ANNUAL DIRECTORS' REMUNERATION REPORT OF LISTED COMPANIES

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

ISSUER'S PARTICULARS

End date of financial year in question: 31/12/2024

Tax Identification Number (CIF): A20001020

Company name:

CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, SA

Registered office:

JOSE MIGUEL ITURRIOZ, 26 20200 BEASAIN (GUIPUZCOA)

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

A.1.1 Explain the policy in force applicable to the current year relating to the remuneration of directors. If relevant, certain information may be included in relation to the remuneration policy approved by the shareholders at the General Shareholders' 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 General Shareholders' 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 2025 was approved by the General Shareholders' Meeting held on 15 June 2024, following a proposal made by the Board of Directors dated 9 May 2024 in view of the report and proposal issued by the Appointments and Remuneration Committee on 8 May 2024. It should be noted that the remuneration policy approved by the General Meeting reflects a deliberate dialogue with shareholders and institutional investors, as well as proxy advisors, initiated as a result of the dissent observed with respect to the previous remuneration policy, which highlighted the need to review it more closely to align the expectations of shareholders and institutional investors with CAF's remuneration practices. Consequently, the following changes and improvements were included:

1. The inclusion of the enhanced development of the characteristics of the variable remuneration system, both in the short and especially in the long term.

2. The introduction of the possibility of remunerating executive directors through shares, stock option rights or remuneration linked to the value of shares, be they of CAF or of its Group companies.

3. The option of combining the items included in point 2 above, together with cash compensation, to offer a more flexible remuneration package; and

4. The updating and establishment of limits on remuneration components in line with companies comparable to CAF in terms of turnover, market capitalisation or size, while also avoiding sharp increases in remuneration between financial years.

Likewise, as resolved by the General Meeting, the remuneration policy was applicable from the very date of its approval (i.e. 15 June 2024) and for the remainder of 2024 and remains in force for the two years following its approval (i.e. 2025 and 2026), without prejudice to any modifications, adaptations or updates that may be approved at any time by 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, billing figures or stock market capitalisation 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 to be 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 with its results and an appropriate distribution of profits to shareholders, in the interests of both such shareholders and its employees; and

- likewise, CAF's remuneration system complies with the applicable legislation at all times 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), 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, both annual and long-term, linked to (a) the achievement of specific, quantifiable economic-financial objectives aligned with the social interest and the strategic objectives of the Company and (b) the achievement of non-financial parameters that promote sustainability and the creation of long-term value for the Company.

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 CO_2 emissions (Scope 3) at year-end 2026, respectively).

Furthermore, it is expected that the short-term variable remuneration will be conserved in the executive directors' remuneration package in 2025. In such case, the parameters chosen to assess the degree of compliance with the objectives and determine the variable remuneration of the executive directors must be both (i) of an economic-financial nature (such as hiring, sales, cash-flow or profit before taxes), which must represent at least 80% of the short-term variable remuneration and may, subject to the approval of the General Meeting, include parameters referenced to the value of the shares and (ii) of a non-financial nature (such as customer satisfaction, the organisational health index, the result of the Ecovadis evaluation, the CO_2 emissions reduction indicator or other ESG indicators that promote CAF's sustainability), which must represent, at most, 20% of the short-term variable remuneration. The intention is that these parameters, which will be set minimum objectives below which variable remuneration will not be accrued in the short term associated with the parameter in question, will 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 Group's sustainability.

The degree of compliance with the established objectives will be verified by the Board of Directors once the final data obtained are known (at the end of the year for annual variable remuneration and during the year 2027 for long-term variable remuneration). Likewise, efforts will be made to ensure that the amount of said variable remuneration maintains an appropriate balance between the fixed and variable components, so it is related to the performance of the executive directors and is in line with the Company's objectives, values and interests and, in the case of annual variable remuneration, this constitutes an appropriate incentive without distorting its complementary nature of 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), so that there is time to effectively verify compliance with the performance-linked parameters and thus allow the Board of Directors to adequately measure the degree of achievement of the objectives and assess whether there are any circumstances that make it advisable to reduce and/or, where appropriate, claim the refund of the variable remuneration to be received by executive directors, such as serious breaches of their obligations, the introduction of qualifications in the audit report, the need to reformulate the Company's financial statements or the identification of any error in the calculation or measurement of the degree of achievement of said objectives.

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

To accrue annual variable remuneration, beneficiaries must remain at the Company for the entire year, losing their right to said remuneration if they leave the Company during said year. For the accrual of the long-term incentive plan, beneficiaries must still be working for the Company at 31 December 2026 (although the right to receive the prorated incentive will continue to exist under the terms set forth in section B.7).

The long-term incentive plan will be remunerated in cash, while annual variable remuneration can be paid in cash, shares or in option rights thereon or through instruments linked to the value of the shares, be they of the Company or its Group companies or through a combination of the above items. Remuneration involving the delivery of shares, option rights thereon or instruments linked to share value must be approved by the General Shareholders' Meeting.

