



ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

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ISSUER'S PARTICULARS

End date of reference financial year: [12/31/2023]
Tax Identification Number (CIF): [A20001020]

Company name:

[**CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A.**]

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 2024 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. 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 below were included, in addition to the expansion of the content of the remuneration policy in accordance with the new wording of article 529 novodecies of the Capital Companies Law:

1. The inclusion of life insurance among the remuneration items that should be applied to 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 system for 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 possible application of the "malus" clause before paying variable remuneration to executive directors.
5. Updating the annual fixed remuneration of the Chief Executive Officer.

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 their 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 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 regard, the remuneration policy approved by the General Meeting provides for the inclusion of variable remuneration concepts linked to the achievement of specific economic-financial objectives, quantifiable and aligned with the social interest and the strategic objectives of the company.

Also, non-financial parameters should be set to promote sustainability and the creation of long-term value for the Company.

It is the responsibility of the Board of Directors, at the proposal of the Nomination and Remuneration Committee, to determine the amount of variable remuneration, the parameters on which it is based, its weighting, the objectives at the beginning of each year (in the case of annual variable remuneration) and the evaluation of its compliance once it has ended.

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 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 will under no circumstances compromise their independence of judgement, as has been habitual practice in previous years.

Executive directors are covered by a long-term incentive plan approved in 2023 (as detailed in section B.7) for the period from 1 January 2023 to 31 December 2026. This plan, which, if applicable, will settle in financial year 2027, includes parameters linked to quantifiable business and financial objectives and non-financial objectives defined in the Strategic Plan in line with the corporate interest (aggregate EBIT operating profit for the period 2023-2026 and reduction of CO2 emissions (Scope 3) at year-end 2026, respectively).

Short-term variable remuneration is expected to be maintained in the remuneration package of executive directors in 2024. In this case, the parameters chosen to assess the degree of fulfilment of the objectives and determine the variable remuneration payable to the executive directors must be both business and financial (such as contracting, sales, cash flow and pre-tax profit) and non-financial (such as customer satisfaction, the organisational health index, the result of the Ecovadis assessment, the indicator for reductions of CO2 emissions (scope 1&2) or other ESG indicators that promote CAF sustainability). The intention is that these parameters address the viability and sustainability of the CAF group both in the short and long term, selecting parameters that, although measured annually, have a medium and long-term impact on the sustainability of the group.

The degree of compliance with the objectives will be verified by the Board of Directors once the definitive data is available (at year-end for annual variable remuneration and in 2027 for long-term variable remuneration). 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.

However, payment of variable components (both short and long term) is expected to be deferred (until after the following year's General Shareholders' Meeting for annual variable remuneration and after the 2027 General Shareholders' Meeting for long-term variable remuneration). This means there will be time to verify compliance with the parameters linked to performance, enabling the Board of Directors to measure the level of compliance with the objectives more efficiently and assess whether any circumstances have arisen that make it advisable to reduce the variable remuneration of the executive directors, such as serious breaches of their obligations, qualifications in the audit report or the need to restate the Company's financial statements.

Finally, the Company may claim reimbursement of any variable remuneration that has been paid based on inaccurate data or in the event that any circumstance arises that makes it advisable.

Both the reduction and the refund of the incentive can be total depending on the severity of the event.

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 reflects 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 2024 the components of the directors' remuneration for the performance of their corresponding duties are expected to include fixed remuneration for membership of the Board, remuneration for serving on Committees, and per diems 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.

It is expected that the amount of the fixed components of the remuneration of directors in their capacity as such during fiscal year 2024 will not present variations with respect to fiscal year 2023, since the amounts approved during said fiscal year have been established to be valid until 2025. The variations agreed in fiscal year 2023 are described in section B.5.

No other benefits, such as advances or loans, 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.

It is expected that the amount of the fixed components during the 2024 financial year for the performance of senior management functions of the executive directors will be updated, where appropriate, in line with the fixed salary reviews agreed in the applicable collective agreement.

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

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 2024 cannot currently be provided, no substantial changes are envisaged with respect to the amounts paid in 2023.

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 correspondence with the evolution of the Company's results and an adequate distribution of profits to shareholders.

With regard to long-term variable remuneration, executive directors participate in a long-term incentive plan approved during fiscal year 2023, the terms of which are described in detail in section B.7, and which seeks to establish an incentive to achieve results and the Company's strategic objectives that reinforce its performance and long-term sustainability. Said remuneration is settled, if applicable, in fiscal year 2027, once the annual accounts corresponding to fiscal year 2026 have been approved by the General Meeting.

On the other hand, with regard to short-term variable remuneration, the inclusion of which is expected to be maintained during fiscal year 2024, the intention is that the parameters chosen take into account the viability and sustainability of the CAF group both in the short and in the long term, selecting parameters that, even measured annually, have a medium and long-term impact on the sustainability of the group. These parameters must be both business and financial (such as contracting, sales, cash flow and 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) and other ESG indicators that foster CAF's sustainability).

