



## ANNUAL REPORT ON THE REMUNERATION OF THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

### THE ISSUER'S IDENTIFICATION DETAILS

Reference year-end date: 31/12/2022

Tax ID (CIF): A84453075

Corporate name:

**TALGO, S.A.**

Registered address:

PASEO DEL TREN TALGO, 2 (LAS MATAS) MADRID - SPAIN

## **A. COMPANY REMUNERATION POLICY FOR THE YEAR IN PROGRESS**

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**A.1.1** Explain the current remuneration policy for Directors applicable to the current year. Where relevant, certain information may be included by reference to the remuneration policy approved by the General Shareholders' Meeting, provided that such inclusion is clear, specific and explicit.

The specific determinations for the current financial year must be described, both for the remuneration of Directors due to their status as such and for the performance of executive functions, which the Board has carried out in accordance with the provisions of the contracts signed with the Executive Directors and with the remuneration policy approved by the general meeting.

In any case, at least the following aspects must be reported:

- a) Description of the procedures and bodies of the company involved in determining, approving and applying the remuneration policy and its conditions.
- b) Indicate and, if applicable, explain if comparable companies have been taken into account to establish the company's remuneration policy.
- c) Information on whether any external advisors have been involved and, if so, their identity.
- d) Procedures under the current remuneration policy for Directors for applying temporary exceptions to the policy, conditions under which such exceptions may be used and components that may be subject to exception under the policy.

The remuneration of Board members must in any case remain reasonably proportionate with the size of the Company, its economic circumstances at all times, and the market standards for comparable companies.

The remuneration system established must be aimed at promoting the long-term profitability and sustainability of the Company and should incorporate the necessary safeguards to avoid excessive risk-taking and unfavorable financial results. The remuneration that is applicable in accordance with the general criteria described, fall in the middle of the range, compared to those established by other listed companies, using turnover and company activity for comparison.

In accordance with the provisions of the Bylaws and the Regulations of the Board of Directors, the items on the basis of which Directors' remuneration is fixed are as follows:

- (i) a fixed allocation
- (ii) an allowance for attending each session.

In addition to the above, the Executive Directors also receive remuneration in kind and variable remuneration for their executive functions in the Company, as well as, where appropriate, long-term remuneration systems.

At the General Shareholders' Meeting held on 21 May 2019, a Remuneration Policy for the Directors was approved for which the Appointments and Remuneration Committee created a report, in compliance with the provisions of Article 529r of the Spanish Capital Company Act, accessible on the Talgo Investors website. The approval of the Remuneration Policy is a continuation of the previously existing one. The general principles of the Policy, as well as the remuneration systems of the Directors, remain unchanged.

The General Shareholder's Meeting held on 21 May 2019 approved the implementation of a long-term incentive plan that includes, among others, the Executive Directors, the main features of which are as follows:

- (i) Object: Cash or shares in the Company, at the option of the Plan administrator within the term of the Plan, for a maximum value of 3.1 million euros in each Plan cycle. The maximum number of shares to be delivered, if any, will be determined by the price of the Company's shares on the maturity date of the Plan.
- (ii) Administration: The administration of the Plan will be carried out by the Company's Nomination and Remuneration Committee.
- (iii) Beneficiaries: Executive Directors, members of Senior Management and Talgo Directors. There are a total of 37 beneficiaries of the Plan.
- (iv) Duration: The Plan will last three years (from January 1, 2019 until December 31, 2021). The incentive will be liquidated, in general, after its expiration date (December 31, 2021) and before March 31, 2022. The Company, under the same general conditions, could decide, on a yearly basis, to implement additional overlapping cycles (i.e. Cycle I 2019-2021, Cycle II 2020-2022, Cycle III 2021-2023, etc.).

During financial year 2021, the Shareholders' Meeting of Patentes Talgo S.L.U. approved a remuneration plan in cash with a share purchase commitment for both Executive Directors and Executives (eligible group) with a three-year time horizon (2021-2023) and a maximum amount of 1.5 million euros for Executive Directors, linked to the fulfilment of a series of strategic objectives, an increase in the value of the share and permanence until the end of the time horizon. There is no remuneration accrued for this item at year-end 2022.

**A.1.2** Relative importance of variable remuneration items in relation to fixed items (remuneration mix) and what criteria and objectives have been taken into account in their determination and to ensure an appropriate balance between fixed and variable components of remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and align it with the company's objectives, values and long-term interests, including, where appropriate, a reference to measures envisaged to ensure that the remuneration policy addresses the long-term performance of the company, measures taken in relation to those categories of staff whose professional activities have a material impact on the risk profile of the institution and measures envisaged to avoid conflicts of interest.

Also indicate whether the company has established any vesting or consolidation period for certain variable remuneration items, in cash, shares or other financial instruments, a deferral period for the payment of amounts or delivery of financial instruments already vested and consolidated, or whether any clause has been agreed to reduce deferred remuneration not yet consolidated or obliging the Director to repay remuneration received, when such remuneration has been based on data whose inaccuracy has subsequently been manifestly demonstrated.

