



## ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

---

*The following English translation is provided by the Company for information purposes only, based on the original and 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 Spanish original document, the latter will prevail.*

---

### ISSUER'S PARTICULARS

---

End date of reference financial year:

[ 31/12/2021 ]

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 adviser 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 2022 was approved by the Annual General Meeting held on 13 June 2020, following a proposal by the Board of Directors dated 6 May 2020 which, in turn, formulated the aforementioned proposal in light of the report and proposal issued by the Nomination and Remuneration Committee on that same date. It should be noted that the remuneration policy approved by the Annual General Meeting did not include any substantial changes in relation to the policy that had been applied by CAF in previous years. Furthermore, as approved by the General Shareholders' Meeting, the remuneration policy is applicable for the three years following its approval, i.e. in 2021, 2022 and 2023, notwithstanding any amendments, adaptations or updates that, as appropriate, may be approved at any time by CAF's General Shareholders' Meeting and, as indicated in section A.2, must be adopted during the current year to adapt the current remuneration policy to the new wording of the Article 529(u) of the Capital Companies Law.

\* 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 sees the remuneration system for its directors and executives as a fundamental factor in the creation of long-term value for the Company, particularly in order to ensure that the performance of the Company's results tallies with an appropriate distribution of profits to shareholders, in their interests; and
- in addition, CAF's remuneration system is adapted at all times to the applicable legislation and seeks to incorporate the standards and principles of the national and international best practices generally accepted 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 remuneration policy seeks to encourage the motivation and retention of 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 Annual General Meeting foresees the inclusion of variable remuneration items linked to the achievement of specific economic, financial and industrial 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, at the proposal of the Nomination and Remuneration Committee, is responsible for determining the amount of variable remuneration, the parameters on which it is based, its weighting and the objectives at the beginning of each year, as well as assessing compliance with them once the year has ended.

\* The remuneration items foreseen for 2022 resulting from application of the aforementioned general principles are aligned, in general terms, with those of other listed companies, using comparison criteria relating to activities, size and market caps similar to those of CAF, as published in the Annual Report on Remuneration of Directors of Listed Companies for 2020, which is the most recent such report published by the CNMV.

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.

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 determine them and ensure an adequate balance between the fixed and variable remuneration components. 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 non-vested 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 2022, 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 degree of compliance with the performance objectives and to determine the variable remuneration of the executive directors should be of an economic and financial nature (such as procurement, working capital, EBITDA or sales) and of a non-financial nature (such as customer satisfaction or ESG indicators that foster sustainability).

In any case, the intention is for the chosen parameters to facilitate not only obtaining the short-term results, but also the long-term objectives, values and interests of the Group, either in line with the current accrual term for remuneration variable or because the achievement of these objectives, even when measured annually, have a medium and long-term impact on the Group's sustainability.

Payment of the variable items is expected to be deferred until it has been verified that the performance-related parameters have been fulfilled, in order to allow the Board of Directors to adequately measure the degree of achievement of the objectives, and the Company can claim the refund of any variable remuneration that may have been paid on the basis of inaccurate information.

It is also expected that part of the payment of the variable components will be deferred for a sufficient period following the end of the accrual period, which entails their total or partial loss in the event that, before the time of payment, an event occurs that makes doing so advisable.

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 meets 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.

It is expected that, during 2022, the components of the directors' remuneration for their performance of the corresponding duties will include fixed remuneration for sitting on the Board, remuneration for serving on Committees, and fees for attending Board meetings and, where appropriate, these may include, pursuant to the provisions of section 3.1.4 of the remuneration policy, an additional fixed allocation for 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 2022 was not available.

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

**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 2022 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 any remuneration in kind with its directors, except as indicated with respect to life insurance for the executive directors.

Although at the date hereof an estimate cannot be provided in relation to the total amount of the insurance premiums to be paid in 2022, no substantial modifications are envisaged with respect to the amounts paid in 2021.

**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.

As regards executive directors, it is expected that in 2020 variable components linked to performance criteria will be included in the remuneration package, with a view to aligning their interests with those of the Company, as was the case in previous years.

In this connection, these variable items are expected to be similar to those already included in previous years, both with respect to the benchmark parameters and their performance-related nature and the way in which these are verified, and to the possibility that the Company might claim the refund of any variable remuneration that may have been paid on the basis of inaccurate information. The performance 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, after the financial statements have been formally prepared.