In this regard, it is expected that these short-term variable components will be similar to those already included in previous years, both in the linking of the reference parameters with CAF's performance, and in the way they are verified and in the possibility of the Company claiming reimbursement of any variable remuneration that had been paid on the basis of inaccurate data.

The measurement of the degree of compliance with the short-term objectives will be based on the annual financial statements and management report at 31 December 2024, once approved by the Board of Directors in the first quarter of 2025 (for the financial parameters) and on the basis of surveys, questionnaires, measurements, third-party reports and similar methods (for the non-financial parameters).

Likewise, when setting the annual variable remuneration for executive directors, the short-term variable component should not work against the best interests of the Group. Its payment will, therefore, be deferred for a minimum of six months from the end of the financial year, until compliance with the parameters linked to performance has been verified and an assessment made as to whether there are any circumstances 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.

As of today, the amount of the maximum limit of the annual variable remuneration of executive directors during the year 2024 is not available, although it is expected to be lower than in the year 2023.

Therefore, 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 accrual or consolidation of the rights derived from the long-term savings system occurs when one of these causative events occurs or in certain cases of termination of the employment or commercial relationship with the Company.

The provision to the aforementioned long-term savings system for executive directors during fiscal year 2024 will be a similar amount to that corresponding to fiscal year 2023.

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 Spanish Corporate Enterprises Act 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.

Likewise, the contract imposes obligations on the CEO in terms of non-competition and exclusivity for two years from their departure. These obligations do not accrue additional remuneration.

The Company has another executive director (the Secretary to 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.

The Board of Directors is considering proposing to the next Ordinary General Meeting of the Company a modification of the current remuneration policy to incorporate the possibility that the remuneration of directors includes the delivery of shares, share options or remuneration linked to the value of the shares, in addition to other adjustments that are considered appropriate.

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/directors-remuneration-policy-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.

The Annual Remuneration Report for 2022 was approved with a larger majority than the 2021 Report. Despite this, the Company considered it appropriate to introduce a series of measures to consider the shareholders' vote at the General Shareholders' Meeting at which the 2022 Annual Remuneration Report was voted on:

- On the one hand, the main proxy advisors and the Company's significant shareholders and investors have been demanding in recent years the implementation of a long-term incentive plan. In response, the Company has implemented the long-term incentive plan detailed in section B.7, which improves the alignment of the remuneration of executive directors with the Company's long-term performance and sustainability.

- This plan was prepared with advice from external advisors and consultation with the Company's main shareholders and institutional investors, who had the opportunity to comment and give feedback before its approval. Among other issues, the recommendations of said advisors, proxy advisors, shareholders and investors have been reflected in the following aspects of the plan:

- The selection of metrics, including at least one non-financial one.
- The weighting between the metrics.
- Setting ambitious goals.
- The duration of the plan.
- The existence of a key parameter.
- That the accrual of part of the incentive is established by reference to a comparison group.

- In line with recommendations from the proxy advisors, it has been decided to disclose the objectives for each of the parameters for accrual of long-term variable remuneration in this Report.

- This remuneration report also provides more information on the weightings of each parameter, and the objectives and the extent to which they were achieved in the context of the short-term variable remuneration of directors, in response to demands from the main proxy advisors in recent years.

- Finally, it has been considered appropriate to expand the information in section B.9 on the long-term savings system for executive directors, in response to observations by the main proxy advisors. These contributions are pre-determined and that no major variations are expected in the coming years.

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 played by the remuneration committee, the decisions taken 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 2023 was determined in the following manner:

(i) In the first quarter of 2023, the Nomination and Remuneration Committee submitted the parameters on which the variable remuneration of executive directors would be based to the Board of Directors for approval.

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

(iii) On 27 July 2023, the Nomination and Remuneration Committee agreed to propose approval of the remuneration of directors in their capacity as such to the Board of Directors. This included an increase in the fixed amount for membership of the Board of Directors and remuneration for membership of its committees, with additional remuneration for the chairs of the committees, in recognition of their special duties and responsibilities, as detailed in section B.5. 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.

(iv) On July 28, 2023, the Board of Directors approved the proposal made by the Nomination and Remuneration Committee described above.

(v) On 14 November 2023, the Nomination and Remuneration Committee resolved to submit to the Board of Directors a proposal for contributions 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.

(vi) On 15 November 2023, the Board of Directors approved the proposal made by the Nomination and Remuneration Committee described above.

(vii) On December 18, 2023, the Nomination and Remuneration Committee agreed to propose to the Board of Directors, among other issues, the approval of a long-term incentive plan for the period 2023-2026, aimed at, among others, the executive directors. The Nomination and Remuneration Committee considered the suggestions of external advisors, proxy advisors, significant shareholders and institutional investors when preparing the long-term incentive plan.

