal in light of the report and proposal issued by the Nomination and Remuneration Committee on the same date. It should be noted that the remuneration policy approved by the General Meeting is a continuation of the policy applied by CAF in previous years, although the changes and improvements indicated in Section A.2 have been included, and its content has been expanded pursuant to the recast text of Article 529 novodecies of the Spanish Corporate Enterprises Act. Likewise, as resolved by the General Meeting, the remuneration policy was applicable from the date of its approval (i.e. 11 June 2022) and for the remainder 2022 and remains in force for the following three years upon approval (for 2023, 2024 and 2025), without prejudice to any modifications, adaptations or updates that may be passed at any time at CAF's General Shareholders' Meeting.

* CAF's remuneration policy is based on the following principles and foundations:

1. General criteria

- in general, the aim is to meet market criteria, taking as a basis the remuneration established for directors of listed companies of a similar size or activity to those of CAF, in accordance with the public information furnished by those companies, as well as compliance with the principles of moderation and prudence;
- the remuneration system is based on the fundamental principle of attracting and retaining the best professionals, rewarding them according to their level of responsibility and professional career, based on internal fairness and external competitiveness;
- CAF also considers the remuneration system for its directors and executives as a fundamental factor that contributes to the business strategy, interests, sustainability and creation of long-term value for the Company, in particular to ensure that it corresponds to its results and an appropriate distribution of profits to shareholders; and
- in addition, CAF's remuneration system is adapted to applicable legislation and seeks to incorporate the standards and principles of generally accepted national and international best practices in matters of remuneration and good corporate governance at any given time, such as the provisions of the Code of Good Governance for Listed Companies approved by the Spanish National Securities Market Commission (CNMV) in 2015, which was most recently revised in June 2020.

2. External directors

- in the case of non-executive directors, the remuneration must be sufficient to compensate for their dedication, qualifications and responsibility;
- in the particular case of directors who are neither executive nor proprietary directors, this remuneration shall be set at a level that in no case compromises their independence of judgement; and
- the aim of the remuneration policy is to motivate and retain the most suitable professionals.

3. Executive directors

Specifically with regard to executive directors, the remuneration policy for the performance of their executive functions, other than supervision and collective decision-making, is based on the following premises:

- to offer them remuneration that makes it possible to attract, retain and motivate the most suitable professionals in order to enable the Company to meet its strategic objectives within the increasingly competitive and internationalised framework in which it carries on its activities; and
- to have a competitive overall remuneration level in relation to comparable entities in the industry.

In this respect, the remuneration policy approved by the General Shareholders' Meeting foresees the inclusion of variable remuneration items linked to the achievement of specific economic and financial objectives defined in the Strategic Plan, which are quantifiable and aligned with the Company's corporate interests and strategic objectives. Also, non-financial parameters should be set to promote sustainability and the creation of long-term value for the Company.

The Board of Directors, following a proposal by the Nomination and Remuneration Committee, is responsible for determining the amount of the variable remuneration, the parameters on which it is based, their weightings and the objectives at the beginning of each year, as well as assessing compliance with them once the year has ended.

* The remuneration items set out for 2023 resulting from application of the aforementioned general principles are generally aligned with those of other listed companies, using comparison criteria that include activities, size, turnover and market caps that are similar to those of CAF, as published in the 2021 Annual Report on Remuneration of Directors of Listed Companies, which is its most recent.

Continued in Section D.

A.1.2 Relative importance of the variable remuneration items with respect to fixed items (remuneration mix) and the criteria and objectives considered in order to establish these and ensure a suitable balance between the fixed and variable remuneration items. Specifically, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to adjust it to the company's long-term objectives, values and interests, which will include, where appropriate, a reference to: measures envisaged to ensure that the remuneration policy takes account of the long-term performance of the company, measures adopted in relation to those categories of personnel whose professional activities have a material impact on the entity's risk profile and measures envisaged to avoid conflicts of interest.

Also, indicate whether the company has established a vesting period for certain variable remuneration items, cash, shares or other financial instruments, or a period of deferral for the payment of amounts or the delivery of accrued and vested financial instruments, or whether agreement has been reached regarding any clauses to reduce unvested remuneration or which oblige the director to return remuneration received, whenever such remuneration was based on information manifestly proved to be inaccurate after it was initially paid.

For the definition of the items and amounts that make up the remuneration system, CAF takes into account at all times the long-term interests of the Company and, in particular, guarantees a correspondence with the evolution of the Company's results and an adequate distribution of profits to shareholders.

In the case of non-executive directors, remuneration shall be set at a level that in no event would compromise their independence of judgement, as has been habitual practice in previous years.

As regards executive directors, in 2023, it is expected that variable components linked to performance criteria will continue to be included in the remuneration package, as indicated below, with a view to aligning their interests with those of the Company, as was the case in previous years.

These parameters shall be predetermined and defined in the Strategic Plan, and their level of achievement shall be checked by the Board of Directors once the definitive figures obtained at year-end are known. Also, it will be ensured that the amount of such variable remuneration is adequately balanced with the fixed components, in such a way that it offers an appropriate incentive without distorting its complementary nature with respect to the fixed amounts.

The parameters chosen to assess the level of compliance with the objectives and establish the variable remuneration of executive directors must be both economic/financial (such as contracting, sales, cash flow or PBT) and non-financial (such as customer satisfaction, the organisational health index, the result of the Ecovadis assessment, the CO2 emissions reduction indicator (Scope 1 & 2) or other ESG indicators that promote sustainability or CAF's corporate social responsibility).

The chosen parameters should reflect the short and long-term viability and sustainability of the CAF Group, either in line with the current accrual term for variable remuneration or because the achievement of these objectives, even when measured annually, have a medium and long-term impact on the Group's sustainability.

Additionally, the Board of Directors will assess the approval of a long-term incentive plan linked to the achievement of the Strategic Plan over a measurement period of four years.