When the annual variable remuneration is paid in shares, in option rights thereon or through instruments linked to share value, while executive directors hold such position, they cannot transfer their ownership or exercise them until a period of at least three (3) years has elapsed. The following are excepted from the above: (i) if the executive director maintains, at the time of transmission or exercise, net economic exposure to share price fluctuations for a market value equivalent to an amount of at least two times their annual fixed remuneration through the ownership of shares, options or other financial instruments; and (ii) the shares that the executive director needs to sell to meet the costs related to their acquisition or, subject to a favourable assessment by the Appointments and Remuneration Committee, to deal with extraordinary situations that may arise that require it.

Section D continues

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 2025 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.

The total current fixed components of directors' remuneration for 2025 are not expected to increase with respect to 2024 (see section B.5 of this report and section 3.1 of CAF's new remuneration policy.

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 fixed components for the performance of senior management functions of executive directors in 2025 will be updated, where applicable, in line with the fixed salary reviews agreed in the applicable collective agreement, set at 4.35% of wages, the same as applied to all CAF employees under employment contracts.

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 remuneration in kind with its directors, except for life insurance included among the remuneration items that may be applied to executive directors.

Although an estimate of the total amount of the insurance premiums to be paid in 2025 cannot currently be provided, no substantial changes are envisaged with respect to the amounts paid in 2024.

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.

Also, with regard to short-term variable remuneration, the inclusion of which is expected to be maintained in 2025, the intention is that the parameters chosen, for which minimum objectives shall be set below which there will be no accrual of short-term variable remuneration associated with the parameter in question, take into account the viability and sustainability of the CAF group in both the short and long term, selecting parameters that, even when measured annually, have a medium and long-term impact on the sustainability of the group. These parameters must be both (i) of an economic-financial nature (such as hiring, sales, cash-flow or EBIT), which must represent at least 80% of the short-term variable remuneration and may, subject to the approval of the General Meeting, include parameters linked to share value and (ii) of a non-financial nature (such as customer satisfaction, the organisational health index, the result of the Ecovadis assessment, the CO2 emissions reduction indicator or other ESG indicators that promote CAF's sustainability or corporate social responsibility), which must represent, at most, 20% of short-term variable remuneration.

In this regard, it is expected that these short-term variable components will be similar to those already included in previous years, both with respect to the link between the reference parameters and CAF's performance, and in the way they are verified and with respect to the possibility of the Company claiming the refund of any variable remuneration that may have been paid out as a result of inaccurate data. The objectives set in relation to the parameters are also expected to be ambitious and challenging for their beneficiaries.

The degree of compliance with the short-term objectives will be measured in keeping with the financial statements and management report at 31 December 2025, once authorised for issue by the Board of Directors during the first quarter of 2026 (with regard to the financial parameters) and on the basis of satisfaction surveys, evaluations carried out by independent third parties or similar methods (with regard to non-financial parameters). In any case, to accrue annual variable remuneration, beneficiaries must remain at the Company for the entire year, losing their right to said remuneration if they leave the Company during said year. For the accrual of the long-term incentive plan, beneficiaries must still be working for the Company at 31 December 2026 (although the right to receive the prorated incentive will continue to exist under the terms set forth in section B.7).

Likewise, when setting the annual variable remuneration of the Executive Directors, the short-term variable component will not be able to compromise the search for the best interest of the Group and its payment may be deferred over time from the end of the financial year. Likewise, the Board of Directors may reduce and/or, where appropriate, request the beneficiaries of the annual variable remuneration to refund the incentive if any circumstance arises making it advisable, such as the identification of any error in its calculation or in the measurement of the degree of achievement of objectives, the existence of serious breaches of their obligations, the existence of qualifications in the audit report or the need to reauthorise the Company's financial statements for issue. Said 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.

At today's date, the amount of the maximum limit of the annual variable remuneration of executive directors in 2025 is not available. In accordance with the remuneration policy in force, during its validity, the annual variable remuneration shall not exceed, in any case, 50% of the fixed salary for 100% achievement of the objectives or 60% in the event of achievement exceeding 100% in all economic-financial metrics, with these limits being conservative compared to those applied by mid-cap companies comparable to CAF in terms of their turnover and size. In any case, the annual variable remuneration will not operate at its maximum limit in 2025.

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 2025 will be a similar amount to that corresponding to fiscal year 2024.

In any case, the limit on ordinary contributions is established as a percentage of the pensionable salary, under the terms provided for each beneficiary in the plan regulations, and in no case does it exceed 30% of the pensionable salary for executive directors, except the CEO, whose limit stands at EUR 205,000 per year.

The extraordinary contributions agreed on an exceptional basis to compensate for the years of seniority in the company without participation in the previous long-term savings system will also remain unchanged, which will definitively end in the year 2027, in line with the planning already agreed by the Board of Directors.