(viii) On December 19, 2023, the Board of Directors approved the proposals made by the Nomination and Remuneration Committee described above.

(ix) On 27 February 2024, the Board of Directors approved the final remuneration for executive directors for 2023, following the formulation of the 2023 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 2023.

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 correspondence with the evolution of the Company's results and an adequate distribution of profits to shareholders.

As an example of this, in 2023 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.

With regard to executive directors, with the aim of aligning their interests with those of the Company, and ensuring that their remuneration reflects the company's long-term results, during the 2023 financial year variable components have been included in their remuneration, linked to professional performance criteria, as described in greater detail in section B.7 below.

As a new development in 2023, the Board of Directors has decided to implement a long-term incentive plan for executive directors, which runs from 1 January 2023 to 31 December 2026. This includes parameters linked to achieving the quantifiable financial and non-financial objectives in the Strategic Plan, which are aligned with the corporate interest (aggregate EBIT operating profit for 2023-2026 and reduction of CO2 emissions (Scope 3) at the end of 2026, respectively). As in previous years, it has been agreed to link the short-term variable remuneration of executive directors to parameters linked to achieving financial objectives that are quantifiable and aligned with the Company's corporate interests and strategic objectives (contracting, sales, pre-tax profit) and effective operational management (cash flow), as well as non-financial parameters (customer satisfaction, the organisation health index, results of the Ecovadis assessment and emission reductions (Scope 1 and 2) that are capable of creating long-term value.

Payment of variable remuneration is deferred over time, so the Board of Directors has sufficient time to verify the degree of compliance with the objectives and can assess whether there are any circumstance that make it advisable to reduce this remuneration. It is also envisaged that, in the event of any error in the calculation of the variable remuneration or in the measurement of the degree of achievement of the objectives, the executive directors would be required to reimburse any excess that they had received.

A comparison group of 18 companies with parent companies in Spain and comparable size in terms of turnover, employees, assets and market capitalisation to CAF has been analysed. Analysis of the data from this sample, obtained from a study commissioned from a leading external consultancy, shows that CAF's remuneration is in line with that of comparable companies.

With regard to directors who are neither executive nor proprietary, their remuneration is set at a level that does not in any case compromise their independence of judgment.

The remuneration accrued in 2023 for the directors as a whole is, in general, aligned with that of other listed companies similar to CAF in terms of activities, size, turnover and market capitalisation, as published in the CNMV most recent Annual Report on Remuneration of Directors of Listed Companies, which covers 2022.

As a result of all the foregoing, the Company considers that exposure to excessive risks is reduced and that the remuneration system in place reflects 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 during fiscal year 2023 fully complies with the provisions of the director remuneration policy approved by the Ordinary General Meeting of Shareholders of CAF held on June 11, 2022, as explained below:

(i) The remuneration accrued by directors in their capacity as such consisted solely of fixed remuneration for membership of the Board, per diems for the attendance of Board meetings, remuneration for belonging to the Committees and fixed remuneration for the Chairman, the Secretary of the Board and the chairs of the Committees, in view of their special duties and responsibilities, while not exceeding the maximum figure established in Section 3.1 of CAF's remuneration policy.

(ii) In addition to the concepts mentioned in paragraph (i) above, the fixed remuneration of executive directors has included the concepts provided for in section 3.2 of CAF's remuneration policy, and the quantitative limits provided therein have not been exceeded.

(iii) The variable remuneration of executive directors is linked to achieving financial and non-financial objectives that promote sustainability and long-term value creation for the Company, as set down in section 3.2.2 of the Remuneration Policy.

Regarding the relationship between the remuneration of directors and the results of the Company, the inclusion of variable components (long and short term) in the remuneration of executive directors has allowed the latter to be linked to performance criteria.

Likewise, the positive evolution in the Company's performance has determined that the annual variable remuneration of executive directors during fiscal year 2023 has been higher than that of fiscal year 2022.

In 2023, the Board of Directors approved a long-term incentive plan linked to the 2023-2026 Strategic Plan, which was approved in November 2022 and runs from 1 January 2023 to 31 December 2026, covering the entire strategic cycle. Through this plan, the achievement of the Company's results and strategic objectives is encouraged and the remuneration of executive directors is aligned with the interests of the Company and its shareholders. Therefore, achievement of the objectives in the incentive plan, measured through a financial (aggregate EBIT operating profit for 2023-2026) and a non-financial (reduction of Scope 3 CO2 emissions at the end of 2026) parameter, linked to achievement of the Strategic Plan, has a positive impact on the Group's long-term performance. This is particularly true when it is considered that the incentives under this plan will not be settled and paid until achievement of the objectives for 31 December 2026 has been verified.