However, the payment of variable remuneration is expected to be deferred in time for a minimum of two months after the end of the financial year, until compliance with the parameters linked to performance can be verified, to allow the Board of Directors to more efficiently measure the level of compliance with the objectives and assess whether any circumstances have arisen that make it advisable to reduce the variable remuneration to be received by the executive directors, such as a serious breach of their obligations, qualifications in the audit report or the need to restate the Company's financial statements. The Company may also require any variable remuneration that may have been paid out on the basis of inaccurate data to be returned.

As a result of all the foregoing, the Company considers that exposure to excessive risks is reduced and that the remuneration mix represents a balance between fixed and variable items and adheres to the Company's long-term objectives, values and interests.

A.1.3 Amount and nature of the fixed components that are due to be accrued during the year by the directors in their capacity as such.

In 2023 the components of the directors' remuneration for the performance of their corresponding duties is expected to include fixed remuneration for membership of the Board, remuneration for serving on Committees, and remuneration for attending Board meetings, and pursuant to the provisions of Section 3.1.4 of the remuneration policy, an additional fixed amount will be paid to directors who perform other functions or responsibilities.

At the date of preparation of this report, an estimate of the total amount of the fixed items in 2023 was not available.

No other benefits, such as advances or credits, are expected.

A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

At the date of this report, the Company has two executive directors: the CEO and the secretary of the Board of Directors. Both directors, in addition to the remuneration earned in their capacity as such, receive remuneration in the form of wages and life insurance policies.

There are no other benefits, such as advances or loans.

At the date of preparation of this report, an estimate of the total amount of the fixed items in 2023 for the performance of senior executive functions of the executive directors was not available.

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

The Company has not agreed to pay any remuneration in kind to its directors, except for life insurance for executive directors.

Although an estimate of the total amount of the insurance premiums to be paid in 2023 cannot currently be provided, no substantial changes are envisaged with respect to the amounts paid in 2022.

A.1.6 Amount and nature of the variable items, differentiating between short-term and long-term. Financial and non-financial parameters, with the latter including social, environmental and climate change parameters, selected to determine the variable remuneration in the current year; an explanation of to what extent such parameters relate to performance, both of the director and of the entity, and to the related risk profile; and the methodology and timeframe required, as well as the techniques envisaged, to be able to determine at year-end the effective degree of achievement of the parameters used in designing the variable remuneration, explaining the criteria and factors applied in terms of the time required and the methods used to check whether the performance or any other type of conditions to which the accrual and vesting of each variable remuneration item were linked have been met.

Indicate the monetary range of the various variable items based on the level of achievement of the established objectives and

parameters, and whether there is any maximum monetary amount in absolute terms.

For the definition of the items and amounts that make up the remuneration system, CAF takes into account at all times the long-term interests of the Company and, in particular, guarantees a correspondence with the evolution of the Company's results and an adequate distribution of profits to shareholders.

For executive directors, variable components linked to performance criteria are expected to be included in the remuneration package in 2023, with a view to aligning their interests with those of the Company, as was the case in previous years.

These variable items are expected to be similar to those already included in previous years, both with respect to the benchmark parameters, which will be preset and defined in the Strategic Plan, and their performance-related nature and the way in which these are verified, and to the possibility that the Company may claim the return of any variable remuneration that may have been paid on the basis of inaccurate information.

The chosen parameters should reflect the short and long-term viability and sustainability of the CAF Group, either in line with the current accrual term for variable remuneration or because the achievement of these objectives, even when measured annually, has a medium and long-term impact on the Group's sustainability. These parameters must be both economic/financial (such as contracting, sales, cash flow or PBT) and non-financial (such as customer satisfaction, the organisational health index, the result of the Ecovadis assessment, the CO2 emissions reduction index (Scope 1 & 2) or other ESG indicators that promote sustainability or CAF's corporate social responsibility).

The measurement of the degree of compliance with the objectives will be carried out on the basis of the annual financial statements and management report as of 31 December 2023, once formulated by the Board of Directors during the first quarter of 2024 (with regard to the "contracting", "sales", "PBT" and "cash flow" parameters), customer surveys (with regard to the "customer satisfaction" parameter), a questionnaire addressed to people in the organisation (with regard to the "organisational health index" parameter), the rating that the independent entity Ecovadis attributes to CAF (regarding the "results of the Ecovadis assessment" parameter), and the calculation of the Group's carbon footprint corresponding to Scope 1 and 2 for the year, a calculation that is later verified by an external entity (regarding the "CO2 emissions reduction indicator (Scope 1 & 2) parameter").

Likewise, when setting the variable remuneration for executive directors, the variable component should not work against the best interests of the Group and its payment will be deferred in time for a minimum of two months from the end of the financial year, until compliance with the parameters linked to performance have been verified and an assessment made as to whether there are any circumstances that make it advisable to reduce the variable remuneration received by the executive directors, such as a serious breach of their obligations, qualifications in the audit report or the need to restate the Company's financial statements.

The variable remuneration received by executive directors may not exceed a maximum amount, although the maximum amount for 2023 has not been made available.

Additionally, the Board of Directors will assess the approval of a long-term incentive plan linked to the achievement of the Strategic Plan, whose parameters would be measured over a period of four years (2023-2026).

Overall, the Company considers that the remuneration system is aligned with its objectives, values and long-term interests.

A.1.7 Main characteristics of the long-term savings schemes. Among other information, the contingencies covered by the scheme will be indicated, as well as whether it involves defined contributions or benefits, the annual contribution that must be made to the defined contribution schemes, the benefits to which the beneficiaries are entitled in the case of defined benefit systems, the vesting conditions of the economic rights of the directors and its compatibility with any type of payment or indemnity for early termination or dismissal, or resulting from termination of the contractual relationship between the company and the director under the envisaged terms and conditions.

It should be indicated whether the accrual or vesting of any of the long-term savings plans is linked to the achievement of certain objectives or parameters related to the short-term and long-term performance of the director in question.

The Company has a long-term savings scheme in place for executive directors as part of its defined contribution scheme, which is compatible with other types of compensation. This scheme covers retirement, death, full permanent disability and severe disability.