It is noted that the amount of contributions to the long-term savings system is not consolidated as a fixed salary nor does it count towards the calculation of variable remuneration, nor towards the revisions of the fixed salary itself approved by collective agreement.

The new long-term savings system approved in 2022, which did not benefit the current executive directors, involves significantly more moderate contributions than those under the previous system. 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.

On the occasion of the approval of the remuneration policy currently in force and to ensure that the remuneration structure was as competitive as possible and in line with best market practices, a comprehensive analysis was carried out of mid-cap companies that are comparable to CAF in terms of turnover and size, with the support of specialised external advisors. This analysis enabled a more precise contextualised assessment of remuneration in relation to the previous mid-cap companies, concluding that CAF's remuneration components were generally below the average of this group of comparable companies, which suggests that, to date, CAF has adopted a very prudent approach to its remuneration structure.

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.

As explained in the annual directors' remuneration report for the previous year, the Board of Directors was considering proposing a modification of the remuneration policy to the Company's Ordinary General Shareholders' Meeting to include the possibility of Directors' remuneration would include the allocation of shares, stock options or remuneration linked to the value of the shares, in addition to other adjustments that are deemed appropriate. On 9 May 2024, the Board of Directors made a reasoned proposal to modify the remuneration policy, in light of a prior proposal and a specific report issued by the Nominations and Remuneration Committee on 8 May 2024. As a result, the Ordinary General Meeting of Shareholders held on 15 June 2024 approved the modification of the remuneration policy of the Company's directors.

It should be noted that the remuneration policy approved by the General Meeting was applicable from the date of its approval (i.e., 15 June 2024) and for the remainder of 2024 and will remain in force for the two fiscal years following its approval, that is, fiscal years 2025 and 2026, without prejudice to any modifications, adaptations or updates that may be approved at any time by the General Meeting of Shareholders of CAF.

The main modifications incorporated into the new policy reflect a deliberate process of dialogue with shareholders and institutional investors, as well as proxy advisors, initiated as a result of the dissent observed with respect to the previous Remuneration Policy, which highlighted the need for a review of the same to more closely align the expectations of shareholders and institutional investors with CAF's remuneration practices. The main modifications were the following:

1. The inclusion of the enhanced development of the characteristics of the variable remuneration system, both in the short and especially in the long term.

2. The introduction of the possibility of remunerating executive directors through shares, stock option rights or remuneration linked to the value of shares, be they of CAF or of its Group companies.

3. The option of combining the concepts included in point 2 above, together with cash payment, to offer a more flexible remuneration package.

4. The updating and establishment of limits on remuneration components in line with companies comparable to CAF in terms of turnover, market capitalisation or size, while also avoiding sharp increases in remuneration between financial years.

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

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

https://admin.cafmobility.com/uploads/SGC_0007_Politica_Remuneraciones_Consejeros_EN_f5bb4f9930.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 2023 Annual Remuneration Report was approved by a large majority (91.1% of votes in favour), significantly up on 2022 (65.17%). The current remuneration policy was approved at the same meeting with a vote in favour of 97.51% of the capital present or represented. All of this demonstrates the Company's efforts to respond to the concerns expressed by shareholders when casting their votes at previous meetings. Nevertheless, the Company has considered it appropriate to take a series of measures to take into account the shareholders' vote at the general meeting at which the Annual Remuneration Report for the year 2023 was put to a vote:

- Moreover, the Company's main proxy advisors and significant shareholders and investors have, in recent years, been demanding the inclusion of the possibility of remunerating executive directors through shares, share option rights or remuneration linked to their value. In light of these observations, the Company has implemented, within its remuneration policy, the possibility of executive directors being remunerated in the form of shares, stock option rights or remuneration linked to their value, thereby achieving greater alignment of executive director remuneration with the Company's long-term performance and sustainability.

- This remuneration report provides further information on the maximum and minimum weighting of the economic-financial and non-financial parameters of short-term variable remuneration.

- This remuneration report also includes more detailed information about the requirements necessary for the accrual of both the annual variable remuneration and the long-term incentive plan.

- It has been deemed appropriate in this report (section A.1.6 and section A.1.7, respectively) to provide more information on the mechanism for calculating the limit established for the annual variable remuneration, as well as on the mechanism for calculating contributions to the long-term savings system.

- Lastly, it has been considered appropriate to expand the information provided in section B.7 on the long-term incentive plan, indicating the existence of minimum objectives below which the incentive associated with a certain metric will not accrue, the possibility of receiving an incentive greater than 100% in the event of overachievement, the methods for assessing the degree of compliance and the accrual requirements of the long-term incentive plan.

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 Ordinary General Meeting of Shareholders held on 15 June 2024, following a proposal by the Board of Directors dated 9 May 2024, which in turn formulated said proposal in light of the report and the proposal issued by the Appointments and Remuneration Committee on 8 May 2024.

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.