Although the accrual period for short-term 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 the objectives 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 for more than one year. This means that even though the measurement of the objectives and the accrual of short-term 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 the achievement of the contracting 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.

Continued in Section D.

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	26,286,085	76.68
	Number	% of votes cast
"No" votes	7,299,180	27.77
"Yes" votes	17,130,992	65.17
Blank votes		0.00
Abstentions	1,855,913	7.06

Observations

The annual remuneration report for the 2022 financial year was approved with a greater majority of the votes cast than the annual remuneration report for the 2021 financial year.

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, per diems for the attendance of Board of Directors meetings, additional fixed remuneration for members of Committees and fixed remuneration for the Chairman, the Secretary of the Board and the chairs of the Committees, in light of their special duties and responsibilities. Fixed components represent 100% of the remuneration for all directors in their capacity as such.

As described in section B.1, in 2023 the Nomination and Remuneration Committee proposed to the Board of Directors approval of: an increase in the fixed remuneration for membership of the Board of Directors, to 75,000 euros per year for each director (from 60,000 euros in 2022); an increase in remuneration for Committee membership, to 25,000 euros per year and committee (from 15,000 euros in 2022); and the introduction of additional remuneration for the chairs of the Committees of 10,000 euros per year, in recognition of their special duties and responsibilities. It was agreed that these increases would apply until 2025. There were no changes to the amount of other items in the fixed remuneration of directors in their capacity as such compared to the previous year.

The Nomination and Remuneration Committee proposed an increase in the fixed allocations for membership of the Board and Committees, which had remained unchanged since 2018. In order to prepare its proposal, the Committee carried out an analysis of the

remuneration reports published by the CNMV in recent years and reports published by specialist consultancies. The total fixed remuneration of directors in their role as such is below the limit set in the Director Remuneration Policy, standing at approximately 65%.

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 corresponding to the 2023 financial year are included in their respective contracts, with the amounts shown in table a) i) of section C.1 of this report, which will be updated, where appropriate, in line with the fixed salary reviews agreed in the applicable collective agreement.

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 or other conditions 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 setting of the specific parameters to which the short-term variable remuneration for the 2023 financial year should be linked was carried out on the basis of a proposal formulated by the Nomination and Remuneration Committee in the first quarter, 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, sales volume, profit before taxes (PBT), cash flow, level of customer satisfaction, organisational health index, the results of the Ecovadis assessment and reduction of scope 1 and 2 CO2 emissions, at the level of the consolidated Group in all cases.

The contracting volume, sales volume, profit before tax (PBT) parameters and cash flow are linked to the achievement of specific business and financial objectives. The other parameters - customer satisfaction, the organisational health index, the results of the Ecovadis assessment and reduction of scope 1 and 2 CO2 emissions - are non-financial criteria that foster the creation of long-term value for the Company.

For each parameter, a series of ambitious objectives were established, the fulfillment of which allowed 100% of the variable remuneration to be obtained in the short term, up to a maximum limit. Likewise, minimum objectives were set, which allowed 50% of the short-term variable remuneration to be obtained and below which the short-term variable remuneration associated with the parameter in question would not be accrued. In the event that the minimum objectives were achieved but not the fixed objectives, short-term variable remuneration of between 50% and 100% would be earned, calculated on a straight-line basis depending on the degree of achievement of the objectives.

The objectives linked to financial metrics are sensitive. Their publication could harm CAF's interests. Below is a table with the weighting of each financial parameter, the degree of achievement of each objective and the amount of the annual variable remuneration accrued in relation to each of them.

Parameter // Weighting// Degree of achievement// % of total variable remuneration accrued:
 Contracting // 15%/// 100%/// 15%
 Sales // 15%/// 100%/// 15%
 PBT // 30%/// 100%/// 30%
 Cash flow // 25%/// 100%/// 25%

The actual achievement data for each financial parameter in 2023 can be consulted in the annual accounts published by CAF.

The table below shows the objective for each non-financial parameter, the value obtained, the degree of achievement of each objective, and the amount of annual variable remuneration accrued in relation to each.

Parameter// Weighting// Objective (100%)// Value obtained// Degree of compliance// % of total variable remuneration accrued
 Customer satisfaction (1-10) // 3.75%/// 7.9// 7.9// 100%/// 3.75%
 Organisational health index (1-10) // 3.75%/// 6.7// 6.6// 50%/// 1,875%
 Ecovadis evaluation (1-100) // 3.75%/// 75// 83// 100%/// 3.75%
 CO2 Emissions Reduction 1&2 (%) // 3.75%/// 30%/// 32.6%/// 100%/// 3.75%

These objectives and the degree of their achievement are published in the sustainability report. As can be seen, the objective for the reduction of CO2 emissions indicator (scope 1&2) for the accrual of short-term variable remuneration, set at 30%, is more ambitious than the Company's objective in its responsible management dashboard.