The ordinary annual contributions are set by the Board of Directors following a proposal made by the Nomination and Remuneration Committee each year, in proportion with their pensionable salary. Extraordinary contributions may be made in accordance with CAF's Retirement Plan Regulations.

The accrual or vesting of the rights deriving from the long-term savings scheme is not linked to the achievement of objectives or parameters related to the short or long-term performance of the participants, but to the occurrence of the events provided for in the plan and in certain cases of termination of executive's employment or his or her business relationship with the Company.

The amount of the allocation to the long-term savings scheme for each of the executive directors in 2023 has not yet been made available.

A.1.8 Any other type of payment or indemnity for early termination or dismissal, or arising from termination of the contract between the Company and the director under the terms and conditions envisaged, whether the relationship is terminated by the Company or the director, and any type of agreements entered into, such as exclusivity, post-contractual non-compete and minimum-stay or loyalty agreements, that grant the director the right to receive any remuneration.

There are no termination benefits agreed upon or paid by the Company in the event of termination of the functions as director, except as indicated in the following section in relation to the CEO.

A.1.9 Indicate the conditions that must be respected in the contracts of those exercising senior management functions as executive directors. Among other matters, information will be provided on the duration, the limits on the amounts of termination benefits, minimum-stay clauses, notice periods, as well as payment in lieu of the aforementioned notice period, and any other clauses relating to hiring bonuses, as well as indemnities or golden parachute clauses for early termination or termination of the contractual relationship between the Company and the executive director. Include, among others, non-compete, exclusivity, minimum-stay or loyalty and post-contractual non-compete clauses or agreements, unless they have been explained in the preceding section.

Pursuant to the system set out in Article 249 of the Capital Companies Law in relation to directors who perform executive functions following the delegation of powers by the Board or by any other nature, the Company entered into a commercial contract with the current CEO, who was appointed on 29 April 2021, effective 1 September 2021, for an indefinite duration and subject to the content indicated in said article.

This contract establishes compensation equivalent to two years of their fixed remuneration in the event of the termination of the CEO's contract (i) at the discretion of the Company and without any cause attributable to the director, or (ii) at the discretion of the CEO, if the decision was motivated by a serious, malicious breach on the part of the Company of the obligations assumed under the contract or in the event that there is a significant loss or amendment of their functions, powers or conditions without any cause attributable to the CEO.

Also, the contract expressly provides for non-compete and exclusivity obligations for the CEO for concurrent periods of two years following his removal from office.

The Company has another executive director (the secretary of the Board) without delegation of authority, whose relationship with the Company is by virtue of an employment contract and with whom no clauses or agreements of any type other than those provided under the standard employment regime have been established.

A.1.10 The nature and estimated amount of any other supplementary remuneration earned by the directors in the current year as consideration for services rendered other than those inherent to their position.

No supplementary remuneration is expected to be accrued to directors as consideration for services rendered other than those inherent to their position.

A.1.11 Other remuneration items such as any arising from the company granting advances, loans, guarantees and other remuneration to the directors.

The directors are not expected to receive any remuneration in the form of advances, loans or guarantees.

A.1.12 The nature and estimated amount of any other envisaged supplementary remuneration not included in the items above, whether settled by the entity or another group entity, that will be earned by the directors in the current year.

No additional items of remuneration are expected to exist in the current year.

A.2. Explain any significant change in the remuneration policy in force in the year arising from:

- a) A new policy or a change to the policy already approved by the General Shareholders' Meeting.
- b) Significant changes in the specific decisions established by the Board for the current year to which the remuneration policy in force refers, with respect to those applied in the previous year.
- c) Proposals that the Board of Directors may have resolved to present to the General Shareholders' Meeting, to which this annual report will be submitted and which are to be applied in the current year.

As explained in the Annual Report on Directors' Remuneration for the previous year, Section 1 of the First Transitory Provision of Law 5/2021, of 12 April, amending the consolidated text of Spanish Corporate Enterprises Act, required listed companies to adapt their remuneration policy to the new Article 529 novodecies of this Act, to be submitted for approval at the first general meeting held after the entry into force of this amendment. As a consequence, the Ordinary General Shareholders' Meeting held on 11 June 2022 approved the amendment of the directors' remuneration policy, following a proposal from the Board of Directors dated 6 May 2022, formulated after the report and the proposal issued by the Nomination and Remuneration Committee on that same date had been considered.

It should be noted that the remuneration policy approved by the General Shareholders' Meeting was applicable from the date of its approval (i.e. 11 June 2022) and for the remainder of 2022 and will remain in force for the following three years following its approval (2023, 2024 and 2025), without prejudice to any modifications, adaptations or updates that may be passed any time by CAF's General Shareholders' Meeting.

The new remuneration policy is a continuation of the previous one, although the changes and improvements indicated below have been included, in addition to the aforementioned expansion of its content in accordance with the recast Article 529 novodecies of the Spanish Corporate Enterprises Act:

1. The inclusion of life insurance among the remuneration items for directors in their capacity as such, following the amendment to Article 39 of the Company's Bylaws approved at the General Meeting held on 5 June 2021.
2. The introduction of a long-term savings scheme for all executive directors.
3. Extending the non-financial parameters to which the accrual of variable remuneration is linked to include other ESG indicators that contribute to the long-term sustainability of the Company.
4. The inclusion of a more specific mention of the possibility to apply the "malus" clause before paying variable remuneration to executive directors.
5. Updating the annual fixed remuneration of the Chief Executive Officer.

As of the date of preparation of this report, the Board of Directors has not agreed to propose to the General Meeting any amendments applicable to the current year.

A.3. Identify the direct link to the document that contains the company's current remuneration policy, which should be available on the company's website.

<https://www.caf.net/upload/accionista/politica-remuneraciones-consejeros-2022.pdf>

A.4. Taking into consideration the information provided in Section B.4, explain the manner in which the shareholders' votes were taken into account at the General Meeting at which the annual remuneration report for the previous year was submitted for an advisory vote.

