



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

THE ISSUER'S IDENTIFICATION DETAILS

Reference year end date: 31/12/2019

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Corporate name:

TALGO, S.A.

Registered address:

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



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A. COMPANY REMUNERATION POLICY FOR THE YEAR IN PROGRESS

- A. 1. Explain the current remuneration policy for Directors applicable to the year in process. 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 fiscal 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:

- Description of the procedures and company bodies involved in the determination and approval of the remuneration policy and its conditions.
- Indicate and, if applicable, explain if comparable companies have been taken into account to establish the company's remuneration policy.
- Information on whether an external consultant has participated and, if applicable, identity of the same.

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 unfavourable 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 Company's Bylaws and the Board of Directors' Regulations, the general criteria under which the Directors' remuneration is set are as follows:

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

In the General Shareholders' Meeting held on May 21, 2019, a new Remuneration Policy was approved for the Directors for the period 2019-2021, for which the Appointments and Remuneration Committee drafted a report, in compliance with the provisions of article 529 novodecies of the Capital Companies Act, accessible on the website of Talgo Investors. The approval of the Remuneration Policy for 2019-2021 is continuous with the previous existence. The general principles of the Policy, as well as the remuneration systems of the Directors, remain unchanged.

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. In this sense, the General Shareholders' Meeting held on May 21, 2019 approved the execution of a long-term incentive plan that includes, amongst others, the Executive Directors, and whose main characteristics include the following:

(i) Object: cash or shares of the Company, at the election of the Plan administrator within the term of the same, for a maximum value of 3.1 million euros in each cycle of the Plan. The maximum number of shares to be delivered, if applicable, will be defined according to the price of the Company's shares on the expiration date thereof.

(ii) Administration: the administration of the Plan will be carried out by the Appointments and Remuneration Committee of the Company.

(iii) Beneficiaries: Executive Directors, members of Senior Management and Talgo Directors. The total number of beneficiaries of the Plan is 37.

(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, may decide, on an annual basis, to implement overlapping additional cycles (ie Cycle I 2019-2021, Cycle II 2020-2022, Cycle III 2021-2023, etc.).

(v) Conditions: the payment of the incentive will be conditioned upon the fulfilment of the strategic objectives defined in the Plan and to maintaining an employment or commercial relationship with Talgo until its settlement date. In this sense, the amount corresponding to each Beneficiary will take as reference the degree of fulfilment of the following strategic objectives:

- Business objectives: EBITDA levels, cash flow, gross margin and "order portfolio / order intake", according to the figures included in the accumulated budget approved by the Board of Directors for each of the 3 years of the Plan (January 1, 2019 to December 31, 2021).

- Total Return Rate for Shareholders (RTA / TSR): This parameter will be set in a range of the increase in the value of the share that occurs, annually, during the 3 years that make up the Plan (January 1, 2019 at December 31, 2021). In this regard, "RTA / TSR" is the percentage (%) of variation, measured annually, between an "initial reference value" ("IRV") and a final reference value ("FRV"), including payments of dividends.



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The administration of the Incentives Plan will be carried out by the Appointments and Remuneration Committee of the Company. The Plan contemplates the obligation, by the Collective of Beneficiaries, to dedicate a % of the Net Amount received to the acquisition of shares of the Company.

To configure the Incentives Plan described above, the Company has engaged the strategic legal consultancy Mercer Consulting to collaborate as an external advisor.

- Relative importance of the variable remuneration items with respect to the fixed items (remuneration mix) and what criteria and objectives have been taken into account in their determination and to ensure an adequate balance between the fixed and variable remuneration components. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the long-term objectives, values and interests of the company, which will include, where appropriate, a reference to measures foreseen to ensure that the remuneration policy addresses the long-term results of the company, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the entity's risk profile and measures provided to avoid conflicts of interest, where appropriate.

Also, indicate if the company has established any period of accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, a deferral period in the payment of amounts or delivery of financial instruments already accrued and consolidated, or whether a clause has been agreed on the reduction of deferred remuneration or that obliges the director to return the remuneration received, when such remuneration has been based on data whose inaccuracy was subsequently demonstrated as evident.

The Appointments and Remuneration Committee designs the remuneration policy for Executive Directors, as well as its determination annually, 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 (that is, specific objectives of each one) and a general one that corresponds to financial / operational objectives (equal for all), thus linking the variable component remuneration to the Company's performance. The Committee determines the specific weighting that the individual and financial / operational objectives it has for each of them.
- 3) At the end of each year, the Committee analyses the self-assessment that Executive Directors perform on the degree of compliance with the established objectives and establishes the specific percentage of accrual of the 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 the Executive Directors corresponds to their status as company executives for the executive functions carried out for Patentes Talgo S.L., an operating subsidiary of the Group and 100% owned by Talgo S.A., and is designed by the Appointments and Remuneration Committee. In addition to fixed criteria, it includes other variable components established according to criteria reviewed annually, so 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.