In particular, the agreements adopted during the 2024 financial year and up to the date of approval of this report regarding the remuneration package for directors for the 2024 financial year are as follows:

(i) Within the first quarter of 2024, the Appointments and Remuneration Committee agreed to propose to the Board of Directors the approval of the parameters on which the annual variable remuneration of executive directors would be based, as well as its maximum amount.

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

(iii) On 13 November 2024, the Appointments and Remuneration Committee resolved to submit a proposal to the Board of Directors 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.

(iv) On 14 November 2024, the Board of Directors approved the proposal made by the Nomination and Remuneration Committee described above.

(v) On 26 February 2025, the Board of Directors approved the final remuneration for executive directors for 2024, following the formulation of the 2024 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 2024.

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 2024 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 2024 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.

In this regard and starting in 2023, the Board of Directors decided to implement a long-term incentive plan applicable to executive directors, which will last from 1 January 2023 to 31 December 2026 and includes parameters linked to the achievement of economic-financial and non-financial objectives defined in the Strategic Plan, quantifiable and aligned with the corporate interest (Aggregate EBIT Operating Result for period 2023-2026 and Reduction of CO2 Emissions (Scope 3) at the end of fiscal year 2026, respectively). It has also been agreed, as in previous years, to link the short-term variable remuneration of directors to parameters linked to the achievement of specific, quantifiable economic-financial objectives aligned with the Company's corporate interest and strategic objectives in different areas (recruitment, sales, EBIT) and to an adequate operational management (cash flow), as well as to non-financial parameters (customer satisfaction organisational health index, results of the Ecovadis evaluation and emissions reductions (Scopes 1 & 2)), suitable for the creation of long-term value.

Furthermore, and as a new feature for the 2024 financial year, the remuneration policy has included the possibility of paying the annual variable remuneration in shares or in option rights over them or through instruments referenced to the value of the shares, whether of the Company or of companies in its group or, together with payment in cash, through a combination of the above concepts.

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 is 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.

In addition, to approve the current remuneration policy, a group comparing 18 companies with a parent company located in Spain and a size in terms of invoicing, employees, assets and market capitalisation comparable to that of CAF was analysed. From the analysis of the data from this sample, obtained after a study commissioned by a renowned external specialist consultancy firm, it was concluded that CAF's remuneration components were generally below the average for this group 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.

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 in 2024 fully complies with the provisions of the former director remuneration policy approved by CAF's Ordinary General Shareholders' Meeting held on 11 June 2022 and the new director remuneration policy approved by the CAF Ordinary General Shareholders' Meeting held on 15 June 2024, which entered into force that same day. Compliance with both policies is explained below:

(i) The remuneration accrued by directors in their capacity as such consisted solely of fixed remuneration for membership on the Board, per diems for the attendance at Board meetings, remuneration for belonging to the Committees and an additional fixed assignment for those directors that perform other functions or responsibilities, while not exceeding the maximum figure established in section 3.1 both of CAF'S previous remunerations policy and its new one.

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

(iii) The variable remuneration of executive directors 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 both CAF's previous remuneration policy and its new one.

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.

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 CO_2 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	26,642,380	77.72

	Number	% of votes cast
“No” votes	349,800	1.31
“Yes” votes	24,271,109	91.10
Blank votes	550	0.00
Abstentions	2,020,921	7.59

Observations

Percentages have been rounded to two decimal places.

The 2023 annual remuneration report was approved by a large majority of the votes cast.

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.

The amount of the current fixed remuneration items of directors in their capacity as such was approved in 2023 and will be valid until 2025, amounting to:

- Fixed allocation for membership of the Board of Directors: EUR 75,000 per year per director.
- Fixed allocation for membership in the Committees: EUR 25,000 per year per Committee.
- Allowances for attendance at meetings of the Board of Directors: EUR 40,000 per year per director.
- Additional remuneration for the Chairman of the Board: EUR 100,000 per year.
- Additional remuneration for the Secretary of the Board: 50,000 annually.

- Additional remuneration to the Chairmen of the Committees: EUR 10,000 per year each.

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 commercial contract for an indefinite term with the Chief Executive Officer, as approved by the Board of Directors. The other executive director, who has not been delegated powers by the Board, has an ordinary employment contract.

The salaries of the executive directors for 2024 are included in their respective contracts, with the amounts that appear in table a) i) of Section C.1 of this report. In the case of the Managing Director, his fixed salary has not changed. In the case of the Secretary to the Board, under her employment contract, her fixed salary has increased by 3.6% in accordance with her collective bargaining agreement, just like the remaining CAF workers.

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 2024 should be linked was carried out on the basis of a proposal formulated by the Appointments 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 (EBIT), cash flow, level of customer satisfaction, organisational health index, the results of the Ecovadis assessment and reduction of scope 1 and 2 CO_2 emissions, at the level of the consolidated Group in all cases.

The contracting volume, sales volume, profit before tax (EBIT) 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 CO_2 emissions - are non-financial criteria that foster the creation of long-term value for the Company.