The Appointments and Remuneration Committee designs the remuneration policy for Executive Directors, as well as the determination of remuneration on an annual basis, in accordance with the following steps:

- 1) The Appointments and Remuneration Committee determines the fixed remuneration of the Executive Directors.
- 2) At the beginning of each year, the objectives of the Executive Directors are set, which have an individual part (i.e. specific objectives for each one) and a general part corresponding to financial/operational objectives (the same for all), thus linking the variable component of the remuneration to the performance of the company. The Committee determines the specific weighting that the individual and financial/operational objectives have for each of them.
- 3) At the end of each year, the Committee analyses the self-assessment made by the Executive Directors on the degree of compliance with the objectives set and establishes the specific percentage of accrual of variable remuneration.

The Board of Directors and the Appointments and Remuneration Committee shall adopt all the measures that are within their scope to ensure that the External Directors' remuneration is sufficient to compensate their dedication, qualification and responsibility demanded by the role, but not so high as to compromise their independence. The remuneration policies must include the technical safeguards necessary to ensure that the remuneration reflects the professional performance of its beneficiaries and is not simply based on general market development or the sector in which the Company operates or any other similar circumstances.

The remuneration payable to Executive Directors corresponds to their status as Executives for the executive duties performed at Patentes Talgo S.L., an operating subsidiary of the Group and wholly owned by Talgo S.A., and is designed by the Appointments and Remuneration Committee, which includes, in addition to fixed criteria, other variable components established in accordance with annually reviewed criteria, such that the remuneration mix (fixed and variable) depends on performance. The salary items that are taken into consideration for determining the variable part of remuneration are those described below.

The Chief Executive Officer has signed a remuneration commitment with the subsidiary Patentes Talgo S.L.U., called retention incentive, in shares corresponding to 889,878 shares of the Company payable on the earlier of the following dates:

- legal retirement age.
- after 24 months from the date of a change of control.
- in the event of termination of the contract by the company without cause.

**A.1.3** Amount and nature of the fixed components that Directors in their condition of such, are expected to earn in the financial year.

The fixed remuneration of independent external Directors for belonging to the Board of Directors and its committees are as follows:

Vice-Chair of the Board €110,000.  
Independent external Director: €80,000  
PLUS Member of an advisory committee €10,000  
PLUS Chair of an advisory committee €10,000  
PLUS Independent coordinating Director €20,000

**A.1.4** Amount and nature of the fixed components that will be earned in the financial year for the performance of senior management functions by Executive Directors.

The fixed remuneration of the Executive Directors comprises the fixed salary. In addition, and although considered for the purposes of this report as remuneration in kind and long-term savings schemes in the subsequent sections, premiums for life insurance, pension funds and plans, sick leave insurance and medical insurance can also be considered fixed due to their indefinite periodical endowment.

For the 2022 financial year, the total amount of fixed remuneration (fixed salary) amounted to the sum of 929 thousand euros.

The remuneration accrued by the Executive Directors in their capacity as company Executives corresponds to the executive functions they perform in the subsidiary Patentes Talgo, S.L.U. Executive Directors do not receive any additional remuneration due to the fact that they are members of the Board of Directors, nor any subsistence allowances or commissions, nor any other fixed remuneration due to their status as Directors.

There is no additional remuneration for the performance of the position of Chairman of the Board of Directors, which, in the case of the Company, is performed by an Executive Director.

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

Remuneration in kind for all members of the Board of Directors are those related to the Executive Directors in the performance of their management duties and include vehicle leasing.

The rest of the Directors do not receive remuneration in any kind. Executive remuneration in kind in this item amounts to 44 thousand euros.

In addition, the Group, through its subsidiary Patentes Talgo, S.L.U., pays the premiums corresponding to the insurance policies it has taken out with certain insurance companies to cover: (i) life insurance, (ii) sick leave insurance and (iii) medical insurance. The estimated total cost of these premiums amounts to 36 thousand euros in 2022.

The Company also pays the premiums corresponding to civil liability policies with a limit of 40 million euros, which includes all the Group's Executives and Directors.

### A.1.6 Amount and nature of the variable components, differentiating between those established in the short and long term.

Financial and non-financial parameters, including social, environmental and climate change parameters, selected to determine variable remuneration in the current year, explaining the extent to which such parameters are related to the performance of the Director, the company and its risk profile, and the methodology, time required and techniques envisaged to determine them, at the end of the year, the effective degree of compliance with the parameters used in the design of variable remuneration, explaining the criteria and factors applied in terms of the time required and methods for verifying that the performance conditions or any other type of conditions to which the accrual and consolidation of each component of variable remuneration was linked have been effectively met.

Indicate the range in monetary terms of the different variable components depending on the degree of compliance with the established objectives and parameters, and if there is a maximum monetary amount in absolute terms.