The PBT - profit before tax - parameter is classed as a key performance indicator. This means achieving a level equal to or greater than the 2022 level is an essential requirement for short-term variable remuneration to accrue for the other parameters.

In line with this scheme, the Nomination and Remuneration Committee proposed to establish a maximum limit for short-term variable remuneration to be received by the Chief Executive Officer and the Secretary to the Board of Directors of 230,000 euros and 100,000 euros, respectively. These maximum limits were approved by the Board. This maximum amount represents the same percentage of the fixed salary of the Secretary of the Board as in 2022.

In the case of the CEO, this amount represents an exceptional increase of 80,000 euros for application in 2023, in response to the especially challenging objectives set for that year, linked to the start of the new strategic cycle. In fiscal year 2024, the intention is to return to maximum levels of variable remuneration for executive directors similar to those in fiscal year 2022.

With the current remuneration level, the CEO-to-worker compensation ratio, which compares the remuneration of the CEO with the average remuneration earned corresponding to the rest of the CAF group's workforce, shows a value of 18.6, which is in the bottom third of listed mid-cap companies, based on publicly available information.

The measurement of the degree of compliance with the objectives is based on the annual financial statements and management report at 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 for 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 Scope 1 and 2 carbon footprint for the year. This calculation is subsequently verified by an external entity for the "scope 1&2 CO2 emissions reduction indicator" parameter. The short-term 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) is due to the dedication of resources and efforts over a much longer period of time.

The payment of short-term variable remuneration, if accrued, is deferred over time for a minimum of six 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 27 February 2024, the date on which the Board authorised the 2023 financial statements and management report for issue, and the level of achievement of the financial parameters was effectively verified. After said evaluation, partial fulfillment of the objectives has been confirmed, resulting in the accrual and consolidation of 98,125% of the maximum short-term variable remuneration. Subsequently, the Board has calculated the amounts to be received by the executive directors in the form of short-term variable remuneration for 2023, as detailed in section C.1, having also found that, at the moment, no events have occurred that would make the reduction of this remuneration advisable.

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

As announced in the annual remuneration report for 2022, the Nomination and Remuneration Committee and the Board of Directors have analysed the possibility of implementing a long-term incentive plan, in line with the observations of the main proxy advisors in their vote recommendation reports and the results of the advisory vote on the annual remuneration report for the last two years.

To this end, the Nomination and Remuneration Committee has worked during the 2023 financial year on the design of a long-term incentive plan that is aligned with the highest market standards, relying on specialised external advice. Before formulating its proposal to the Board of Directors, the Nomination and Remuneration Committee consulted with the main proxy advisors, significant shareholders and institutional investors of CAF on the content of the plan, with their comments being taken into consideration, as indicated in section A.4.

At its meeting held on December 19, 2023, the Board of Directors approved the proposal made by the Nomination and Remuneration Committee to implement a long-term incentive plan linked to the achievement of the 2023-2026 Strategic Plan approved in November 2022 and communicated to the market in December of that year.

The duration of the long-term incentive plan runs from January 1, 2023 to December 31, 2026, covering the entire Strategic Plan cycle, and is aimed at executive directors and other members of the Group's management team.

Achievement of the long-term incentive plan will be evaluated based on a business-financial (aggregate EBIT operating profit for 2023-2026) and non-financial (scope 3 CO2 emission reductions at the end of 2026) metric, with a weighting of 85% and 15%, respectively, in the total incentive.

The aggregate EBIT operating profit metric was chosen as it is considered a core element of the Strategic Plan, on which the management team is fully focused, and is a key parameter for the long-term growth of the CAF group.

For its part, the CO2 Emissions Reduction metric (Scope 3) has been introduced in response to the suggestions received from the main proxy advisors to incorporate non-financial parameters in the long-term incentive plan. Of the possible non-financial metrics, it is considered that the one chosen is especially relevant as it constitutes one of the main Sustainability objectives established in the Strategic Plan and respond to the important decarbonisation commitments assumed by the Company towards its stakeholders. This scope 3 reduction metric differs from the metric used in the short-term variable remuneration system, which uses scope 1&2 reductions.

For the weighting between both metrics, the suggestions received by external advisors, proxy advisors, shareholders and investors have also been taken into account.

Regarding the Aggregate Operating Result EBIT metric for the period 2023-2026, an objective of 981.6 million euros has been set, which is aligned with the aspirations for 2026 established in the Strategic Plan and represents a demanding and challenging objective for the management team.