A series of objectives were established for each parameter which, if achieved, enabled 100% of the short-term variable remuneration to be obtained, 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. However, it is worth highlighting that these objectives were ambitious and challenging for their beneficiaries. Firstly, both the sales and EBIT targets increased by double digits compared to the value of these parameters in the previous year. The objective was also to achieve a contracting figure higher than the sales figure, as well as the generation of positive cash flow.

Below is a table showing the weighting of each financial parameter, the value obtained for each 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 // Value obtained // Degree of achievement // % of total variable remuneration accrued EBIT // 30% //
161 // 100% // 30%
Cash flow // 25% // 72 // 100% // 25%
Sales // 15% // 4,212 // 92.80% // 13.92%
Backlog // 15% // 4,707 // 100% // 15%

The data on the actual achievement of each financial parameter in 2024 can also be consulted in the annual accounts published by CAF. In this regard, the values obtained in the EBIT parameters stand out (with an increase of over 14% compared to the value obtained in 2023), sales (with an increase of over 10%) and cash flow (with an increase of 31%).

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 earned Customer satisfaction (1-10) // 3.75% // 7.9 // 8.0 // 100% // 3.75%
Organisational Health Index (1-10) // 3.75% // 6.7 // 6.7 // 100%// 3.75% Ecovadis Evaluation (1-100) // 3.75%// 76 // 79 // 100% // 3.75% CO2 Emissions Reduction 1&2 (%) // 3.75% // 30% // 29.3% // 96.1%// 3.60%

The values obtained for each of these non-financial parameters are available in the sustainability report.

The EBIT parameter is classed as a key performance indicator. This means achieving a level equal to or greater than the objective set in the 2023 Management Plan is an essential requirement for short-term variable remuneration to accrue in relation to the remaining parameters.

In accordance with this scheme, the Appointments and Remuneration Committee proposed to establish a maximum limit of the short-term variable remuneration to be received by the CEO and the Secretary to the Board of Directors, respectively, EUR 150 thousand for the CEO and EUR 100 thousand for the Secretary to the Board, maximum limits that were approved by the Board, thus resuming maximum levels of variable remuneration for executive directors similar to those for 2022, as set forth in the Annual Directors' Remuneration Report for the previous year.

At the current remuneration level, the CEO-to-worker compensation ratio, which compares the CEO's remuneration with the average remuneration earned by the rest of the CAF Group's workforce, yields a value of 15.5, which is in the bottom quartile of mid-cap listed companies, according to 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 2024, once formulated by the Board of Directors during the first quarter of 2025 (with regard to the "contracting", "sales", "EBIT" 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 paid in cash and is deferred in time for a minimum of six months from year-end, so that the Board of Directors has sufficient time to verify the degree of compliance of the objectives and can assess whether there are any circumstances that make it advisable to reduce the variable remuneration to be received by the Company's executive directors. Although the variable remuneration is paid in cash, it must be taken into account that the executive directors are the owners, in total, of 29,540 CAF shares (12,500 in the case of the CEO and 17,040 in the case of the secretary-director), the value of which is equivalent to a significant percentage of their respective salaries. The executive directors have owned these shares since they were acquired in 2022.

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 attainment of the objectives, the Board of Directors can request the executive directors 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 26 February 2025, the date on which the Board authorised the 2024 financial statements and management report for issue, and the level of achievement of the financial parameters was effectively verified. After said evaluation, partial fulfilment of the objectives has been confirmed, resulting in the accrual and consolidation of 98.8% 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 2024, 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, in 2023, the Appointments and Remuneration Committee worked 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 Appointments and Remuneration Committee consulted the content thereof with CAF's main proxy advisors, significant shareholders and institutional investors, with their comments being taken into consideration.

At its meeting held on 19 December 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 1 January 2023 to 31 December 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 CO_2 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 CO_2 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, the one chosen is considered to be 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 EUR 981.6 million 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 EUR 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 EUR 785.28 million and EUR 981.6 million;

(iii) Between 100% and 124% of the incentive will accrue, proportionally, if aggregate EBIT is between EUR 981.6 million and EUR 1,109.21 million; and

(iv) Above an aggregate EBIT of EUR 1,109.21 million, 124% of the incentive accrues.

A reduction target of 50% at the end of 2026 has been set for the scope 3 CO2 emissions reduction metric. This is a substantial tightening - by 25% - of the 40% reduction target set in the Strategic Plan. It should also be noted that the Reduction of CO2 Emissions in Scope 3, unlike that referred to in 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, establishing a minimum aggregate EBIT Operating Profit amount below which no incentive associated with this metric accrues and a minimum CO2 emissions reduction level (Scope 3), below which no incentive associated with this other metric accrues. Likewise, a minimum aggregate EBIT operating profit of EUR 687.12 million was set as a key indicator. No incentive will accrue below this level, even if the targets for the other metric are attained.