The only Directors that receive variable remuneration are the Executive Directors.

The Board of Directors has agreed to set the maximum limit for the annual variable remuneration of the Chairman at 250 thousand euros and of the Chief Executive Officer at 100% of his fixed remuneration (500 thousand euros), which could rise to 150%, equivalent to 750 thousand euros, in the event that targets have been significantly exceeded or a very ambitious budget has been met, both at the discretion of the Board of Directors.

The parameters to which the payment of variable remuneration is linked are focused on the company's medium-term performance and are essentially based on three variables in an equal proportion of 33%: (i) EBITDA, (ii) Net Financial Debt, (iii) Gross Margin, respectively.

The individual objectives of the Executive Directors include, among others, non-financial objectives, such as employee health and safety (based on accident rates), management of the risk map, as well as promotion of R&D&I activities and variables related to compliance with responsible management policies, i.e. sustainability, corporate governance and social impact. In addition to the above, the General Shareholder's Meeting held on May 21, 2019, at the proposal of the Appointments and Remuneration Committee approved a long-term incentive plan that included Executive Directors, members of Senior Management and Directors of Talgo, and whose main characteristics are detailed in Point 1 of this document.

Taking into account the development of the targets linked to the business plan during the 2022 financial year as well as the prospects foreseen for 2023, no amount has been accrued for this item.

**A.1.7** Main characteristics of long-term savings schemes. Among other information, this shall indicate the contingencies covered by the system, whether it is a defined contribution or defined benefit system, the annual contribution to be made to the defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefit systems, the conditions for consolidation of the economic rights in favour of the Directors and their compatibility with any type of payment or indemnity for early termination or severance, or derived from the termination of the contractual relationship, under the terms established, between the company and the Director.

It should be indicated if the accrual or consolidation of any of the long-term savings plans is linked to the achievement of certain objectives or parameters related to the Director's short and long-term performance.

The Group, through its subsidiary Patentes Talgo S.L.U., pays the corresponding endowments to pension funds and plans. The estimated total cost of these provisions amounted to 17 thousand euros in 2022, corresponding entirely to the chairman.

The aforementioned savings system, considered as a defined contribution system, is expected to continue in the coming years subject to the conditions and validity of the contracts signed.

As conditions of consolidation of the rights obtained and compatibility with payments or indemnities for early termination, it is established that the termination of the contracts of the Executive Directors for any reason determines the termination of the executive's right to the social benefits described above, without prejudice to the maintenance and recognition in favour of the Executives of the amounts transferred to pension funds and plans up to the date of termination.

The company also pays the premiums corresponding to the civil liability policies with a limit of 40 million euros, which includes all the Group's Executives and Directors. The accrual is not linked to the achievement of parameters or objectives.

**A.1.8** Any type of payment or indemnity for early termination or severance or derived from the termination of the contractual relationship under the terms established between the company and the Director, whether the termination is at the will of the company or of the Director, as well as any type of agreed covenants, such as exclusivity, post-contractual non-competition and permanence or loyalty, which entitle the Director to any type of payment.

The Company has not agreed or paid any indemnity in the event of termination of duties as a Director, with the exception of the Executive Directors in accordance with the cases expressed in Sections A.1.9 and A.1.12 of this report.

**A.1.9** Indicate the conditions that must be respected in the contracts of those who exercise senior management functions as Executive Directors. Among others, the duration, the limits to compensation amounts, tenure clauses, notice periods, as well as the payment to avoid the aforementioned notice period, and any other clauses relating to hiring bonuses, compensation payments or golden handshakes for early termination or cancellation of the contractual relationship between the company and the Executive Director, must be reported. Include, among others, the covenants or agreements of non-concurrence, exclusivity, tenure or loyalty and post-contractual non-competition, unless they have been explained in the previous section.

The contracts of Executive Directors signed at the subsidiary Patentes Talgo S.L.U. for the performance of management duties therein are of indefinite duration and provide for financial compensation in the event of termination of the contractual relationship with the company, provided that such termination is not the result of a breach of their obligations. The notice period established in their contracts is six (6) months.

There is a post-contractual non-competition agreement with a duration of two years from the date of termination of the employment relationship and with a penalty clause in the event of non-compliance.

As regards severance payments for termination of the contractual relationship (with cause by the executive, for business reasons or without cause by the Company), there is provision for the payment of twelve months' fixed salary, as well as the annual variable component provided that the corresponding financial year has ended and 100% of the variable components linked to long-term incentive plans, in the event of their existence. In addition, the Chief Executive Officer has signed a retention bonus, the payment clauses of which are explained in Section A.1.12.

**A.1.10** The nature and estimated amount of any other supplementary remuneration that will accrue to the Directors in the current financial year in consideration for services rendered other than those inherent to their position.

None

**A.1.11** Other remuneration items such as derivatives, where applicable, when the company grants advances, credits and guarantees and other remuneration to Directors.