The incentive corresponding to this metric accrues as follows:

- (i) Below an aggregate EBIT amount of €785.28 million, no incentive is accrued associated with this metric;
- (ii) Between 50% and 100% of the incentive will accrue, proportionally, if aggregate EBIT is between 785.28 million euros and 981.6 million euros;
- (iii) Between 100% and 124% of the incentive will accrue, proportionally, if aggregate EBIT is between 981.6 million euros and 1,109.21 million euros; and
- (iv) Above an aggregate EBIT of 1,109.21 million euros, 124% of the incentive accrues.

A reduction objective of 50% at the end of fiscal year 2026 has been set for the scope 3 CO2 emissions reduction metric. This is a substantial tightening - by 25% - of the 40% objective set in the Strategic Plan.

It should also be taken into account that the Reduction of CO2 Emissions of Scope 3, unlike that referred to Scopes 1&2, is not cumulative from year to year. In other words, the result in one year does not guarantee that it will be repeated in the next year, as this metric depends on the product mix sold each year, which may have a greater or lesser weight of diesel (more CO2 intensive) or electric products, depending on the contracts awarded and their performance during the year. An ambitious objective has therefore been set for this metric, as a sign of CAF's commitment to sustainable mobility, which is one of the main axes of the new Strategic Plan.

The incentive corresponding to this metric accrues as follows:

- (i) No incentive will accrue for this metric if the level of scope 3 CO2 emissions reductions is less than 32%;
- (ii) 50% to 100% of the incentive will accrue, proportionally, if the level of scope 3 CO2 emissions reductions is between 32% and 50%; and
- (iii) Above a CO2 Emissions reduction level (Scope 3) of 50%, 100% of the incentive is accrued.

Each metric operates independently. However, a minimum aggregate EBIT operating profit of 687.12 million euros has been set as a key indicator. No incentive will accrue below this level, even if the targets for the other metric are achieved.

Similarly, more than 100% of the incentive corresponding to the aggregate EBIT operating profit metric will only accrue if the EBIT margin on sales (under IFRS) for 2026 is higher than the average of a peer group comprising Alstom, Stadler and Talgo, weighted based on the sales volumes of these companies in 2026.

The Board of Directors has set the maximum amount of the incentive that can be accrued at the end of the plan at an annualised 50% of the fixed salary of the executive directors in 2023. This will require 100% compliance with the objectives. A comparison group of 18 companies with parent companies in Spain and similar turnover, employees, assets and market capitalisation to CAF was analysed in setting this amount. Analysis of the data from this sample, obtained from a study commissioned from a leading external consultancy, shows that the amount of the long-term incentive is in line with that of comparable companies.

For the incentive to accrue under the plan, it will be necessary for its beneficiaries to remain in the company as of December 31, 2026.

If the plan objectives are met, the incentive will be paid in cash once the 2026 results are approved at the General Shareholders' Meeting held in 2027. However, the Board of Directors may reduce the amount of the incentive or, if applicable, require repayment by the beneficiaries of the plan if any circumstances arise that makes this advisable.

Identification of any error in its calculation or in the measurement of the degree of achievement of the objectives, the introduction of qualifications in the audit report or the need to reformulate the financial statements of the Company, or the existence of serious breaches of its obligations on the part of the beneficiaries. The reduction and/or refund of the incentive may be total depending on the severity of the event that gives rise to said reduction and/or refund.

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 2023 been reduced or claimed back.

However, as confirmed by the Board of Directors at its meeting held on 27 February 2024, no events have occurred to date that make it advisable to reduce the amount accrued as variable remuneration. However, 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 resolution 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 accrual or consolidation of the rights derived from the long-term savings system occurs when one of these causative events occurs or in certain cases of termination of the employment or commercial relationship with the Company.

The aggregate amount of the provision made in 2023 in favour of each of the executive directors is shown in table a) iii) of Section C.1 of this report. This amount corresponds to the annual contributions agreed by the Board of Directors, which comprise a fixed percentage of salary for the year for each executive director and an additional contribution for length of service in the position and to compensate for the years in the position without having taken part in the previous plan. This will be contributed over the next four years as an exceptional measure, in the same amount, concluding at that time. Said agreement was adopted in December 2022, along with the approval of this new long-term savings system, and its Regulations. At the November meeting of each financial year, the Nomination and Remuneration Committee, after analyzing the Company's situation, proposes to the Board to make the annual contribution, in accordance with said agreement.

The new long-term savings system approved in fiscal year 2022 involves significantly more moderate contributions than those under the previous system, which the current executive directors were not beneficiaries of. Additionally, the current system is a defined contribution and not a defined benefit like the previous one,

which generates greater certainty for the Company regarding the cost and disbursement to be made in the future. The amounts to be contributed each year are determined in the initial agreement approving the long-term savings system and established in its Regulations. These amounts are not expected to vary significantly over the coming years and will decrease once the four years of exceptional contributions referred to in the previous paragraph have expired.