Similarly, for over 100% of the incentive corresponding to the aggregate EBIT Operating Profit metric to accrue, the EBIT margin on Sales (as accounted for under IFRS) for 2026 must be higher than the weighted average of a comparison group comprising Alstom, Stadler and Talgo, the weighting of which will be based on the sales volume of each of these companies in 2026. In any case, it is expressly stated that the incentive corresponding to the aggregate EBIT Operating Profit metric will never exceed 124% of the incentive associated with this metric. For its part, the incentive corresponding to the CO2 Emissions Reduction metric (Scope 3) will never exceed 100% of the incentive associated with this metric.

The Board of Directors has set the maximum amount of the incentive that may accrue upon completion of the plan, which amounts, assuming 100% compliance with the objectives, to an annualised 50% of the executive directors' fixed salary for 2023 (without prejudice to the possibility of paying a higher incentive in the event of over-compliance as provided for in this section). In order to establish this amount, a comparison group of 18 companies was analysed, with their parent company located in Spain and a size in terms of turnover, employees, assets and market capitalisation comparable to that of CAF. Analysis of the data from this sample, obtained from a study commissioned with a specialised external consultancy firm of acknowledged prestige, concluded that the amount of the long-term incentive was in line with that of comparable companies.

As regards the methods for assessing the degree of compliance, the aggregate EBIT Operating Profit parameter will be measured on the basis of the financial statements and management report prepared each year by the Board. The measurement of the CO2 Emissions Reduction parameter (Scope 3) will be carried out through internal measurements validated by an independent external certifier.

For the incentive to accrue under the plan, the beneficiaries must still be working for the Company at 31 December 2026. However, the right to receive the incentive prorated based on the time actually worked from the start date of the long-term incentive plan will continue to exist if the termination of employment occurs for any of the reasons stated in the Plan Regulations, such as death, retirement or declaration of permanent disability, among others.

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 2024 been reduced or claimed back.

However, as approved by the Board of Directors at its meeting held on 26 February 2025, it has been noted that no event has occurred that would make it advisable, for the time being, to reduce the amount accrued as remuneration.

variable, although the Company may claim reimbursement of the variable remuneration paid to executive directors if the degree of attainment of targets was determined on the basis of data whose inaccuracy is later clearly demonstrated.

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

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

The 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 fiscal year 2024 in favour of each of the executive directors is shown in table a) iii) of section C.1 of this report and is within the limits established in section 3.2.1 of the new CAF remuneration policy. This amount corresponds to the annual contributions agreed by the Board of Directors in accordance with the agreement adopted in December 2022, in which this new long-term savings system and its Regulations were approved. At the November meeting of each year, the Appointments and Remuneration Committee, after analysing the Company's situation, proposes to the Board to make the annual contribution, consisting of a fixed percentage of the pensionable salary of each executive director for the year and an additional contribution for seniority in the post and to compensate the years of permanence in said position without participating in the previous plan that was previously in force. The additional contributions will be completed in 2027, in line with the planning agreed by the Board of Directors.

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 predetermined 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 even decrease once the four years of exceptional contributions referred to in the previous paragraph have elapsed. It is likewise noted that the amount of contributions to the long-term savings system is not consolidated as a fixed salary nor does it count towards the calculation of variable remuneration, nor towards the revisions of the fixed salary itself approved under the collective bargaining agreement.

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. In this regard, upon the approval of the remuneration policy currently in force and to ensure that the remuneration structure is as competitive as possible and in line with best market practices, a comprehensive analysis was carried out of mid-cap companies that are comparable to CAF in terms of invoicing and size, with the support of specialised external advisors. This analysis enabled a more precise contextualised assessment of remuneration in relation to the previous mid-cap companies, concluding that CAF's remuneration components were generally below the average of this group of comparable companies, which suggests that, to date, CAF has adopted a very prudent approach to its remuneration structure.

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 2024.

B.11. Indicate whether there have been any significant amendments to the contracts of executive directors exercising senior management functions. Also, describe the main terms and conditions of the new contracts entered into with executive directors in the year, except as described in Section A.1.

In 2024, 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	2024 accrual period
MR. ANDRÉS ARIZKORRETA GARCÍA	Chairman Other external	From 01/01/2024 to 31/12/2024
MR. JAVIER MARTÍNEZ OJINAGA	Executive director	From 01/01/2024 to 31/12/2024
MR. MANUEL DOMÍNGUEZ DE LA MAZA	Proprietary director	From 01/01/2024 to 31/12/2024
MR. JUAN JOSÉ ARRIETA SUDUPE	Other external director	From 01/01/2024 to 31/12/2024
MR. LUIS MIGUEL ARCONADA ECHARRI	Other external director	From 01/01/2024 to 31/12/2024
MS. IDOIA ZENARRUTZABEITIA BELDARRAIN	Proprietary director	From 01/01/2024 to 31/12/2024
MS. MARTA BAZTARRICA LIZARBE	Executive director	From 01/01/2024 to 31/12/2024
MS. CARMEN ALLO PÉREZ	Independent director	From 01/01/2024 to 31/12/2024
MR. JULIÁN GRACIA PALACÍN	Independent director	From 01/01/2024 to 31/12/2024
MR. IGNACIO CAMARERO GARCÍA	Independent director	From 01/01/2024 to 09/05/2024
MS. BEGOÑA BELTRÁN DE HEREDIA VILLA	Independent director	From 01/01/2024 to 31/12/2024