None

**A.1.12** The nature and estimated amount of any other expected supplementary remuneration not included in the previous sections, whether it is paid by the entity or another entity of the group, which will be accrued by the Directors in the current year.

The Chief Executive Officer has signed a remuneration commitment with the subsidiary Patentes Talgo S.L.U., called retention incentive, in shares corresponding to 889,878 shares of the Company payable on the earlier of the following dates:

- legal retirement age.
- after 24 months from the date of a change of control.
- in the event of termination of the contract by the company without cause.

**A.2.** Explain any relevant change in the remuneration policy applicable in the current year arising from:

- a) A new policy or a modification of the policy already approved by the Board.
- b) Relevant changes in the specific determinations established by the Board for the current year of the current remuneration policy with respect to those applied in the previous year.
- c) Proposals that the Board of Directors had agreed to submit to the General Shareholders' Meeting to which this annual report will be submitted and which are proposed to be applicable to the current year.

At the General Shareholder's Meeting held in May 2019, and in accordance with the provisions of Article 529r of the Spanish Capital Company Act, the remuneration policy for the Directors of Talgo, S.A. was approved in accordance with the reasoned proposal of the Board of Directors, which is accompanied by a report from the Appointments and Remuneration Committee, accessible on Talgo's investor website (<https://www.talgo.com/en/investors/general-shareholders-meeting>, document entitled "Report on the Remuneration Proposal to the Board of Directors"), which has not undergone any changes during 2022.

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

Information available in Article 34 of the Regulations of the Board of Directors, accessible at the following address: [www.talgo.com/en/investors/internal-regulations/](http://www.talgo.com/en/investors/internal-regulations/)

**A.4.** Explain, considering the information provided in section B.4, how the vote of the shareholders was taken into account in the general meeting to which the annual remuneration report of the previous year was submitted for a vote, in an advisory capacity.

Based on the percentage of favourable votes (71.20%), the remuneration approved by the Board was established for the 2022 financial year.

## **B. OVERVIEW OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE LAST FINANCIAL YEAR**

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**B.1.1** Explain the process that has been followed to apply the remuneration policy and determine the individual remuneration that is included in Section C of this report. 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 have been used in the process of applying the remuneration policy in the last financial year.

The Appointments and Remuneration Committee of the Company holds regular meetings in which it deals with and discusses proposals to be submitted for approval by the Board of Directors in relation to the remuneration policy applicable to Company Directors. The Appointments and Remuneration Committee is made up of three members, two of whom are independent Directors (including the Chairman) and one proprietary Director.

For the determination and definition of the remuneration policy, the Appointments and Remuneration Committee analyses the remuneration model applied based on: (i) the responsibility and functions performed by each Director, (ii) the objective of creating value for shareholders and employees of the Company and (iii) the remuneration trends observed in other comparable companies.

For the adoption of its decisions, the Appointments and Remuneration Committee has information and advice from the Company's external and internal services. Likewise, the Committee contrasts the main data with those corresponding to markets and comparable entities, taking into account the size, international standing and characteristics of the Company, in order to ensure that the Company's remuneration policy is in line with the practice of the international market.

The Company intends, with the remuneration policy applicable to Directors and Senior Executives, to recognise the quality of its performance and to implement the Board of Directors' objective of rewarding, attracting and retaining talent and management capacity.

**B.1.2** Explain any deviations from the established procedure for the application of the remuneration policy that occurred during the financial year.

Not applicable

**B.1.3** Indicate whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity considers that such exceptions were necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Also quantify the impact that the application of these exceptions has had on the remuneration of each Director during the year.

Not applicable

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

The Company's remuneration policy is designed and supported by the studies and analyses carried out by the Board of Directors and the Appointments and Remuneration Committee, taking into consideration the size of the company, market, prudence and targeting both industrial and financial objectives.

The Appointments and Remuneration Committee counts on the advice of an independent consultancy to develop these policies.

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

Also report on the relationship between the remuneration obtained by the Directors and the results or other short and long-term performance measures of the entity, explaining, where applicable, how the variations in the company's performance could have influenced the variation in Directors' remuneration, including that whose payment had been deferred, and how these contribute to the company's short and long-term results.

The criteria for determining annual variable remuneration are only applicable to the Executive Directors of Talgo S.A. These criteria are determined by the Appointments and Remuneration Committee and are linked to the Group's growth in the medium and long term under economic-financial parameters on the one hand and long-term industrial development, on the other, taking into account operational and financial criteria and the development of specific projects.

In determining the individual objectives of each of these Executive Directors, as is also the case for other Senior Executives of the Company, the Appointments and Remuneration Committee takes into consideration both the overall progress and development of the Group and the degree of performance and contribution to the achievement of the overall objectives of each of the aforementioned Directors.