The intention is for the chosen parameters to facilitate not only obtaining the short-term results, but also the long-term objectives, values and interests of the Group, either in line with the current accrual term for remuneration variable or because the achievement of these objectives, even when measured annually, have a medium and long-term impact on the Group's sustainability.

Also, when setting the variable remuneration of the executive directors, it will be ensured that the variable component does not compromise the pursuit of the Group's best interests, and payment of this remuneration will be deferred until it has been verified that the performance-related parameters have effectively been complied with. Furthermore, it is also expected that part of the payment of the variable components will be deferred for a sufficient period following the end of the accrual period, which entails their total or partial loss in the event that, before the time of payment, an event occurs that makes doing so advisable.

As a result of all the foregoing, the Company considers that exposure to excessive risks is reduced and that the remuneration system meets the Company's long-term objectives, values and 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 is due to launch a new long-term savings system applicable to executive directors as part of the defined contribution system, which is compatible with other types of compensation. The annual contributions will be fixed by the Board of Directors at the proposal of the Appointments and Remuneration Committee for each year.

Beneficiaries will be entitled to the accumulated fund in the event that the contingencies covered by the plan occur or in the event of contract termination for reasons not attributable to them.

At present, the allocation amount to the aforementioned long-term savings system for each of the executive directors during 2022 is not 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, the minimum-stay clauses, the 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 modification to the policy already approved by the General 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 agreed to present to the Annual General Meeting, to which this annual report will be submitted and which are proposed to be applied in the current year.

Although the remuneration policy in force for CAF directors is applicable to 2021, 2022 and 2023, section 1 of the First Transitory Provision of Law 5/2021, of 12 April, amending the text of the Capital Companies Act, requires listed companies to adapt their remuneration policy to the new wording of article 529 novodecies of the Capital Companies Act and submit it for approval at the first General Shareholders' Meeting held following the entry into force of the amendment.

Therefore, when calling the first CAF General Shareholders' Meeting in 2022, the Board of Directors will propose the amendment of the remuneration policy for CAF directors to adapt it to the current wording of Article 529 novodecies of the Capital Companies Act.

At the time of preparing this report, the Board of Directors had not yet agreed to propose the approval of the amendment of the remuneration policy to the General Shareholders' Meeting; this amendment is expected to be submitted for approval at the Company's Ordinary General Shareholders' Meeting.

**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-remunerations-policy-20200613.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 2020 was approved with 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 advisers whose services have been used in the process of applying the remuneration policy in the last financial year.

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.

The Board's remuneration package for 2021 was determined in the following manner:

(i) In the first quarter of 2021, the Appointments and Remuneration Committee agreed to propose to the Board of Directors:

(a) the approval of the parameters for structuring the variable remuneration of executive directors, in line with those already approved by the Board of Directors in previous years, as well as the maximum amount thereof;

(b) the restoration of director remuneration for their performance of the corresponding functions to the levels seen in 2019, which had been reduced by 5% in 2020 as a result of the COVID pandemic; and

(c) a 5% increase in the CEO's salary, bringing it to 510,000 euros per year.

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

(iii) During the second half of 2021, the Nomination and Remuneration Committee proposed making a contribution to the long-term savings system pertaining to Mr Andrés Arizkorreta García, for the amount of 1,300,000 euros, approved by the Board of Directors in the same terms set forth.

(iv) On 29 July 2021 and before the appointment of Mr Javier Martínez Ojinaga as CEO took force, the Nomination and Remuneration Committee agreed to propose the proposed remuneration and other contractual conditions of the new CEO to the Board of Directors, under terms very similar to those of the departing CEO, Mr Andrés Arizkorreta. On the same date, the Board of Directors approved the proposal made by the Nomination and Remuneration Committee in the same terms set forth.

(v) On 11 November 2021, the Nomination and Remuneration Committee proposed making a contribution of 200,000 euros in 2021 to the long-term savings system pertaining to the new CEO, Mr Javier Martínez Ojinaga. On the same date, the Board of Directors approved the proposal made by the Nomination and Remuneration Committee in the same terms set forth.