- 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:

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

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

The fixed remuneration of Executive Directors comprises a fixed salary. In addition, and although, for the purposes of this report, they are considered as remuneration in kind and long-term savings systems in subsequent points, the following concepts can also be considered fixed due to the indefinite nature of their provision: premiums for life insurance, funds and pension schemes, sick leave insurance and medical insurance.

During the financial year 2020, the total amount of the fixed remuneration items (fixed salary) will amount to 806 thousand euros.



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The remuneration payable to the Executive Directors corresponds to their status as company executives for the executive functions carried out for the subsidiary Patentes Talgo S.L.U.. The 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.

- 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.

The 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 includes the renting of vehicles. The rest of the Directors do not receive remuneration in kind. The amount of remuneration in kind for executives in this regard amounts to 21 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 for the coverage of: (i) life insurance, (ii) sick leave insurance and (iii) medical insurance. The total estimated cost of the aforementioned premiums is expected to amount to 57 thousand euros in 2020.

Likewise, the Company pays the premiums corresponding to civil liability policies up to a limit of 40 million euros, which includes all of the Directors and Administrators of the Group, including directors and administrators.

- 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 indicators, selected to determine variable remuneration in the current financial year, an explanation of the extent to which such parameters are related to the performance of both the director and the entity and its risk profile, and the methodology, necessary term and techniques foreseen to be able to determine, at the end of the year, the degree of compliance with the parameters used in the design of the variable remuneration.

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 establish the maximum limit of the annual variable remuneration of the Chairman and the CEO at 250 thousand euros accrued in biannual periods beginning in 2019, and being settled at the end of each biennium. In this sense, the degree of compliance with these variables is determined gradually based on compliance with the objectives established in said biannual periods.

The parameters to which the payment of variable remuneration is linked, are focused on the evolution of the company in the medium-term and, and they essentially depend on three variables in an equal proportion of 33%: (i) EBITDA, (ii) Net Financial Debt, (iii) Gross margin. The degree of compliance with these variables is determined gradually based on compliance with the budgets established for the fiscal year in question.

Additionally, these variables weigh 70% in the case of the Chairman and 80% in the case of the CEO. The remaining 30% and 20%, respectively, correspond to individual performance objectives.

The individual objectives of the Executive Directors include, amongst others, non-financial objectives including the health and safety of employees (based on accident rates), risk map management, as well as promotion of R&D activities and variables relating to compliance with responsible management policies, that is, 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 Part 1 of this document. Regarding this, the company has provisioned 181 €k for the first year (2019) of the first cycle (2019-2021) which, although taking into account that are unbound rights, an assumption has been performed to calculate the conversion to shares, assuming the closing stock price at the date of approval of the long-term incentive plan (5.63 €/share) resulting on 32,144 shares. This detail has been include in the table of this document C.1., b) ii)

- Main characteristics of long-term savings systems. Among other information, they will state the contingencies covered by the system, if it is a defined contribution or benefit, the annual contribution that must be made to the defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefit systems, the conditions of consolidation of benefit accrual in favour of the Directors and their compatibility with any type of payment or



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compensation for termination or early termination, or arising from the termination of the contractual relationship, in the terms provided, 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 contributions corresponding to funds and pension schemes. The total estimated cost of those contributions is expected to amount to 64 thousand euros in 2020 (56% thereof corresponding to the Chairman and 44% to the CEO). This 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 of the Executive Directors.

As conditions of consolidation of the rights obtained and compatibility with payments or compensation for early termination, it is established that, the resolution of the contracts of the Executive Directors for any reason, determines the termination of the right of the manager to the social benefits described above, without damage to the maintenance and recognition in favour of the directors of the amounts transferred to funds and pension plans until the resolution date.

Likewise, the Company pays the premiums corresponding to civil liability policies up to a limit of 40 million euros, which includes all of the Directors and Administrators of the Group, including directors and administrators.

The accrual is not linked to the achievement of parameters or objectives.

- Any type of payment or compensation for termination or early termination or resulting from the cancellation of the contractual relationship in the terms foreseen between the company and the director, be the termination at the will of the company or the director, as well as any type of covenants, such as exclusivity, non-post-contractual concurrence and tenure or loyalty, which give the director a right to any kind of payment.