As the Annual Remuneration Report for 2021 was approved by an ample majority, the Company considered it appropriate to continue providing the same level of detail of information reflected therein.

B. GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED IN THE LAST FINANCIAL YEAR

B.1.1 Explain the process by which the remuneration policy was applied and the individual remuneration reflected in Section C of this report determined. This information will include the role of the remuneration committee, the decisions made by the Board of Directors and, where appropriate, the identity and role of the external advisors whose services were used to apply the remuneration policy in the last financial year.

This remuneration policy was approved by the General Shareholders' Meeting held on 11 June 2022, following a proposal by the Board of Directors dated 6 May 2022. The Board of Directors in turn formulated the proposal in light of the report and proposal issued by the Nomination and Remuneration Committee on the same date.

Furthermore, the Board establishes the various items of the Directors' remuneration package on the basis of the proposal made the Nomination and Remuneration Committee in each case, in accordance with the responsibilities assumed by each director and the functions they discharge.

The Board's remuneration package for 2022 was determined in the following manner:

(i) In the first quarter of 2022, the Nomination and Remuneration Committee submitted to the Board of Directors for approval the parameters on which the variable remuneration of executive directors would be based, as well as its maximum amount.

(ii) The Board of Directors then unanimously agreed on the proposal made by the Nomination and Remuneration Committee described above.

(iii) On 9 November 2022, the Nomination and Remuneration Committee resolved to submit to the Board of Directors a proposal for the ordinary and extraordinary allocations to the long-term savings scheme for executive directors, the aggregate amount of which is included in table a) iii) of Section C.1 of this report.

(iv) On 10 November 2022, the Board of Directors approved the proposal made by the Nomination and Remuneration Committee described above.

(v) On 20 December 2022, the Nomination and Remuneration Committee put forward a proposal to remunerate the positions of chairman and secretary of the Board, in view of their special functions and responsibilities, effective in 2022. On the same date, the Board of Directors approved the proposal received from the Nomination and Remuneration Committee in the terms set forth therein.

(vi) On 24 February 2023, the Board of Directors approved the final remuneration for executive directors for 2022, following the formulation of the 2022 annual financial statements and having assessed the levels of compliance with the parameters that had been proposed by the Nomination and Remuneration Committee and approved by the Board.

B.1.2 Explain any deviation in the procedure established for applying the remuneration policy during the year.

There have been no deviations from the procedure established for applying the remuneration policy during the year.

B.1.3 Indicate whether any temporary exception to the remuneration policy has been applied and, in such cases, explain the exceptional circumstances resulting in the application of these exceptions, the specific components of the remuneration policy affected and the reasons that the company believes that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its feasibility. Also quantify the impact of applying these exemptions on the remuneration of each director during the year.

No temporary exceptions to the remuneration policy were applied in 2022.

B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adjusting it to the objectives, values and long-term interests of the company, including a reference to the measures that have been adopted to guarantee that the remuneration accrued has taken into account the long-term results of the company and reached an adequate balance between the fixed and variable components of the remuneration, what measures have been adopted in relation to those categories of personnel whose activities professionals have a material repercussion on the entity's risk profile, and what measures have been adopted to avoid conflicts of interest, if any.

CAF's remuneration policy is primarily focused on market criteria and compliance with the principles of moderation and prudence.

For the definition of the items and amounts that make up the remuneration system, CAF takes into account at all times the long-term interests of the Company and, in particular, guarantees a correspondence with the evolution of the Company's results and an adequate distribution of profits to shareholders.

As an example of this, in 2022 the directors did not receive any advances, guarantees or loans; nor did they receive any additional remuneration for belonging to the Boards of Directors or senior management of other Group companies.

In order to align the interests of the executive directors with those of the Company, variable items linked to professional performance were also included in their remuneration in 2022, as described in greater detail in Section B.7 above.

To ensure that the remuneration takes account of the Company's long-term performance, it was decided that variable remuneration should be linked to parameters associated with the achievement of specific economic/financial and business objectives defined in the Strategic Plan, which are quantifiable and aligned with the Company's corporate interests and strategic objectives in different areas (contracting, sales, PBT), and to adequate operational management (cash flow), as well as to three non-financial parameters (customer satisfaction, the organisation health index and result of the Ecovadis assessment) that are capable of creating long-term value.

The remuneration of directors who are neither executive nor proprietary directors is set at a level that in no case compromises their independence of judgement.

In view of the above, following an analysis of the publicly available information on the remuneration earned by the directors of companies comparable to CAF, it can be seen that the amounts received by the directors of CAF, generally speaking, stand at reasonable levels in relation to these companies.

As a result of all the foregoing, the Company considers that exposure to excessive risks is reduced and that the remuneration system in place meets the Company's long-term objectives, values and interests.

B.3. Explain how the remuneration accrued and consolidated in the year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the sustainable and long-term performance of the company.

Also report on the relationship between the remuneration obtained by the directors and the results or other measures of performance, in the short and long term, of the entity, explaining, where appropriate, how the variations in the performance of the company may have influenced the variation in the remuneration of directors, including those accrued whose payment has been deferred, and how they contribute to the company's short and long-term results.

The remuneration accrued in 2022 fully complies with the provisions of the former director remuneration policy approved by CAF's Ordinary General Shareholders' Meeting held on 13 June 2020 and the new director remuneration policy approved by the CAF Ordinary General Shareholders' Meeting held on 11 June 2022, which entered into force that same day. Compliance with both policies is explained below:

(i) The remuneration accrued by directors in their capacity as such consisted solely of fixed remuneration for membership of the Board, remuneration for attendance of Board meetings, remuneration for belonging to the Committees and fixed remuneration for the Chairman and the Secretary of the Board in view of their special functions and responsibilities, while not exceeding the maximum figure established in Section 3.1 of both these policies.

(ii) In addition to the items mentioned in paragraph (i) above, the fixed remuneration of executive directors included the items provided for in Section 3.2 of both remuneration policies, and the quantitative limits set out therein have not been exceeded.