**B.4.** Report on the result of the consultative vote of the general meeting on the annual report on remuneration for the previous year, indicating the number of abstentions and negative, blank and positive votes cast:

	Number	% over the total
Votes cast	95,135,654	77.06
	Number	% over cast
Negative votes cast	26,582,212	27.94
Positive votes	67,744,385	71.20
Blank votes		0.00
Abstaining	809,057	0.86

Comments

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**B.5.** Explain how the fixed components accrued and consolidated during the year by the Directors in their capacity as such have been determined, their relative proportion for each Director and how they have varied with respect to the previous year.

The fixed remuneration of independent external Directors for belonging to the Board of Directors and its committees are as follows:

Vice-Chair of the Board: €110,000  
 Independent external Director: €80,000  
 PLUS Member of an advisory committee €10,000  
 PLUS Chairman of an advisory committee €10,000  
 PLUS Independent coordinating Director €20,000



**B.6.** Explain how the salaries earned and consolidated, during the year ended, by each of the Executive Directors for the performance of management duties have been determined, and how they have varied with respect to the previous year.

The salaries of Executive Directors are proposed by the Appointments and Remuneration Committee and approved by the Board. The salaries approved by this committee are those identified in Section C.1.

**B.7.** Explain the nature and main characteristics of the variable components of the remuneration systems accrued in the previous financial year.

In particular:

- a) Identify each of the remuneration plans that have determined the different variable remuneration accrued by each of the Directors during the year, including information on their scope, date of approval, date of implementation, vesting conditions, if any, vesting periods and term, the criteria used for the assessment of performance and how this has impacted on the setting of the variable amount accrued, as well as the measurement criteria used and the time required to be able to adequately measure all the conditions and criteria stipulated, explaining in detail the criteria and factors applied in terms of the time required and methods to verify that the performance or other conditions to which the accrual and vesting of each component of variable remuneration was linked have been effectively met.
- b) In the case of share option plans or other financial instruments, the general characteristics of each plan will include information on the conditions to acquire unconditional ownership (consolidation), as well as to be able to exercise said options or financial instruments, including the price and term of the same.
- c) Each one of the Directors, and their category (Executive Directors, external proprietary Directors, independent external Directors or other external Directors), who are beneficiaries of remuneration systems or plans that include variable remuneration.
- d) Where applicable, information will be provided on the periods of accrual or deferment of payment established that have been applied and/or the periods of retention/non-disposal of shares or other financial instruments, if they exist.

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

The Board of Directors has resolved to set the maximum limit for the annual variable remuneration of the Chairman and the Chief Executive Officer at 250 thousand euros and of the Chief Executive Officer at 500 to 750 thousand euros for the financial year 2022 and subsequent financial years.

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

The General Shareholder's Meeting held on 21 May 2019, at the proposal of the Appointments and Remuneration Committee, approved a long-term incentive plan including Executive Directors, members of senior management and Talgo Executives, the main features of which are detailed in Point 1 of this document. However, according to the long-term incentive scheme design, this compliance rate is subject to compliance in the following years.

**B.8.** Indicate whether certain accrued variable components have been reduced or claimed back when, in the first case, payment of unconsolidated amounts has been deferred or, in the second case, consolidated and paid, on the basis of data which has subsequently proved to be manifestly inaccurate. Describe the amounts reduced or returned by the application of clauses of reduction (malus) or refund (clawback), why they have been executed and the financial years to which they correspond.

Not applicable

**B.9.** Explain the main characteristics of the long-term savings schemes whose amount or equivalent annual cost is shown in the tables in Section C, including retirement and any other survivor's benefits, which are financed, in part or in full, by the company, whether funded internally or externally, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies it covers, the vesting conditions of 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.

The chairman of the board is the beneficiary of a defined contribution pension plan maintained by the subsidiary Patentes Talgo S.L. for its employees through an external financial institution, to which an amount equivalent to 4% of the gross salary of each employee is contributed annually, understood as the fixed remuneration accrued in cash, and taking into account the length of service of the beneficiaries in the calculation.

**B.10.** Explain, where appropriate, compensation or any other type of payment derived from the early termination, be it the cessation at the will of the company or the Director, or the termination of the contract, in the terms provided therein, accrued and/or received by the Directors during the previous financial year.

Not applicable

**B.11.** Indicate whether there have been significant changes in the contracts of those who exercise senior management functions as Executive Directors and, where appropriate, explain them. Also explain the main terms of any new contracts signed with Executive Directors during the year, unless explained in Section A.1.

There have been no significant amendments to the contracts of the Executive Directors, except for the fixed remuneration of the chairman, which has been updated.

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

None

**B.13.** Explain any remuneration derived from the granting of advances, credits and guarantees, indicating the interest rate, their essential characteristics and the amounts eventually returned, as well as the obligations assumed on their behalf as collateral.

None

**B.14.** Detail the remuneration in kind accrued by the Directors during the year, briefly explaining the nature of the different salary components.