The Company has not agreed or paid any compensation for the case of termination of the duties as a director, with the exception of the Executive Directors in accordance with the cases expressed in the following point of this report.

- 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.

Executive Director contracts signed in the subsidiary Patentes Talgo, S.L.U. for the performance of the management functions, are of a permanent nature and they thus provide for economic compensation in the event of termination of the contractual relationship with the company, provided that this termination is not a consequence 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 (2) years from the date of termination of the employment relationship and with a penalty clause in the case of non-compliance.

With regard to compensation for termination of the contractual relationship (due to director or business cause or not cause of the company), payment of twelve (12) monthly salary payments is foreseen, as well as the annual variable component provided that the corresponding fiscal year has ended, and 100% of the variable components linked to long-term incentive plans, in case of their existence.

- The nature and estimated amount of any other supplementary remuneration that will be accrued by the Directors in the current year as consideration for services rendered other than those inherent to their position.

None

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

None

- The nature and estimated amount of any other expected supplementary remuneration not included in the previous sections,



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whether it is paid by the entity or another entity of the group, which will be accrued by the Directors in the current year.

None

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

- A new policy or a modification of the policy already approved by the Board.
- 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.
- 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.

In the General Shareholders' Meeting held in May 2019, and in accordance with the provisions of article 529 novodecies of the Capital Companies Act, the remuneration policy for the directors of Talgo, S.A. for the years 2019, 2020 and 2021 was approved, in accordance with the proposal motivated by the Board of Directors, which was accompanied by a report from the Appointments and Remuneration Committee, available on Talgo's investor website (<https://www.talgo.com/es/investors/junta-general-de-accionistas>, the document entitled "Report on the Remuneration Proposal for the Board of Directors").

In addition to the above, at the General Shareholders' Meeting held in May 2019, a long-term incentive plan was approved, which includes the Executive Directors, members of Senior Management and Directors of Talgo, and whose main characteristics are detailed in Part A.1 of this document.

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

Information available in the Board of Directors' Regulations, in Article 34, available via the following link www.talgo.com/es/investors/reglamentos-internos/

A.4. Explain, taking into account 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 (99.99%), the remuneration approved by the Board was established for the 2019 fiscal year.

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

B. 1. Explain the process that has been followed to apply the remuneration policy and determine the individual remuneration that is reflected 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 recognize the quality of its performance and to implement the Board of Directors' objective of rewarding, attracting and retaining talent and management capacity.



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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 receives advice from an independent consultancy to develop these policies.

The General Shareholders 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 described in Point "A.1 Point 1" of this section of the IARC.

B.3. Explain how the remuneration accrued in the year complies with the provisions of the current remuneration policy.

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 to determine the 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.

For the determination of the individual objectives of each of the Executive Directors, as also occurs in the case of other Senior Executives in the Company, the Remuneration and Appointments Committee takes into consideration both the progress and overall growth of the Group and the degree of performance and contribution to the achievement of the overall objectives of each of the aforementioned Executive Directors.

B.4. Provide information about the result of the advisory vote by the General Shareholders' Meeting regarding the annual report on the previous year's remuneration, indicating the number of negative votes cast, where applicable.

	Number	% over the total
Votes cast	83,027,769	60.79
	Number	% over the number cast
Negative votes cast	3,867,371	4.66
Positive votes	79,158,998	95.34
Abstaining	1,400	0.00

Observations

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

The fixed remuneration of the independent external Directors for belonging to the Board of Directors and its committees are the following and have not experienced changes with respect to the previous year:



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- Independent external director: 80 thousand euros
- PLUS Member of an advisory committee: 10 thousand euros.
- PLUS Chairman of an advisory committee: 10 thousand euros.
- PLUS Independent coordinating Director: 20 thousand euros.

The remuneration of Board members must in any case remain reasonably proportionate with the size of the Company, the economic situation being experienced at that given moment, and the market standards of comparable companies.

B.6. Explain how the salaries accrued during the year have been determined by each of the Executive Directors for the performance of management functions, and how they have varied from the previous year.

The salaries of the Executive Directors are proposed by the Appointments and Remuneration Committee and approved by the Board. The salaries approved by that 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:

- Identify each of the payment plans that have determined the different variable remuneration accrued by each of the Directors during the year in question, including information on their scope, their approval date, implementation date, accrual periods and validity, criteria that they have been used to evaluate performance and how this has impacted the setting of the variable amount accrued, as well as the measurement criteria that have been used and the time needed to be able to adequately assess all the stipulated conditions and criteria.