(iii) The variable remuneration of executive directors was linked to the achievement of specific financial objectives defined in the Strategic Plan, as provided for in Section 3.2.1. of CAF's former remuneration policy and Section 3.2.2 of its new remuneration policy.

As regards the relationship between directors' remuneration and the Company's performance, the inclusion of variable items in the remuneration of executive directors has enabled such remuneration to be linked to performance criteria.

Although the accrual period for variable remuneration is one year, it contributes to obtaining results and the sustainable performance of the Company, both in the short and long term, given that (i) the achievement of objectives in on which it is based has an impact on the Group's performance both in the short term (as occurs with the level of cash flow or sales) and in the long term (as occurs with the level of contracting and sustainability indicators, such as customer satisfaction, the organisational health index and the results of the Ecovadis assessment), and (ii) due to the nature of CAF's business, attaining the objectives reflected in various parameters, such as the level of contracting or customer satisfaction, is a consequence of the dedication of resources and efforts over a significantly longer period of time.

For example, a contract awarded is the result of a tender process that, for the most part, lasts more than one year. This means that, despite the fact that the measurement of the objectives and the accrual of variable remuneration related to the volume of contracting are components that are verified annually, achieving the objective is the result of the dedication of resources and efforts over a considerably longer period of time.

Furthermore, most contracts signed by CAF tend to last more than three years, in the case of manufacturing and supply contracts, or even 15 years, in the case of maintenance contracts. This means that achieving the procurement volume target for a given year necessarily contributes to the medium and long-term sustainability of the Group, regardless of whether the target is measured on an annual basis, as signing a new contract involves a minimum two-year workload for the factories, thus generating positive effects for the Group in the future.

The case is similar when it comes to the level of customer satisfaction. This parameter is assessed by conducting surveys amongst Group customers. Given the long duration of CAF contracts, the assessment of customer satisfaction necessarily refers to the customer's continued relationship with CAF for a period of much more than one year. Therefore, although the objective is measured once per year, its achievement is the result of efforts extending over several years.

Furthermore, it should be noted that high customer satisfaction may result in contracts being extended (involving the manufacture and supply of additional train units) or a greater probability of being successful in future tender processes organised by the customer. All this means that the achievement of the objective set in relation to the level of customer satisfaction contributes significantly to improving the future prospects of the Group and, therefore, its sustainability in the medium and long term.

B.4. Report on the outcome of the advisory vote of the general meeting on the annual report on remuneration for the previous year, indicating the number of abstentions and "no" votes cast, blank votes and "yes" votes cast:

	Number	% of total
Votes cast	26,011,23 2	75.87

	Number	% of votes cast
"No" votes	8,528,097	32.79
"Yes" votes	15,648,939	60.16
Blank votes		0.00
Abstentions	1,834,196	7.05

Observations

The annual remuneration report was approved by a large majority of the votes cast, in line with previous years.

B.5. Explain how the fixed items earned and vested in the year by the directors in their capacity as such were determined, their relative proportion for each director and how they have changed with respect to the previous year.

The remuneration of the directors in their capacity as such comprises the following items: fixed remuneration for membership of the Board of Directors, remuneration for attendance of Board of Directors meetings, additional fixed remuneration for members of Committees and fixed remuneration for the Chairman and Secretary of the Board to compensate their special functions and responsibilities. Fixed components represent 100% of the remuneration for all directors in their capacity as such.

As described in Section B.1, in 2022 the Nomination and Remuneration Committee submitted a proposal to the Board of Directors to approve remuneration for the positions of Chairman and Secretary of the Board. The amount of the remaining items of fixed remuneration for directors in their capacity as such has not changed with respect to the previous year.

B.6. Explain how the salaries earned and vested in the last financial year by each of the executive directors for the performance of their management duties were determined and how they have changed with respect to the previous year.

As indicated in Section A.1.9, the Company has signed a contract for an indefinite term with the Chief Executive Officer, as approved by the Board of Directors. The other executive director, who has not been delegated powers by the Board, has an ordinary employment contract.

The salaries of the executive directors for 2022 are included in their respective contracts, with the amounts that appear in table a) i) of Section C.1 of this report.

There are no other benefits, such as advances or loans.

B.7. Explain the nature and main features of the variable items of the remuneration systems earned and vested in the last financial year.

In particular:

- a) Identify each of the remuneration plans determining the variable remuneration earned by each of the directors in the last financial year, including information on the scope of the plan, its approval date, implementation date, vesting conditions, if any, accrual periods and periods of validity, criteria used to assess performance and how this has affected the establishment of the variable amount earned, as well as the measurement criteria used and the time required in order to be in a position to adequately measure all the stipulated conditions and criteria. Provide a detailed description of the criteria and factors applied with respect to the time required and the methods for verifying effective compliance with the performance-related

conditions or conditions of any other kind to which the earning and vesting of each variable remuneration item was linked.

- b) In the case of stock option plans and other financial instruments, the general features of each plan will include information on the conditions both for acquiring unconditional ownership (vesting) thereof, and for being able to exercise those options or financial instruments, including the price and period for the exercise thereof.
- c) Each of the directors, and their category (executive directors, non-executive proprietary directors, non-executive independent directors or other non-executive directors), who are beneficiaries of remuneration systems or plans that include variable remuneration.
- d) Where applicable, information shall be provided on the accrual periods or the periods of deferral of payment applied and/or the periods of retention/non-disposal of shares or other financial instruments, if any.

Explain the short-term variable items of the remuneration systems:

At its meeting held on 25 October 2017, the Board of Directors approved the inclusion of variable items in the remuneration of executive directors for 2018 onwards.

The specific parameters to which the variable remuneration for 2022 should be linked were established on the basis of a proposal made by the Nomination and Remuneration Committee in the first quarter and subsequently approved by the Board. The following parameters were defined, with an equal weighting for each executive director in the total variable remuneration: contracting volume (20%), sales volume (20%), profit before taxes (PBT) (30%), cash flow (15%), level of customer satisfaction, organisational health index and result of the Ecovadis assessment (15% jointly), in all cases at the consolidated Group level.