(vi) On 25 February 2022, the Board of Directors approved the final remuneration of the Executive Directors corresponding to 2021, having assessed the degree of compliance with the parameters 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 have been applied during 2021.

**B.2.** Explain the different actions taken by the company with respect to the remuneration scheme and how they have contributed to reducing exposure to excessive risks and adjusting it to the company's long-term objectives, values or interests, including a reference to: measures in place to guarantee that the remuneration accrued takes account of the long-term results of the company and

achieves an appropriate balance between the fixed and variable components of the remuneration; the measures adopted with respect to categories of personnel whose professional activities have a material effect on the entity's risk profile and what measures have been taken 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 2021 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.

Also, in order to align the interests of the executive directors with those of the Company, variable items linked to professional performance were included in their remuneration in 2021, as described in greater detail in Section B.7 below.

To ensure that the remuneration takes account of the Company's long-term performance, it was decided that the variable remuneration should be linked to parameters associated with the achievement of specific economic/financial and industrial objectives defined in the Strategic Plan, which are quantifiable and aligned with the Company's corporate interests and strategic objectives in different areas (procurement, sales, EBT), and to adequate operational management (level of working capital), as well as to a non-financial parameter (customer satisfaction) 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 directors and the company's short- and long-term earnings or other performance measures, explaining, where appropriate, how variations in the company's performance may have influenced the variation in directors' remuneration, including remuneration earned and subject to deferred payment, and how it contributes to the company's short- and long-term performance.

The remuneration earned in the year complies fully with the provisions of the director remuneration policy approved by the shareholders at CAF's Annual General Meeting held on 13 June 2020, as explained below:

(i) The remuneration earned by external directors consisted solely of fixed remuneration for being a Board member, fees for attending Board meetings and remuneration for Committee membership, and it remained within the maximum amount established in Section 3.1 of CAF's remuneration policy.

(ii) The fixed remuneration of executive directors included the items indicated in Section 3.2 of CAF's remuneration policy, and the quantitative limits established therein were not exceeded.

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

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

Although variable remuneration has an accrual period of one year, it is deemed to contribute to the achievement of the Company's short- and long-term performance, and the short- and long-term sustainable performance of the Company, to the extent that the achievement of the objectives on which it is based affects the Group's performance at both short (level of working capital or sales) and long term (procurement and customer satisfaction).

Indeed, given the nature of CAF's business, a contract being 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 the variable remuneration related to the volume of contracts are components that are verified annually, achieving the objective is the result of dedicating resources and efforts during 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	26,799,675	78.18

  

	Number	% of votes cast
“No” votes	6,032,433	22.51
“Yes” votes	18,940,513	70.67
Blank votes		0.00
Abstentions	1,826,729	6.82

**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 comprise three items, namely: fixed remuneration for belonging to the Board of Directors, fees for attending the meetings of the Board of Directors and additional fixed remuneration for Committee membership.

Fixed components represent 100% of the remuneration for all directors in their capacity as such.

As indicated in section B.1, the Nomination and Remuneration Committee proposed the restoration of director remuneration to the Board of Directors in 2021 in their capacity as such to the levels seen in 2019, having reduced this sum in 2020 by 5% as a result of the COVID pandemic.

**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.

During 2021, the Company has had two different CEOs: Mr Andrés Arizkorreta García, who held the position until 31 August 2021, and Mr Javier Martínez Ojinaga, who has held said position since 1 September 2021. Furthermore, the Company has an additional executive director.

All executive directors received fixed remuneration in 2021 in the form of salaries, life insurance and attendance fees. The CEOs have also benefitted from a long-term savings scheme, as detailed in Section B.9.

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

As indicated in the Directors' Remuneration Report for 2020, the Company had an indefinite-term employment contract with the CEO, Mr Andrés Arizkorreta García, approved by the Board of Directors.

Furthermore, as indicated in Section A.1.9, the Company has signed a contract for an indefinite term with Mr Javier Martínez Ojinaga, 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 these executive directors are included in their respective contracts.

In 2021, the CEO's salary was increased to a total of 510 thousand euros per year, to be distributed between Mr Andrés Arizkorreta García and Mr Javier Martínez Ojinaga proportionate to the number of days during which each of them held this position during 2021.