Finally, the sum of the annual contributions to the long-term savings system, the fixed remuneration and the variable remuneration of executive directors is in line with companies comparable to CAF. A comparison group of 18 companies with parent companies in Spain and comparable size in terms of turnover, employees, assets and market capitalisation to CAF has been analysed. From the analysis of the data of said sample, obtained after a study contracted to a specialised external consulting firm of recognised prestige, it is concluded that CAF's remuneration for these concepts is in line with that of said comparison group.

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 2023.

B.11. Indicate whether there have been any significant amendments to the contracts of executive directors exercising senior management functions and, in that case, please explain. 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 2023, 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	2023 accrual period
MR. ANDRÉS ARIZKORRETA GARCÍA	Chairman Other External	From 1/01/2023 to 12/31/2023
MR. JAVIER MARTÍNEZ OJINAGA	Executive director	From 1/01/2023 to 12/31/2023
MR. MANUEL DOMÍNGUEZ DE LA MAZA	Proprietary director	From 1/01/2023 to 12/31/2023
MR. JUAN JOSÉ ARRIETA SUDUPE	Other external director	From 1/01/2023 to 12/31/2023
MR. LUIS MIGUEL ARCONADA ECHARRI	Other external director	From 1/01/2023 to 12/31/2023
MS. IDOIA ZENARRUTZABEITIA BELDARRAIN	Proprietary director	From 1/01/2023 to 12/31/2023
MS. MARTA BAZTARRICA LIZARBE	Executive director	From 1/01/2023 to 12/31/2023
MS. CARMEN ALLO PÉREZ	Independent director	From 1/01/2023 to 12/31/2023
MR. JULIÁN GRACIA PALACÍN	Independent director	From 1/01/2023 to 12/31/2023
MR. IGNACIO CAMARERO GARCÍA	Independent director	From 1/01/2023 to 12/31/2023
MS. BEGOÑA BELTRÁN DE HEREDIA VILLA	Independent director	From 2/24/2023 to 12/31/2023

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	Allowances	Remuneration for belonging to Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2023	Total 2022
MR. ANDRÉS ARIZKORRETA GARCÍA	175	40							215	200
MR. JAVIER MARTÍNEZ OJINAGA	75	40		510	226				851	713
MR. MANUEL DOMÍNGUEZ DE LA MAZA	75	40							115	100
MR. JUAN JOSÉ ARRIETA SUDUPE	75	40	25						140	115
MR. LUIS MIGUEL ARCONADA ECHARRI	75	40	25						140	115
MS. IDOIA ZENARRUTZABEITIA BELDARRAIN	75	40							115	95
MS. MARTA BAZTARRICA LIZARBE	125	40		265	98				528	434
MS. CARMEN ALLO PÉREZ	83	40	25						148	115
MR. JULIÁN GRACIA PALACÍN	85	40	25						150	115
MR. IGNACIO CAMARERO GARCÍA	75	40	31						146	123
MS. BEGOÑA BELTRÁN DE HEREDIA VILLA	66	35	19						120	

Observations

The fixed remuneration includes, in addition to the amount for membership on the Board of Directors, the specific remuneration corresponding to each director for the performance of certain positions on it or on its committees.

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 2023		Financial instruments granted in 2023		Financial instruments vested in the year				Matured instruments not exercised	Financial instruments at the end of 2023	
		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
MR. JAVIER MARTÍNEZ OJINAGA	
MS. MARTA BAZTARRICA LIZARBE	

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	
	2023	2022	2023	2022	2023	2022	2023	2022
MR. JAVIER MARTÍNEZ OJINAGA			204	204			608	404
MS. MARTA BAZTARRICA LIZARBE			219	208			427	208

Observations

iv) Other items

Name	Concept	Remuneration amount
MR. JAVIER MARTÍNEZ OJINAGA	Life insurance premiums	15
MS. MARTA BAZTARRICA LIZARBE	Life insurance premiums	1

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	Allowances	Remuneration for membership on committees of the Board of Directors	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2023	Total 2022
No data										

Observations

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

Name	Name of the plan	Financial instruments at the beginning of 2023		Financial instruments granted in 2023		Financial instruments vested in the year				Matured instruments not exercised	Financial instruments at the end of 2023	
		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	
	2023	2022	2023	2022	2023	2022	2023	2022
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 2023 Company + Group
	Total cash remuneration	Gross profit from shares or financial instruments vested	Remuneration from savings schemes	Other items of remuneration	Total 2023 - Company	Total cash remuneration	Gross profit from shares or financial instruments vested	Remuneration from savings schemes	Other items of remuneration	Total 2023 - Group	
MR. ANDRÉS ARIZKORRETA GARCÍA	215				215						215
MR. JAVIER MARTÍNEZ OJINAGA	851			15	866						866
MR. MANUEL DOMÍNGUEZ DE LA MAZA	115				115						115
MR. JUAN JOSÉ ARRIETA SUDUPE	140				140						140
MR. LUIS MIGUEL ARCONADA ECHARRI	140				140						140
MS. IDOIA ZENARRUTZABEITIA BELDARRAIN	115				115						115