Contracting volume, sales volume, profit before tax (PBT) and cash flow are linked to the achievement of specific financial objectives established in the Strategic Plan. The remaining parameters, i.e. customer satisfaction, the organisational health index and the results of the Ecovadis assessment, are non-financial criteria that promote the creation of long-term value for the Company, and are also defined as objectives in the Strategic Plan.

A series of objectives were established for each parameter which, if achieved, enabled 100% of the variable remuneration to be obtained, up to a maximum limit. Minimum objectives were also established, which enabled 50% of the variable remuneration to be obtained. Failure to achieve those objectives meant that the variable remuneration associated with the parameter concerned was not earned. In the event that the minimum objectives were achieved but not the fixed objectives, variable remuneration of between 50% and 100% would be earned on a straight-line basis depending on the degree of achievement of the objectives.

In line with this scheme, the Nomination and Remuneration Committee proposed to establish a maximum limit for variable remuneration to be received by the Chief Executive Officer and the Secretary to the Board of Directors of EUR 150 thousand and EUR 85 thousand respectively. These maximum limits were approved by the Board.

The measurement of the level of compliance with objectives is carried out on the basis of the financial statements and management report as of 31 December 2022, once formulated by the Board of Directors during the first quarter of 2023 (for the parameters "contracting", "sales", "PBT" and "cash flow"), customer surveys (for "customer satisfaction"), a questionnaire addressed to people from the organisation (for the "organisational health index") and the rating that the independent entity Ecovadis attributes to CAF (for the parameter "results of the Ecovadis assessment"). The variable remuneration has an annual accrual period, based on the calendar year. However, as explained in greater detail in Section B.3, achieving the objectives for several parameters ("contracting" and "customer satisfaction", among others) can be attributed to the dedication of resources and efforts over a much longer period of time.

The payment of variable remuneration, if accrued, is deferred over time for a minimum of two months from the end of the financial year, so that the Board of Directors has sufficient time to verify the level of compliance with the objectives and assess whether there are any circumstances that make it advisable to reduce the variable remuneration to be received by executive directors. It was also envisaged that in the event of any error in the calculation of the variable remuneration or in the measurement of the level of achievement of the objectives, the executive directors would be required to return any excess remuneration that they had received.

The degree of achievement of the various parameters was assessed by the Board of Directors, at the proposal of the Nomination and Remuneration Committee, at its meeting held on 24 February 2023, the date on which the Board authorised the 2022 financial statements and management report for issue, and the level of achievement of the financial parameters was effectively verified. After this assessment, partial compliance with all objectives was confirmed, meaning that 68.9% of the maximum variable remuneration had been accrued and vested. Consequently, the Board established the amounts to be received by the executive directors

as variable remuneration in 2022 that are set out in Section C.1, having also verified that no events had occurred that made it advisable to reduce said amount.

Explain the long-term variable items of the remuneration systems:

The variable remuneration of executive directors does not include items with an accrual period exceeding one year. However, although the accrual period for variable remuneration is one year, it contributes to obtaining results and the sustainable performance of the Company in the long term, for the reasons explained in Section B.3.

B.8. Indicate whether certain variable items earned were reduced or claimed back where, in the first case, the payment of unvested amounts was deferred, or, in the second case, the items had vested and been paid on the basis of information subsequently demonstrated. Describe the amounts that were reduced or reimbursed under reduction (malus) or reimbursement (clawback) clauses, why they were enforced and the years to which they relate.

To date, no variable component has been paid out nor has any variable component accrued and vested in 2022 been reduced or claimed back.

However, as confirmed by the Board of Directors at its meeting held on 24 February 2023, no events have occurred that make it advisable to reduce the amount accrued as variable remuneration, although the Company may request the return of variable remuneration paid out to executive directors in the event that the degree of achievement of the objectives had been calculated using data that is later demonstrated to be inaccurate.

B.9. Explain the main features of long-term savings schemes, the equivalent annual amount or cost of which is shown in the tables in Section C, including retirement and any other survivor's benefits, partially or totally financed by the company, whether internally or externally, indicating the type of plan, whether it is a defined-contribution or a defined-benefit plan, the conditions that it covers, the conditions for vesting the economic rights in favour of the directors and its compatibility with any type of compensation for early termination or termination of the contractual relationship between the company and the director.

As indicated in Section A.1.7, the Company has a long-term savings scheme in place for executive directors as part of its defined contribution scheme, which is compatible with other types of compensation. This scheme covers retirement, death, full permanent disability and severe disability.

The ordinary annual contributions are set by the Board of Directors following a proposal made by the Nomination and Remuneration Committee each year, in proportion to their pensionable salary. Further, in 2022 an extraordinary contribution was approved, taking into account, among others factors, the criteria of seniority in the position, in accordance with the provisions of CAF's Retirement Plan Regulations. The aggregate amount of the provision made in 2022 in favour of each of the executive directors is shown in table a) iii) of Section C.1 of this report.

The accrual or vesting of the rights deriving from the long-term savings scheme is not linked to the achievement of objectives or parameters related to the short or long-term performance of the participants, but to the occurrence of the events provided for in the plan and in certain cases of termination of executive's employment or his or her business relationship with the Company.

B.10. Explain any termination benefits or other payments arising from early retirement, whether prompted by the company or the director, or from termination of contract, in the terms provided therein, earned and/or received by the directors in the last financial year.

No directors earned or received any termination benefits or payment arising from early retirement or termination of contract in 2022.

B.11. Indicate whether there have been any significant amendments to the contracts of executive directors exercising senior management functions. Also, describe the main terms and conditions

of the new contracts entered into with executive directors in the year, except as described in Section A.1.

In 2022, there were no significant changes to the contracts of the executive directors performing senior management functions, the main terms of which are described in Sections A.1.8 and A.1.9.