**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 2021 should be linked were established on the basis of a proposal made by the Nomination and Remuneration Committee and subsequently approved by the Board. The following parameters were defined, with a different weighting for each CEO in the total variable remuneration: procurement volume, volume of sales, pre-tax profit, level of working capital and degree of customer satisfaction, in all cases across the consolidated Group.

Procurement volume, sales volume, earnings before tax (EBT) and working capital level are linked to the achievement of specific economic, financial and industrial objectives established in the Strategic Plan. The last of these parameters, customer satisfaction, is a non-financial criterion that promotes the creation of long-term value for the Company and is also defined as an objective 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.

"Procurement" and "EBT" were categorised as key parameters and, therefore, the performance of the minimum objectives associated therewith was an indispensable requirement for the accrual of any variable remuneration in relation to the remaining parameters.

In line with this scheme, the Nomination and Remuneration Committee proposed establishing a maximum limit for variable remuneration to be received by the CEO and the Secretary to the Board of Directors of 140 thousand euros for the CEO and 75 thousand euros for the Secretary. These maximum limits were approved by the Board. Given that there have been two CEOs during the year, the maximum amount to be received by each one will be calculated by dividing the amount finally accrued as variable remuneration for the CEO between the number of days each of them held said position.

The degree of achievement of the objectives is measured on the basis of the financial statements and directors' report as at 31 December 2021, once authorised for issue by the Board of Directors in the first quarter of 2022 (with respect to the "procurement", "sales", "EBT" and "working capital" parameters), and on the basis of customer surveys (with respect to the "customer satisfaction" parameter). The variable remuneration has an annual accrual period, based on the calendar year. However, as explained in greater detail in section B.3, the achievement of the objective for several parameters ("procurement" and "customer satisfaction") can be attributed to the dedication of resources and efforts during a much longer period of time.

Payment of any variable remuneration earned would be deferred to provide the Board of Directors with sufficient time to verify the degree of achievement of the objectives. It was 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.

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 25 February 2022, the date on which the Board authorised the financial statements and directors' report for 2021 for issue, and the degree of achievement of the economic, financial parameters was effectively verified. After this assessment, 100% compliance with all parameters was confirmed, meaning that 100% of the maximum variable remuneration was accrued and consolidated. Subsequently, the Board has calculated the amounts to be received by the executive directors in the form of variable remuneration for 2021, as detailed in section C.1, having also confirmed that no events had occurred that would make the reduction of said remuneration advisable.

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

The variable remuneration of the executive directors does not include items with an accrual period exceeding one year.

- 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

to be clearly inaccurate. 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 consolidated during 2021 been reduced or claimed back.

However, as approved by the Board of Directors at its meeting held on 25 February 2022, it has been confirmed that no event has made it advisable to reduce the amount accrued as variable remuneration, although the Company may request the reimbursement 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.

In 2021, the Company took out long-term collective savings insurance for Mr Andrés Arizkorreta García, of which the Company itself was the policyholder and beneficiary. This was a collective long-term savings insurance policy, compatible with other types of compensations, in which the payment of annual premiums guaranteed a benefit in the event that the corresponding maturity date was reached in the beneficiary's lifetime (8 September 2021). Otherwise, there was no vesting of rights until that date.

A contribution of 1,300 thousand euros was made in this connection in 2021, pursuant to the parameters established by the Company and the agreement reached with Mr Andrés Arizkorreta García.

Given that, at 8 September 2021, Mr Andrés Arizkorreta García met the conditions indicated in the plan, on that date, the rights under the long-term savings system were consolidated, amounting to a total of 5,130 thousand euros.

Furthermore, in 2021, an allocation of 200 thousand euros was approved for the new long-term savings system of Mr Javier Martínez Ojinaga, pursuant to the provisions of his contract as CEO. This new plan is a defined contribution system and is compatible with other types of compensation. The annual contributions are fixed by the Board of Directors at the proposal of the Nomination and Remuneration Committee in relation to each financial year, with the beneficiary having the right to the accumulated fund in the event that the contingencies covered by the plan occur or in the event that the beneficiary's contract is terminated for reasons not attributable to him.

**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 2021.

**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.

During 2021, the CEO's salary was increased compared to 2020, coming to a total of 510 thousand euros per year.