Remuneration in kind of all the members of the Board of Directors is that related to Executive Directors in the performance of their managerial functions and refer to the renting of vehicles. The rest of the Directors do not receive remuneration in any kind. The amount of executive remuneration in kind amounts to 44 thousand euros, which is included in this document as remuneration for other items.



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**B.15.** Explain the remuneration accrued by the Director by virtue of the payments made by the listed company to a third entity in which the Director provides services, when said payments are intended to remunerate the services of the latter in the company.

None

**B.16.** Explain and give details of the amounts accrued during the year in respect of any other item of remuneration other than those listed above, whatever its nature or the group entity paying it, including all benefits in any form, such as when it is considered a related-party transaction or, in particular, when it significantly affects the true and fair view of the total remuneration accrued by the Director, explaining the amount granted or pending payment, the nature of the consideration received and the reasons why it would have been considered, where appropriate, that it does not constitute remuneration to the Director in his capacity as such or in consideration for the performance of his executive duties, and whether or not it has been considered appropriate to include it among the amounts accrued in the “other items” section of Section C.

None



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### C. BREAKDOWN OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH OF THE DIRECTORS

Name	Type	Period of accrual year 2022
Mr. CARLOS PALACIO ORIOL	Executive Chairman	From 01/01/2022 to 31/12/2022
Mr. JOSÉ MARÍA ORIOL FABRA	Other External Vice-Chairman	From 01/01/2022 to 31/12/2022
Mr FRANCISCO JAVIER BAÑON TREVIÑO	Proprietary Director	From 01/01/2022 to 31/12/2022
Mr. EMILIO NOVELA BERLIN	Independent Director	From 01/01/2022 to 31/12/2022
Mr. JOHN CHARLES POPE	Independent Director	From 01/01/2022 to 31/12/2022
Mr RAMÓN HERMOSILLA GIMENO	Other External Director	From 01/01/2022 to 29/03/2022
NUEVA COMPAÑÍA DE INVERSIONES SA	Proprietary Director	From 01/01/2022 to 31/12/2022
Mr. ALBERTUS MEERSTADT	Independent Director	From 01/01/2022 to 29/03/2022
PEGASO TRANSPORTATION INTERNATIONAL SCA	Proprietary Director	From 01/01/2022 to 31/12/2022
Mr. JUAN JOSÉ NÁRDIZ AMURRIO	Independent Director	From 01/01/2022 to 29/03/2022
Mr. IGNACIO MATAIX ENTERO	Independent Director	From 01/01/2022 to 29/03/2022
Mr. SEGUNDO VALLEJO ABAD	Other External Director	From 01/01/2022 to 29/03/2022
Mr. ANTONIO OPORTO DEL OLMO	Independent Director	From 01/01/2022 to 31/12/2022
Ms. MARISA PONCELA GARCÍA	Independent Director	From 01/01/2022 to 31/12/2022
Mr. GONZALO PEDRO URQUIJO FERNANDEZ DE ARAOZ	CEO	From 01/01/2022 to 31/12/2022

## ANNUAL REPORT ON THE REMUNERATION OF THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

C.1. Complete the following tables regarding the individual remuneration of each of the Directors (including compensation for the exercise of executive functions) accrued during the year.

a) Remuneration of the company that is the subject of this report:

i) Compensation accrued in cash (in thousands of €)

Name	Fixed remuneration	Allowances	Remuneration for serving on Board committees	Wage	Short-term variable compensation	Long-term variable compensation	Compensation	Other items	Total Year 2022	Total Year 2021
Mr. CARLOS PALACIO ORIOL										
Mr. JOSÉ MARÍA ORIOL FABRA	110		10						120	184
Mr FRANCISCO JAVIER BAÑON TREVIÑO										
Mr. EMILIO NOVELA BERLIN	80		40						120	120
Mr. JOHN CHARLES POPE	80		10						90	90
Mr RAMÓN HERMOSILLA GIMENO	20								20	80
NUEVA COMPAÑÍA DE INVERSIONES SA										
Mr. ALBERTUS MEERSTADT	20		5						25	100
PEGASO TRANSPORTATION INTERNATIONAL SCA										
Mr. JUAN JOSÉ NÁRDIZ AMURRIO	20		3						23	90
Mr. IGNACIO MATAIX ENTERO	20		3						23	90
Mr. SEGUNDO VALLEJO ABAD	20								20	80
Mr. ANTONIO OPORTO DEL OLMO	80		32						112	100
Ms. MARISA PONCELA GARCÍA	80		16						96	88
Mr. GONZALO PEDRO URQUIJO FERNANDEZ DE ARAOZ										

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**ANNUAL REPORT ON THE REMUNERATION OF  
THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES**

ii) Activity table for share-based remuneration schemes and gross profit from consolidated equity or financial instruments.