B.12. Explain any supplementary remuneration accrued to directors as consideration for services rendered other than those inherent to their position.

No supplementary remuneration has accrued to directors as consideration for services rendered other than those inherent to their position.

B.13. Explain any remuneration arising from the grant of advances, loans and guarantees, with an indication of the interest rates, main conditions and amounts repaid, as well as any obligations assumed on their behalf by way of guarantees.

The directors have not received any remuneration in the form of advances, loans or guarantees.

B.14. Detail the remuneration in kind accrued by the directors in the year and provide a brief description of the nature of the various salary items.

The Company has not agreed to pay any remuneration in kind to its directors, except for life insurance for executive directors.

B.15. Explain the remuneration accrued by directors by virtue of payments made by the listed company to a third party in which the director provides services, when such payments are intended to remunerate the director's services in the company.

No remuneration has been accrued by any directors by virtue of the payments made by the Company to a third entity at which the director provides services.

B.16. Explain and provide details of the amounts accrued during the year in relation to any kind of compensation other than those listed above, of whatever nature and provenance within the group, including all provisions, regardless of their form, especially when it may be a related-party transaction or when its issuance would detract from a true and fair view of the total remuneration accrued by the director, providing an explanation of the amount awarded or pending payment, the nature of the consideration received and the reasons for them not being considered as director remuneration, where appropriate, for their performance of said role or as a consideration for their performance of their executive functions and whether it has been considered appropriate or not to include the amounts accrued in the "other items" heading in section C.

There are no additional remuneration items.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	2022 accrual period
ANDRÉS ARIZKORRETA GARCÍA	Chairman Other External	From 01/01/2022 to 31/12/2022
JAVIER MARTÍNEZ OJINAGA	Executive director	From 01/01/2022 to 31/12/2022
MANUEL DOMÍNGUEZ DE LA MAZA	Proprietary director	From 01/01/2022 to 31/12/2022
JUAN JOSÉ ARRIETA SUDUPE	Other external director	From 01/01/2022 to 31/12/2022
LUIS MIGUEL ARCONADA ECHARRI	Other external director	From 01/01/2022 to 31/12/2022
IDOIA ZENARRUTZABEITIA BELDARRAIN	Proprietary director	From 01/01/2022 to 31/12/2022
MARTA BAZTARRICA LIZARBE	Executive director	From 01/01/2022 to 31/12/2022
CARMEN ALLO PÉREZ	Independent director	From 01/01/2022 to 31/12/2022
JULIÁN GRACIA PALACÍN	Independent director	From 01/01/2022 to 31/12/2022
ANE AGIRRE ROMARATE	Independent director	From 01/01/2022 to 11/06/2022
IGNACIO CAMARERO GARCÍA	Independent director	From 01/01/2022 to 31/12/2022

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

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (in thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for belonging to Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2022	Total 2021
ANDRÉS ARIZKORRETA GARCÍA	160	40							200	533
JAVIER MARTÍNEZ OJINAGA	60	40		510	103				713	323
MANUEL DOMÍNGUEZ DE LA MAZA	60	40							100	100
JUAN JOSÉ ARRIETA SUDUPE	60	40	15						115	115
LUIS MIGUEL ARCONADA ECHARRI	60	40	15						115	115
IDOIA ZENARRUTZABEITIA BELDARRAIN	60	35							95	95
MARTA BAZTARRICA LIZARBE	110	40		225	59				434	340
CARMEN ALLO PÉREZ	60	40	15						115	115
JULIÁN GRACIA PALACÍN	60	40	15						115	115
ANE AGIRRE ROMARATE	30	20	8						58	115
IGNACIO CAMARERO GARCÍA	60	40	23						123	109

Observations

The fixed remuneration of Andrés Arizkorreta García and Marta Baztarrica Lizarbe includes the amount that these directors receive for exercising, respectively, their duties of Chairman and Secretary of the Board of Directors.

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

Name	Name of the plan	Financial instruments at the beginning of 2022		Financial instruments granted in 2022		Financial instruments vested in the year				Matured instruments not exercised	Financial instruments at the end of 2022	
		No. of instruments	Equivalent no. of shares	No. of instruments	Equivalent no. of shares	No. of instruments	Equivalent no. of (vested) shares	Price of vested shares	Gross earnings on vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	Equivalent no. of shares
No data												

Observations

There were no remuneration systems based on shares or financial instruments.

iii) Long-term saving schemes.

Name	Remuneration from vesting of rights to savings schemes
No data	

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with unvested economic rights		Savings schemes with vested economic rights		Savings schemes with unvested economic rights	
	2022	2021	2022	2021	2022	2021	2022	2021
ANDRÉS ARIZKORRETA GARCÍA		1,300				5,130		

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with unvested economic rights		Savings schemes with vested economic rights		Savings schemes with unvested economic rights	
	2022	2021	2022	2021	2022	2021	2022	2021
JAVIER MARTÍNEZ OJINAGA			204	200			404	200
MARTA BAZTARRICA LIZARBE			208				208	

Observations

As explained in the 2021 remuneration report, on 8 September 2021 Andrés Arizkorreta García fulfilled the conditions established in the collective long-term savings insurance subscribed by the Company in his favour, so that on said date both the contributions made in previous years and those made in 2021 were vested, and the plan was terminated on that date.

iv) Other items

Name	Concept	Remuneration amount
JAVIER MARTÍNEZ OJINAGA	Life insurance premiums	14

Observations

b) Remuneration accrued by directors of the listed company for sitting on the boards of other Group companies:

i) Remuneration accruing in cash (in thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for belonging to Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2022	Total 2021
No data										

Observations

None earned.

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

Name	Name of the plan	Financial instruments at the beginning of 2022		Financial instruments granted in 2022		Financial instruments vested in the year				Matured instruments not exercised	Financial instruments at the end of 2022	
		No. of instruments	Equivalent no. of shares	No. of instruments	Equivalent no. of shares	No. of instruments	Equivalent no. of (vested) shares	Price of vested shares	Gross earnings on vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	Equivalent no. of shares
No data												

Observations

iii) Long-term saving schemes.