Furthermore, on 29 July 2021, a contract was entered into with Mr Javier Martínez Ojinaga, who assumed the position of CEO at the Company, replacing Mr Andrés Arizkorreta García starting from 1 September 2021. The main terms are described in sections A.1.8 and A.1.9. Therefore, each of them has received a proportional amount of the salary of 510 thousand euros indicated above weighted by the number of days during which each of them held this position during 2021.

Furthermore, the variable remuneration described in section B.7 was accrued in their favour.

Finally, contributions have been made to the long-term savings systems of the CEOs, as indicated in section B.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 any remuneration in kind with its directors, except as indicated with respect to 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	2021 accrual period
MR ANDRÉS ARIZKORRETA GARCÍA	Chairman Other External	From 01/01/2021 to 31/12/2021
MR JAVIER MARTÍNEZ OJINAGA	Executive director	From 01/01/2021 to 31/12/2021
MR MANUEL DOMÍNGUEZ DE LA MAZA	Proprietary director	From 01/01/2021 to 31/12/2021
MR JUAN JOSÉ ARRIETA SUDUPE	Other external director	From 01/01/2021 to 31/12/2021
MR LUIS MIGUEL ARCONADA ECHARRI	Other external director	From 01/01/2021 to 31/12/2021
MS IDOIA ZENARRUTZABEITIA BELDARRAIN	Proprietary director	From 01/01/2021 to 31/12/2021
MS MARTA BAZTARRICA LIZARBE	Executive director	From 01/01/2021 to 31/12/2021
MS CARMEN ALLO PÉREZ	Independent director	From 01/01/2021 to 31/12/2021
MR JULIÁN GRACIA PALACÍN	Independent director	From 01/01/2021 to 31/12/2021
MS ANE AGIRRE ROMARATE	Independent director	From 01/01/2021 to 31/12/2021
MR IGNACIO CAMARERO GARCÍA	Independent director	From 01/01/2021 to 31/12/2021

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 2021	Total 2020
MR ANDRÉS ARIZKORRETA GARCÍA	60	40		340	93				533	556
MR JAVIER MARTÍNEZ OJINAGA	60	40	6	170	47				323	109
MR MANUEL DOMÍNGUEZ DE LA MAZA	60	40							100	48
MR JUAN JOSÉ ARRIETA SUDUPE	60	40	15						115	116
MR LUIS MIGUEL ARCONADA ECHARRI	60	40	15						115	109
MS IDOIA ZENARRUTZABEITIA BELDARRAIN	60	35							95	48
MS MARTA BAZTARRICA LIZARBE	60	40		165	75				340	251
MS CARMEN ALLO PÉREZ	60	40	15						115	109
MR JULIÁN GRACIA PALACÍN	60	40	15						115	102
MS ANE AGIRRE ROMARATE	60	40	15						115	104
MR IGNACIO CAMARERO GARCÍA	60	40	9						109	95

Observations

[

]

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 2021		Financial instruments granted in 2021		Financial instruments vested in the year				Matured instruments not exercised	Financial instruments at the end of 2021	
		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 ANDRÉS ARIZKORRETA GARCÍA	5,130
MR JAVIER MARTÍNEZ OJINAGA	

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	
	2021	2020	2021	2020	2021	2020	2021	2020
MR ANDRÉS ARIZKORRETA GARCÍA	1,300			1,300	5,130			3,830
MR JAVIER MARTÍNEZ OJINAGA			200				200	

Observations

As explained in section B.9, on 8 September 2021, Mr Andrés Arizkorreta García satisfied the conditions established in the collective long-term savings insurance taken out by the Company in his favour, meaning that on said date, both the contributions made in previous years (for an aggregate amount of 3,830 thousand euros) and those made during 2021 (1,300 thousand euros), in total coming to 5,130 thousand euros, were consolidated.

iv) Detail of other items

Name	Concept	Remuneration amount
MR ANDRÉS ARIZKORRETA GARCÍA	Life insurance premiums	20
MR JAVIER MARTÍNEZ OJINAGA	Life insurance premiums	7

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 2021	Total 2020
No data					n	n				

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 2021		Financial instruments granted in 2021		Financial instruments vested in the year				Matured instruments not exercised	Financial instruments at the end of 2021	
		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	
	2021	2020	2021	2020	2021	2020	2021	2020
No data								