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	Per diems	Remuneration for belonging to Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2024	Total 2023
MR. ANDRÉS ARIZKORRETA GARCÍA	175	40							215	215
MR. JAVIER MARTÍNEZ OJINAGA	75	40		510	148				773	851
MR. MANUEL DOMÍNGUEZ DE LA MAZA	75	40							115	115
MR. JUAN JOSÉ ARRIETA SUDUPE	75	40	25						140	140
MR. LUIS MIGUEL ARCONADA ECHARRI	75	40	25						140	140
MS. IDOIA ZENARRUTZABEITIA BELDARRAIN	75	40							115	115
MS. MARTA BAZTARRICA LIZARBE	125	40		274	99				538	528
MS. CARMEN ALLO PÉREZ	75	40	26						141	148
MR. JULIÁN GRACIA PALACÍN	85	40	25						150	150
MR. IGNACIO CAMARERO GARCÍA	27	15	9						51	146
MS. BEGOÑA BELTRÁN DE HEREDIA VILLA	85	40	25						150	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 2024		Financial instruments granted in 2024		Financial instruments vested in the year				Matured instruments not exercised	Financial instruments at the end of 2024	
		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	
	2024	2023	2024	2023	2024	2023	2024	2023
MR. JAVIER MARTÍNEZ OJINAGA			204	204			812	608
MS. MARTA BAZTARRICA LIZARBE			222	219			649	427

Observations

iv) Other items

Name	Concept	Remuneration amount
MR. JAVIER MARTÍNEZ OJINAGA	Life insurance premiums	15
MS. MARTA BAZTARRICA LIZARBE	Life insurance premiums	2

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	Per diems	Remuneration for membership on committees of the Board of Directors	Salary	Short-term variable remuneration	Long-term variable remuneration	Termination benefits	Other items	Total 2024	Total 2023
No data										

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 2024		Financial instruments granted in 2024		Financial instruments vested in the year				Matured instruments not exercised	Financial instruments at the end of 2024	
		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	
	2024	2023	2024	2023	2024	2023	2024	2023
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.

	Remuneration accruing in the Company					Remuneration accruing in Group companies					
Name	Total cash remuneration	Gross profit from shares or financial instruments consolidated	Remuneration from savings schemes	Other items of remuneration	Total 2024 - Company	Total cash remuneration	Gross profit from shares or financial instruments consolidated	Remuneration from savings schemes	Other items of remuneration	Total 2024 - Group	Total 2024 - Company + Group
MR. ANDRÉS ARIZKORRETA GARCÍA	215				215						215
MR. JAVIER MARTÍNEZ OJINAGA	773			15	788						788
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

	Remuneration accruing in the Company					Remuneration accruing in Group companies					
Name	Total cash remuneration	Gross profit from shares or financial instruments consolidated	Remuneration from savings schemes	Other items of remuneration	Total 2024 - Company	Total cash remuneration	Gross profit from shares or financial instruments consolidated	Remuneration from savings schemes	Other items of remuneration	Total 2024 - Group	Total 2024 - Company + Group
MS. MARTA BAZTARRICA LIZARBE	538			2	540						540
MS. CARMEN ALLO PEREZ	141				141						141
MR. JULIÁN GRACIA PALACIN	150				150						150
MR. IGNACIO CAMARERO GARCÍA	51				51						51
MS. BEGOÑA BELTRAN DE HEREDIA VILLA	150				150						150
TOTAL	2,528			17	2,545						2,545

Observations

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								
	2024	% Variation 2024/2023	2023	% Variation 2023/2022	2022	% Variation 2022/2021	2021	% Variation 2021/2020	2020
Executive directors									
MR. JAVIER MARTÍNEZ OJINAGA	788	-9.00	866	19.12	727	120.30	330	202.75	109
MS. MARTA BAZTARRICA LIZARBE	540	2.08	529	21.89	434	27.65	340	35.46	251
External directors									
MR. ANDRÉS ARIZKORRETA GARCÍA	215	0.00	215	7.50	200	-96.48	5,683	203.09	1,875
MR. JULIÁN GRACIA PALACÍN	150	0.00	150	30.43	115	0.00	115	12.75	102
MS. CARMEN ALLO PÉREZ	141	-4.73	148	28.70	115	0.00	115	5.50	109
MR. JUAN JOSÉ ARRIETA SUDUPE	140	0.00	140	21.74	115	0.00	115	-0.86	116
MR. LUIS MIGUEL ARCONADA ECHARRI	140	0.00	140	21.74	115	0.00	115	5.50	109
MR. IGNACIO CAMARERO GARCÍA	51	-65.07	146	18.70	123	12.84	109	14.74	95
MS. IDOIA ZENARRUTZABEITIA BELDARRAIN	115	0.00	115	21.05	95	0.00	95	97.92	48
MR. MANUEL DOMÍNGUEZ DE LA MAZA	115	0.00	115	15.00	100	0.00	100	108.33	48