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.

- 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.

- 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 agreed to establish the maximum limit of the annual variable remuneration of the Chairman and the CEO at 250 thousand euros accrued in biannual periods beginning in 2019, and being settled at the end of each biennium. In this sense, the degree of compliance with these variables is determined gradually based on compliance with the objectives established in said biannual periods.

The parameters to which the payment of variable remuneration is linked are focused on the evolution of the Group over the medium term and mainly depend on three variables in an equal proportion of 33%: (i) EBITDA, (ii) Net financial debt and (iii) Gross Margin.

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

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 the Executive Directors, members of Senior Management and Directors of Talgo, and whose Main characteristics are detailed in Point 1 of this document.

On the basis of that plan, 175% of the variable remuneration relating to the long-term incentive plan in force for the first year was paid during 2019. However, in accordance with the configuration of the long-term incentive plan, that compliance percentage is subject to the Company's compliance during the following years (2021 and 2021 for the first tranche).

B.8. Indicate whether it has proceeded to reduce or claim the return of certain variable components when, in the first case, the

payment was consolidated and deferred or, in the second case, it was consolidated and paid, based on data whose inaccuracy was subsequently demonstrated as evident. Describe the amounts reduced or returned by the application of clauses of reduction 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 long-term savings systems whose amount or annual equivalent cost is shown in the tables in Section C, including retirement and any other survival benefit, which are financed, either partially or totally, by the company, whether internally or externally endowed, indicating the type of plan, if it is a defined contribution or benefit, the contingencies it covers, the conditions for consolidating the benefit accrual in favour of the Directors and their compatibility with any type of compensation for early termination or termination of the contractual relationship between the company and the director.

The two Executive Directors are beneficiaries of a defined contribution pension scheme maintained by the subsidiary Patentes Talgo S.L. for all its employees with an external financial entity and to which an amount equivalent to 4% of each one's gross salary, understood to be the fixed remuneration paid in cash, and considering the seniority 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 conditions of the new contracts signed with Executive Directors during the year, unless they have already been explained in section A.1.

There have been no significant changes in Executive Directors' contracts. There have been variations in the fixed component of the Executive Directors' salaries, which have been established at 400 thousand euros for the next few years. In turn, a limit has been introduced on the variable component, capping it at 250 thousand euros in biannual basis (starting from 2019), although the calculation parameters and the variables for the calculation of the variable component have been maintained.

- 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 the Executive Directors in the performance of their managerial functions and refer to the renting of vehicles. The rest of the Directors do not receive any remuneration in kind. The amount of the remuneration in kind for the executives amounts to 21 thousand euros, included in this document as remuneration for other concepts.

- 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



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B.16. Explain any other remuneration item different from the previous ones, regardless of its nature or the group entity that satisfies it, especially when it is considered a related operation or its issuance distorts the true image of the total remuneration accrued by the director.

None

B. DETAIL OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH OF THE DIRECTORS

Name	Type	Period of accrual year 2019
Mr. CARLOS DE PALACIO ORIOL	Executive Chairman	From 01/01/2019 to 31/12/2019
Mr. JOSÉ MARÍA ORIOL FABRA	CEO	From 01/01/2019 to 31/12/2019
Mr. FRANCISCO JAVIER BAÑÓN TREVIÑO	Proprietary Director	From 01/01/2019 to 31/12/2019
Mr. EMILIO NOVELA BERLÍN	Independent Director	From 01/01/2019 to 31/12/2019
Mr. JOHN CHARLES POPE	Independent Director	From 01/01/2019 to 31/12/2019
Mr. RAMÓN HERMOSILLA GIMENO	Other External Director	From 01/01/2019 to 31/12/2019
Mr. MICHEL MOREAU	Independent Director	From 01/01/2019 to 28/02/2019
NUEVA COMPAÑÍA DE INVERSIONES S.A.	Proprietary Director	From 01/01/2019 to 31/12/2019
Mr. ALBERTUS MEERSTADT	Independent Director	From 01/01/2019 to 31/12/2019
PEGASO TRANSPORTATION INTERNATIONAL SCA	Proprietary Director	From 01/01/2019 to 31/12/2019
Mr. JUAN JOSÉ NÁRDIZ AMURRIO	Independent Director	From 01/01/2019 to 31/12/2019
Mr. IGNACIO MATAIX ENTERO	Independent Director	From 01/01/2019 to 31/12/2019
Mr. SEGUNDO VALLEJO ABAD	Other External Director	From 01/01/2019 to 31/12/2019
Mr. ANTONIO OPORTO DEL OLMO	Independent Director	From 01/01/2019 to 31/12/2019