Observations

iv) Detail of 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 2021 - Company + Group
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total 2021 - Company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total 2021 - Group	
MR ANDRÉS ARIZKORRETA GARCÍA	533		5,130	20	5,683						5,683
MR JAVIER MARTÍNEZ OJINAGA	323			7	330						330
MR MANUEL DOMÍNGUEZ DE LA MAZA	100				100						100
MR JUAN JOSÉ ARRIETA SUDUPE	115				115						115
Mr LUIS MIGUEL ARCONADA ECHARRI	115				115						115
MS IDOIA ZENARRUTZABEITIA BELDARRAIN	95				95						95

Name	Remuneration accruing in the Company					Remuneration accruing in Group companies					Total 2021 - Company + Group
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total 2021 - Company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total 2021 - Group	
MS MARTA BAZTARRICA LIZARBE	340				340						340
MS CARMEN ALLO PÉREZ	115				115						115
MR JULIÁN GRACIA PALACÍN	115				115						115
MS ANE AGIRRE ROMARATE	115				115						115
MR IGNACIO CAMARERO GARCÍA	109				109						109
<b>TOTAL</b>	<b>2,075</b>		<b>5,130</b>	<b>27</b>	<b>7,232</b>						<b>7,232</b>

**Observations**

As explained in section B.9, on 8 September 2021, Mr Andrés Arizkorreta García satisfied the conditions established in the collective long-term savings insurance taken out by the Company in his favour, meaning that on said date, both the contributions made in previous years (for an aggregate amount of 3,830 thousand euros) and those made during 2021 (1,300 thousand euros), in total coming to 5,130 thousand euros, were consolidated. Therefore, in the "Remuneration from savings schemes" column corresponding to Mr Andrés Arizkorreta García, the total amount consolidated during the year (5,130 thousand euros) has been included. The contribution made in 2021 was 1,300 thousand euros, the same amount as in 2020.

In turn, no amount has been reflected in the "Remuneration from savings schemes" column for Mr Javier Martínez Ojinaga because, although the Company made a contribution of 200 thousand euros during 2021 to his new long-term savings system, this contribution has not yet been consolidated.

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								
	2021	% Change 2021/2020	2020	% Change 2020/2019	2019	% Change 2019/2018	2018	% Change 2018/2017	2017
<b>Executive directors</b>									
MR JAVIER MARTÍNEZ OJINAGA	330	202.75	109	-5.22	115	0.00	115	35.29	85
MS MARTA BAZTARRICA LIZARBE	340	35.46	251	-17.97	306	2.68	298	34.23	222
<b>External directors</b>									
MR ANDRÉS ARIZKORRETA GARCÍA	5,683	203.09	1,875	-6.39	2,003	17.69	1,702	139.04	712
MR JUAN JOSÉ ARRIETA SUDUPE	115	-0.86	116	-10.77	130	0.00	130	30.00	100
MR LUIS MIGUEL ARCONADA ECHARRI	115	5.50	109	-5.22	115	0.00	115	35.29	85
MS CARMEN ALLO PÉREZ	115	5.50	109	-5.22	115	0.00	115	35.29	85
MR JULIÁN GRACIA PALACÍN	115	12.75	102	2.00	100	0.00	100	138.10	42
MS ANE AGIRRE ROMARATE	115	10.58	104	-9.57	115	1.77	113	-	0
MR IGNACIO CAMARERO GARCÍA	109	14.74	95	90.00	50	-	0	-	0
MS IDOIA ZENARRUTZABEITIA BELDARRAIN	95	97.92	48	-	0	-	0	-	0
MR MANUEL DOMÍNGUEZ DE LA MAZA	100	108.33	48	-	0	-	0	-	0

	Total amounts accrued and % annual variation								
	2021	% Change 2021/2020	2020	% Change 2020/2019	2019	% Change 2019/2018	2018	% Change 2018/2017	2017
<b>Consolidated results of the company</b>									
	129,832	164.55	49,077	-19.73	61,138	-24.12	80,575	19.35	67,510
<b>Average employee remuneration</b>									
	41	5.13	39	0.00	39	-2.50	40	-2.44	41

#### Observations

Mr Andrés Arizkorreta García has been included in the table as an external director as this was his category at 31 December 2021; however, he belonged to the category of executive director until 31 August 2021.