Name	Name of the Plan	Financial instruments at the beginning of the financial year 2022		Financial instruments granted during the year 2022		Financial instruments consolidated in the year				Expired and unexercised instruments	Financial instruments at the end of the financial year 2022	
		No. of Instruments	No. of Equivalent Shares	No. of Instruments	No. of Equivalent Shares	No. of Instruments	N ° Equivalent / Consolidated Shares	Equity price	Gross profit of the shares or consolidated financial instruments (thousands €)	No. of Instruments	No. of Instruments	No. of Equivalent Shares
No data available												

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iii) Long-term savings schemes.

Name	Compensation for consolidation of rights to savings schemes
No data available	

Name	Company's contribution (thousands €)				Amount of the accumulated funds (thousands €)			
	Savings schemes with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings schemes with consolidated economic rights		Savings systems with unconsolidated economic rights	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
No data available								

Observations



iv) Detail of other items

Name	Concept	Remuneration amount
No data available	Concept	

Observations



b) Remuneration to the Directors of the listed company for their membership of management bodies of its subsidiaries:

i) Remuneration accrued in cash (in thousands of €)

Name	Fixed remuneration	Allowances	Remuneration for serving on Board committees	Wage	Short-term variable compensation	Long-term variable compensation	Compensation	Other items	Total Year 2022	Total Year 2021
Mr. CARLOS PALACIO ORIOL	429				100				529	520
Mr. JOSÉ MARÍA ORIOL FABRA										
Mr FRANCISCO JAVIER BAÑON TREVIÑO										
Mr. EMILIO NOVELA BERLIN										
Mr. JOHN CHARLES POPE										
Mr RAMÓN HERMOSILLA GIMENO										



**ANNUAL REPORT ON THE REMUNERATION OF  
THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES**

NUEVA COMPAÑÍA DE INVERSIONES SA										
Mr. ALBERTUS MEERSTADT										
PEGASO TRANSPORTATION INTERNATIONAL SCA										
Mr. JUAN JOSÉ NÁRDIZ AMURRIO										
Mr. IGNACIO MATAIX ENTERO										
Mr. SEGUNDO VALLEJO ABAD										
Mr. ANTONIO OPORTO DEL OLMO										
Ms. MARISA PONCELA GARCÍA										
Mr. GONZALO PEDRO URQUIJO FERNANDEZ DE ARAOZ		500				200			700	1,744

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**ANNUAL REPORT ON THE REMUNERATION OF  
THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES**

ii) Activity table for share-based remuneration schemes and gross profit from consolidated equity or financial instruments.

Name	Name of the Plan	Financial instruments at the beginning of the financial year 2022		Financial instruments granted during the year 2022		Financial instruments consolidated in the year				Expired and unexercised instruments	Financial instruments at the end of the financial year 2022	
		No. of Instruments	No. of Equivalent Shares	No. of Instruments	No. of Equivalent Shares	No. of Instruments	N ° Equivalent / Consolidated Shares	Equity price	Gross profit of the shares or consolidated financial instruments (thousands €)	No. of Instruments	No. of Instruments	No. of Equivalent Shares
Mr. GONZALO PEDRO URQUIJO FERNANDEZ DE ARAOZ	Plan							792.00	792			

Observations

iii) Long-term savings plans.

Name	Compensation for consolidation of rights to savings schemes
Mr. CARLOS PALACIO ORIOL	17
Mr. JOSÉ MARÍA ORIOL FABRA	
Mr FRANCISCO JAVIER BAÑON TREVIÑO	
Mr. EMILIO NOVELA BERLIN	
Mr. JOHN CHARLES POPE	

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THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES**

Mr RAMÓN HERMOSILLA GIMENO	
NUEVA COMPAÑÍA DE INVERSIONES SA	
Mr. ALBERTUS MEERSTADT	
PEGASO TRANSPORTATION INTERNATIONAL SCA	
Mr. JUAN JOSÉ NÁRDIZ AMURRIO	
Mr. IGNACIO MATAIX ENTERO	
Mr. SEGUNDO VALLEJO ABAD	
Mr. ANTONIO OPORTO DEL OLMO	
Ms. MARISA PONCELA GARCÍA	
Mr. GONZALO PEDRO URQUIJO FERNANDEZ DE ARAOZ	

Name	Company's contribution (thousands €)				Amount of the accumulated funds (thousands €)			
	Savings schemes with consolidated economic rights		Savings systems with unconsolidated economic rights		Savings schemes with consolidated economic rights		Savings systems with unconsolidated economic rights	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Mr. CARLOS PALACIO ORIOL	17	16					369	384
Mr JOSÉ MARÍA ORIOL FABRA		4					295	329



**ANNUAL REPORT ON THE REMUNERATION OF  
THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES**

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iv) Breakdown of other items

Name	Concept	Remuneration amount
Mr. CARLOS PALACIO ORIOL	Concept	28
Mr. GONZALO PEDRO URQUIJO FERNANDEZ DE ARAOZ	Concept	16

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**ANNUAL REPORT ON THE REMUNERATION OF  
THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES**

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

The amounts corresponding to all the remuneration items included in this report that have been accrued by the Director in thousand euros must be included in the summary.