	Total amounts accrued and % annual variation								
	2024	% Variation 2024/2023	2023	% Variation 2023/2022	2022	% Variation 2022/2021	2021	% Variation 2021/2020	2020
MS. BEGOÑA BELTRÁN DE HEREDIA VILLA	150	25.00	120	-	0	-	0	-	0
Consolidated results of the company									
	160,630	14.20	140,658	54.37	91,115	-29.82	129,832	164.55	49,077
Average employee remuneration									
	51	8.51	47	6.82	44	7.32	41	5.13	39

Observations

Main changes 2024/2023:

- The 9% decrease in Mr. Javier Martínez Ojinaga's total remuneration relates to the setting of a maximum limit of the short-term variable remuneration to be received by the CEO in 2024, which is lower than that set for 2023.
- The 2.08% increase in the total remuneration received by Ms. Marta Baztarrica Lizarbe relates to the increase in her fixed annual remuneration as a result of the application of CAF's collective bargaining agreement and short-term variable remuneration, following a greater degree of attainment of the established targets, compared to those of 2023.
- The 4.73% decrease in the total remuneration received by Ms. Carmen Allo Pérez is due to her replacement in October 2023 as chairwoman of the Audit Committee, for which she had received a fixed allowance, meaning that she no longer received said allowance in 2024.
- The 65.07% decrease in the total remuneration of Mr. Ignacio Camarero García is due to his resignation as director and member of the Appointments and Remuneration Committee with effect from 9 May 2024, for which reason he only received the remuneration corresponding to the period between 1 January 2024 and the aforementioned date.
- The 25% increase in the remuneration received by Ms. Begoña Beltrán de Heredia Villa is due to the accrual of the full amount of her fixed remuneration, allowances and salary for membership on the Audit Committee and for her position as chairwoman thereon, as compared with 2023, when she did not hold said positions for the entire year.

The explanations regarding the main variations for the period 2023/2022 are detailed in the annual report on the remuneration of the directors for the year ended 31 December 2023, the explanations regarding the main variations for the period 2022/2021 are detailed in the annual report on the remuneration of the directors for the year ended 31 December 2022 and the explanations regarding the main variations for the period 2021/2020 are detailed in the annual report on the remuneration of the directors for the year ended 31 December 2021.

D. OTHER INFORMATION OF INTEREST

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

A.1.1 (continued)

In the case of annual variable remuneration, it is the responsibility of the Board of Directors at the beginning of each financial year, upon proposal of the Appointments and Remuneration Committee, to determine the amount of annual variable remuneration (subject to the maximums indicated in section 3.2.1(b) of the Remuneration Policy), the parameters on which it is based, its weighting, the inclusion, where appropriate, of key parameters and the objectives to be achieved in relation to each parameter and, once the financial year has ended, the evaluation of compliance therewith.

In the case of the long-term incentive plan approved in 2023 (as described in more detail in section B.7 above), the Board of Directors, upon the proposal of the Appointments and Remuneration Committee, was responsible for its design and approval. This process included, among other aspects, the definition of parameters, weightings, key parameters and objectives to be attained for each of them. The Appointments and Remuneration Committee strove to align the plan with the highest market standards, relying on specialised external advice In addition, the content of the plan was verified by the main proxy advisors, as well as by CAF's significant shareholders and institutional investors, whose comments were considered.

An analysis was conducted of a comparison group of 18 companies with their parent company in Spain in 2023 with a comparable size in terms of invoicing, employees, assets and market capitalisation to that of CAF. From the analysis of the data from this sample, obtained after a study commissioned by a renowned external specialist consultancy firm, it was concluded that CAF's remuneration components were generally below the average for this group of comparable companies.

* 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 remuneration policy was determined with the support of specialised external advisors to ensure that the remuneration structure is as competitive as possible and in line with best market practices.

* 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.

A.1.2 (continued)

It should be noted that the executive directors as a whole own 29,540 CAF shares (12,500 in the case of the CEO and 17,040 in the case of the Director Secretary), the value of which is equivalent to a significant percentage of their respective salaries. The executive directors have owned these shares since they were acquired in 2022.

As a result, the Company considers that the exposure to excessive risks is reduced and that the remuneration mix shows an adequate balance between fixed and variable components such that the remuneration is related to the performance of the executive directors and is appropriate to the objectives, values and interests of the Company.

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:

26/02/2025

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

[ ] Yes
[√] No