Name	Remuneration from vesting of rights to savings schemes
No data	

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with unvested economic rights		Savings schemes with vested economic rights		Savings schemes with unvested economic rights	
	2022	2021	2022	2021	2022	2021	2022	2021
No data								

Observations

iv) Other items

Name	Concept	Remuneration amount
No data		

Observations

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

The summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in Group companies					Total 2022 - Company + Group
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total 2022 - Company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total 2022 - Group	
ANDRÉS ARIZKORRETA GARCÍA	200				200						200
JAVIER MARTÍNEZ OJINAGA	713			14	727						727
MANUEL DOMÍNGUEZ DE LA MAZA	100				100						100
JUAN JOSÉ ARRIETA SUDUPE	115				115						115
LUIS MIGUEL ARCONADA ECHARRI	115				115						115
IDOIA ZENARRUTZABEITIA BELDARRAIN	95				95						95

Name	Remuneration accruing in the Company					Remuneration accruing in Group companies					Total 2022 - Company + Group
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total 2022 - Company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total 2022 - Group	
MARTA BAZTARRICA LIZARBE	434				434						434
CARMEN ALLO PEREZ	115				115						115
JULIÁN GRACIA PALACIN	115				115						115
ANE AGIRRE ROMARATE	58				58						58
IGNACIO CAMARERO GARCÍA	123				123						123
TOTAL	2,183			14	2,197						2,197

Observations

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C.2. State the evolution over the past five years of the amount and percentage variation in the remuneration accrued by each of the directors at the listed company that have served in the position during the year, the company's consolidated results and the average remuneration against an equivalent full-time base of company and subsidiary employees not considered directors of the listed company.

	Total amounts accrued and % annual variation								
	2022	% Change 2022/2021	2021	% Change 2021/2020	2020	% Change 2020/2019	2019	% Change 2019/2018	2018
Executive directors									
JAVIER MARTÍNEZ OJINAGA	727	120.30	330	202.75	109	-5.22	115	0.00	115
MARTA BAZTARRICA LIZARBE	434	27.65	340	35.46	251	-17.97	306	2.68	298
External directors									
ANDRÉS ARIZKORRETA GARCÍA	200	-96.48	5,683	203.09	1,875	-6.39	2,003	17.69	1,702
JUAN JOSÉ ARRIETA SUDUPE	115	0.00	115	-0.86	116	-10.77	130	0.00	130
LUIS MIGUEL ARCONADA ECHARRI	115	0.00	115	5.50	109	-5.22	115	0.00	115
CARMEN ALLO PÉREZ	115	0.00	115	5.50	109	-5.22	115	0.00	115
JULIÁN GRACIA PALACÍN	115	0.00	115	12.75	102	2.00	100	0.00	100
ANE AGIRRE ROMARATE	58	-49.57	115	10.58	104	-9.57	115	1.77	113
IGNACIO CAMARERO GARCÍA	123	12.84	109	14.74	95	90.00	50	-	0
IDOIA ZENARRUTZABEITIA BELDARRAIN	95	0.00	95	97.92	48	-	0	-	0
MANUEL DOMÍNGUEZ DE LA MAZA	100	0.00	100	108.33	48	-	0	-	0

	Total amounts accrued and % annual variation								
	2022	% Change 2022/2021	2021	% Change 2021/2020	2020	% Change 2020/2019	2019	% Change 2019/2018	2018
Consolidated results of the company									
	91,115	-29.82	129,832	164.55	49,077	-19.73	61,138	-24.12	80,575
Average employee remuneration									
	44	7.32	41	5.13	39	0.00	39	-2.50	40

Observations

Main changes 2022/2021:

- The 96% decrease in the total remuneration of Andrés Arizkorreta García is due to the fact that in 2021, he vested his rights to all the funds accumulated in his long-term savings scheme, which made his remuneration for that year significantly higher than usual, and because from 1 September 2021 onwards he no longer held the position of CEO, meaning that from that date he stopped receiving the salary and other remuneration items corresponding to said position, although he does receive additional remuneration as Chairman of the Board of Directors.
- The 120% increase in the total remuneration of Javier Martínez Ojinaga can be attributed to the fact that he held the position of Chief Executive Officer, which involves receiving the salary and variable remuneration corresponding to said position, for the whole year, while in 2021 he only that position from 1 September.
- The 27% increase in the total remuneration of Marta Baztarrica Lizarbe is due to the additional remuneration she received this year in her capacity as Secretary of the Board of Directors and the increase in her salary as director, with a lower variable remuneration.
- The 12% increase in the total remuneration of Ignacio Camarero García is because since June 2022 he has also been a member of the Nomination and Remuneration Committee, in addition to being part of the Audit Committee, a position that he already held in 2021.
- The 49% decrease in the total remuneration of Ane Agirre Romarate is due to the fact that her position as director expired on 11 June 2022, for which reason she only received the remuneration corresponding to the period between 1 January 2022 and that date.

The explanations for the main variations in the periods 2021/2020, 2020/2019 and 2019/2018 are detailed in the annual report on Directors' Remuneration for the year ended 31 December 2021.

D. OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

A.1.1. (continued)

CAF has considered it advisable to approve a remuneration policy that takes into account the remuneration applied by comparable companies, using them as a reference when setting directors' remuneration, and at the same time taking into consideration the Company's commitment to its stakeholders.

* The Board determines the various items of the Directors' remuneration package on the basis of the proposal made in each case by the Nomination and Remuneration Committee, in accordance with the responsibility assumed by each director and the functions they discharge.

* No external advisor participated in drawing up the remuneration policy.

* The current directors' remuneration policy does not contemplate the possibility of applying temporary exceptions to the policy; therefore, it does not include details of the procedures for applying these exceptions or the conditions under which they can be used.

This annual remuneration report was approved by the Company's Board of Directors at its meeting held on:

24/02/2023

Indicate whether any director voted against or abstained in relation to the approval of this Report.

Yes

No