Name	Accrued remuneration in the Company					Accrued remuneration in companies of the group					Total FY 2022 company + group
	Total remuneration in cash	Gross profit of the shares or consolidated financial instruments	Compensation through savings schemes	Remuneration through other items	Total FY 2022 company	Total remuneration in cash	Gross profit of the shares or consolidated financial instruments	Compensation through savings schemes	Remuneration through other items	Total FY 2022 group	
Mr. CARLOS PALACIO ORIOL						529		17	59	605	605
Mr JOSÉ MARÍA ORIOL FABRA	120				120						120
Mr. FRANCISCO JAVIER BAÑON TREVIÑO											
Mr. EMILIO NOVELA BERLIN	120				120						120
Mr. JOHN CHARLES POPE	90				90						90
Mr. RAMÓN HERMOSILLA GIMENO	20				20						20
NUEVA COMPAÑÍA DE INVERSIONES SA											
Mr. ALBERTUS MEERSTADT	25				25						25



## ANNUAL REPORT ON THE REMUNERATION OF THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

Name	Accrued remuneration in the Company					Accrued remuneration in companies of the group					Total FY 2022 company + group
	Total remuneration in cash	Gross profit of the shares or consolidated financial instruments	Compensation through savings schemes	Remuneration through other items	Total FY 2022 company	Total remuneration in cash	Gross profit of the shares or consolidated financial instruments	Compensation through savings schemes	Remuneration through other items	Total FY 2022 group	
PEGASO TRANSPORTATION INTERNATIONAL SCA											
Mr. JUAN JOSÉ NÁRDIZ AMURRIO	23				23						23
Mr. IGNACIO MATAIX ENTERO	23				23						23
Mr. SEGUNDO VALLEJO ABAD	20				20						20
Mr. ANTONIO OPORTO DEL OLMO	112				112						112
Mr. MARISA PONCELA GARCÍA	96				96						96
Mr. GONZALO PEDRO URQUIJO FERNANDEZ DE ARAOZ						700	792		44	1,536	1,536
<b>TOTAL</b>	<b>649</b>				<b>649</b>	<b>1,229</b>	<b>792</b>	<b>17</b>	<b>103</b>	<b>2,141</b>	<b>2,790</b>

Observations

C.2. Indicate the changes over the last five years in the amount and percentage change in the remuneration earned by each of the listed company's Directors during the year, the consolidated results of the company and the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not Directors of the listed company.

	Total amounts accrued and % annual change								
	FY 2022	% Variation 2022/2021	FY 2021	% Variation 2021/2020	FY 2020	% Variation 2020/2019	FY 2019	% Variation 2019/2018	FY 2018
<b>Executive Directors</b>									
Mr. CARLOS PALACIO ORIOL	529	1.73	520	121.28	235	-55.24	525	-2.05	536
Mr. GONZALO PEDRO URQUIJO FERNANDEZ DE ARAOZ	700	-59.86	1,744	-	0	-	0	-	0
<b>External Directors</b>									
Mr. EMILIO NOVELA BERLIN	120	0.00	120	71.43	70	-41.67	120	0.00	120
Mr. RAMÓN HERMOSILLA GIMENO	20	-75.00	80	70.21	47	-41.25	80	0.00	80
Mr. IGNACIO MATAIX ENTERO	23	-74.44	90	69.81	53	-37.65	85	112.50	40
Ms. MARISA PONCELA GARCÍA	96	9.09	88	225.93	27	-	0	-	0
Mr. SEGUNDO VALLEJO ABAD	20	-75.00	80	70.21	47	-41.25	80	300.00	20
Mr. ALBERTUS MEERSTADT	25	-75.00	100	72.41	58	-42.00	100	0.00	100
Mr. JUAN JOSÉ NÁRDIZ AMURRIO	23	-74.44	90	69.81	53	-41.11	90	0.00	90
Mr. ANTONIO OPORTO DEL OLMO	112	12.00	100	75.44	57	-43.00	100	185.71	35
<b>Average employee remuneration</b>									
	46	6.98	43	0.00	43	-10.42	48	4.35	46



**ANNUAL REPORT ON THE REMUNERATION OF  
THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES**

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## ANNUAL REPORT ON THE REMUNERATION OF THE DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

### D. OTHER RELEVANT INFORMATION

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If there are any other significant aspects about Directors' remuneration that have not been disclosed in any of the other sections of this report, but which must be included to provide a more complete and reasoned set of information about the structure and remuneration practices of the company regarding its Directors, briefly describe them.

Not applicable

This annual remuneration report was approved by the company's Board of Directors, in its session dated:

28/02/2023

Indicate whether any Directors voted against or abstained from voting on the approval of this Report.

Yes  
 No