##### Main changes 2021/2020:

- The 203% increase in the total remuneration of Mr Andrés Arizkorreta García can be attributed to the fact that, during 2021, he consolidated his rights over all the funds accumulated in his long-term savings system, despite the fact that the contribution made in 2021 was identical to the contribution made in 2020.
- The 203% increase in the total remuneration of Mr Javier Martínez Ojinaga can be attributed to the fact that since 1 September 2021, this director held the position of Chief Executive Officer, which involves receiving the salary and variable remuneration corresponding to said position from said date.
- The 35% increase in the total remuneration of Ms Marta Baztarrica Lizarbe can be attributed to the fact that in 2020, the objectives for accruing variable remuneration were not met, while in 2021 variable components have been accrued, as well as to the restoration of her fixed remuneration and salary, which was reduced by 5% in 2020 compared to 2019.
- The increase of 11% and 13%, respectively, in the total remuneration of Ms Ane Agirre Romarate and Mr Julián Gracia Palaçín can mainly be attributed to the restoration of their fixed remuneration, which was reduced by 5% in 2020 compared to 2019.
- The 15% increase in the total remuneration of Mr Ignacio Camarero García can be attributed, firstly, to the restoration of his fixed remuneration, which was by 5% in 2020 compared to 2019 and, secondly, to the fact that in 2021 he was appointed as a member of the Audit Committee, receiving the remuneration corresponding to sitting on said committee.
- The increase of 98% and 108%, respectively, in the remuneration of Ms Idoia Zenarrutabeitia Beldarrain and Mr Manuel Domínguez de la Maza can be attributed to the fact that they were appointed as members of the Board of Directors for the first time on 13 June 2020 and, therefore, during said year they did not receive remuneration corresponding to the full year.

##### Main changes 2020/2019:

- The 18% decrease in the total remuneration of Ms Marta Baztarrica Lizarbe can be attributed to the fact that in 2020, the objectives for the accrual of variable remuneration were not met, while in 2019 variable components were accrued, in addition to the 5% reduction in the fixed remuneration of directors in their capacity as such and the 5% reduction in their salary.
- The 11% decrease in the total remuneration of Mr Juan José Arrieta Sodupe can be attributed, firstly, to the 5% reduction in the fixed remuneration of directors in their capacity as such and, secondly, to the fact that in 2020, he departed the Nomination and Remuneration Committee, therefore forfeiting the right to receive remuneration for belonging to said committee.

- The 90% increase in the remuneration of Mr Ignacio Camarero García can be attributed to the fact that he was appointed as a member of the Board of Directors for the first time on 15 June 2019 and, therefore, during said year he did not receive remuneration corresponding to the full year.

Main changes 2019/2018:

- The 18% increase in the remuneration of Mr Andrés Arizkorreta García can mainly be attributed to a 30% increase in the contribution to the long-term savings system.

Main changes 2018/2017:

- The 139% increase in the remuneration of Mr Andrés Arizkorreta García can be attributed to the introduction of variable components in his remuneration during 2018, the increase in the contribution to his long-term savings system and the increase in allowances paid to directors applied to all the members of the Board of Directors in their capacity as such during the year.
- The 34% increase in the remuneration of Ms Marta Baztarrica Lizarbe can be attributed to the introduction of variable components in her remuneration during 2018 and the increase in allowances paid to directors applied to all members of the Board of Directors in their capacity as such during the year.
- The increase of between 30% and 35% in the remuneration of Mr Javier Martínez Ojinaga, Mr Juan José Arrieta Sudupe, Mr Luis Miguel Arconada Echarri and Ms Carmen Allo Pérez can mainly be attributed to the increase in allowances paid to directors applied to all members of the Board of Directors in their capacity as such during 2018.
- The 138% increase in the remuneration of Mr Julián Gracia Palacín can be attributed to the fact that he was appointed as a member of the Board of Directors for the first time on 10 June 2017 and, therefore, during said year he did not receive remuneration corresponding to the full year.

**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)

\* No external adviser 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:

[ 25/02/2022 ]

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

[ ] Yes

[  ] No