Name	Remuneration accruing in the Company					Remuneration accruing in Group companies					Total 2023 Company + Group
	Total cash remuneration	Gross profit from shares or financial instruments vested	Remuneration from savings schemes	Other items of remuneration	Total 2023 - Company	Total cash remuneration	Gross profit from shares or financial instruments vested	Remuneration from savings schemes	Other items of remuneration	Total 2023 - Group	
MS. MARTA BAZTARRICA LIZARBE	528			1	529						529
MS. CARMEN ALLO PEREZ	148				148						148
MR. JULIÁN GRACIA PALACIN	150				150						150
MR. IGNACIO CAMARERO GARCÍA	146				146						146
MS. BEGOÑA BELTRAN DE HEREDIA VILLA	120				120						120
TOTAL	2,668			16	2,684						2,684

Observations

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C.2. State the evolution over the past 5 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								
	2023	% Variation 2023/2022	2022	% Variation 2022/2021	2021	% Variation 2021/2020	2020	% Variation 2020/2019	2019
Executive directors									
MR. JAVIER MARTÍNEZ OJINAGA	866	19.12	727	120.30	330	202.75	109	-5.22	115
MS. MARTA BAZTARRICA LIZARBE	529	21.89	434	27.65	340	35.46	251	-17.97	306
External directors									
MR. ANDRÉS ARIZKORRETA GARCÍA	215	7.50	200	-96.48	5,683	203.09	1,875	-6.39	2,003
MR. JULIÁN GRACIA PALACÍN	150	30.43	115	0.00	115	12.75	102	2.00	100
MS. CARMEN ALLO PÉREZ	148	28.70	115	0.00	115	5.50	109	-5.22	115
MR. JUAN JOSÉ ARRIETA SUDUPE	140	21.74	115	0.00	115	-0.86	116	-10.77	130
MR. LUIS MIGUEL ARCONADA ECHARRI	140	21.74	115	0.00	115	5.50	109	-5.22	115
MR. IGNACIO CAMARERO GARCÍA	146	18.70	123	12.84	109	14.74	95	90.00	50
MS. IDOIA ZENARRUTZABEITIA BELDARRAIN	115	21.05	95	0.00	95	97.92	48	-	0
MR. MANUEL DOMÍNGUEZ DE LA MAZA	115	15.00	100	0.00	100	108.33	48	-	0

	Total amounts accrued and % annual variation								
	2023	% Variation 2023/2022	2022	% Variation 2022/2021	2021	% Variation 2021/2020	2020	% Variation 2020/2019	2019
MS. BEGOÑA BELTRÁN DE HEREDIA VILLA	120	-	0	-	0	-	0	-	0
Consolidated results of the company									
	140,658	54.37	91,115	-29.82	129,832	164.55	49,077	-19.73	61,138
Average employee remuneration									
	47	6.82	44	7.32	41	5.13	39	0.00	39

Observations

Main changes 2023/2022:

- The increases in the remuneration of directors in their capacity as such during fiscal year 2023 are due to increased fixed remuneration for membership on the Board and, as applicable, increases in the fixed remuneration for membership of Board Committees and additional remuneration for the chairs of the Committees.
- In the case of executive directors, the increases are mainly due, in addition to the above, to the greater degree of achievement of the annual variable remuneration objectives compared to fiscal year 2022.

The explanations for the main changes in the 2022-2021 period are detailed in the annual directors' remuneration report for the year ended 31 December 2022, and the explanations for the main changes in 2021-2020 and 2020-2019 are detailed in the annual directors' remuneration report 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 (below)

The remunerations planned for the year 2024 that result from the application of the aforementioned general principles are aligned with those corresponding to other listed companies, using as a comparison criterion the one related to the activity, size, turnover or market capitalisation similar to that of CAF, as published in the Annual Report on Remuneration of Directors of listed companies for the year 2022, the most recent available prepared by the CNMV.

A comparison group of 18 companies with parent companies in Spain and comparable size in terms of turnover, employees, assets and market capitalisation to CAF was analysed in 2023. Analysis of the data from this sample, obtained from a study commissioned from a leading external consultancy, shows that CAF's remuneration is in line with that of comparable companies. In addition, it is expected that remuneration during fiscal year 2024 will be in line with that of fiscal year 2023.

* 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 was involved in determining the remuneration policy, except as described in section B.7 in relation to introduction of the new long-term incentive plan.

* 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.

B.3. (continued)

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.

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

2/27/2024

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

Yes

No