**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 Financial Year 2019	Total Financial Year 2018
Mr. EMILIO NOVELA BERLÍN	100		20						120	120
Mr. JOHN CHARLES POPE	80		10						90	90
Mr. RAMÓN HERMOSILLA GIMENO	80								80	80
Mr. MICHEL MOREAU	20		3						23	90
Mr. ALBERTUS MEERSTADT	80		20						100	100
Mr. JUAN JOSÉ NÁRDIZ AMURRIO	80		10						90	90
Mr. IGNACIO MATAIX ENTERO	80		5						85	40
Mr. SEGUNDO VALLEJO ABAD	80								80	20
Mr. ANTONIO OPORTO DEL OLMO	80		20						100	35

Observations

ii) Table of movements of the remuneration systems based on shares and gross profit of the shares or consolidated financial instruments.

Name	Name of the plan	Financial instruments at the beginning of the financial year 2019		Financial instruments granted during the year 2019		Financial instruments consolidated in the year				Expired and unexercised instruments	Financial instruments at the end of the financial year 2019	
		No. instruments	No. of Equivalent Shares	No. instruments	No. of Equivalent Shares	No. instruments	N ° Equivalent / Consolidated Shares	Equity price	Gross profit of the shares or consolidated financial instruments (thousands €)	No. instruments	No. instruments	No. of Equivalent Shares
No figures												

Observations



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

iii) Long-term savings plans

Name	Compensation for consolidation of rights to savings schemes
No figures	



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

Name	Company's contribution (thousands €)				Amount of accumulated funds (thousands €)			
	Savings schemes with consolidated economic rights		Savings schemes with unconsolidated economic rights		Savings schemes with consolidated economic rights		Savings schemes with unconsolidated economic rights	
	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018
No figures								



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

Name	Company's contribution (thousands €)				Amount of accumulated funds (thousands €)			
	Savings schemes with consolidated economic rights		Savings schemes with unconsolidated economic rights		Savings schemes with consolidated economic rights		Savings schemes with unconsolidated economic rights	
	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018
No figures								

Observations



iv) Details of other items

Name	Item	Remuneration amount
No figures	Item	

Observations

b) Remuneration to company directors due to their membership of the Boards of other group companies:

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

Name	Remuneration fixed	Allowances	Remuneration for serving on Board committees	Wage	Short-term variable compensation	Long-term variable compensation	Compensation	Other items	Total Year 2019	Total Year 2018
Mr. CARLOS DE PALACIO ORIOL				400	125				525	536
Mr. JOSÉ MARÍA ORIOL FABRA				400	125				525	523

Observations

ii) Table of movements of the remuneration systems based on shares and gross profit of the shares or consolidated financial instruments.

Name	Name of the Plan	Financial instruments at the beginning of the financial year 2019		Financial instruments granted during the year 2019		Financial instruments consolidated in the year				Expired and unexercised instruments	Financial instruments at the end of the financial year 2019	
		No. instruments	No. of Shares equivalents	No. instruments	No. of Equivalent Shares	No. instruments	No. of Shares equivalents/ consolidated	Equity price	Gross profit of the shares or consolidated financial instruments (thousands €)	No. instruments	No. instruments	No. of Equivalent Shares
Mr. CARLOS DE PALACIO ORIOL	Plan 2019-2021				32,144			0.00				32,144
Mr. JOSÉ MARÍA ORIOL FABRA	Plan 2019-2021				32,144			0.00				32,144



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

Observations



iii) Long-term savings schemes

Name	Compensation for consolidation of rights to savings schemes
Mr. CARLOS DE PALACIO ORIOL	16
Mr. JOSÉ MARÍA ORIOL FABRA	16

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

Name	Company's contribution (thousands €)				Amount of the accumulated funds (thousands €)			
	Savings schemes with consolidated economic rights		Savings schemes with unconsolidated economic rights		Savings schemes with consolidated economic rights		Savings schemes with unconsolidated economic rights	
	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018	Financial Year 2019	Financial Year 2018
Mr. CARLOS DE PALACIO ORIOL	16	11			294	238		
Mr. JOSÉ MARÍA ORIOL FABRA	16	11			250	201		
Observations								

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iv) Detail of other items

Name	Item	Remuneration amount
No figures	Item	

Observations

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 Remuneration in cash	Gross profit of the shares or consolidated financial instruments	Compensation through savings schemes	Remuneration through other items	Total Year 2019 company	Total Remuneration in cash	Gross profit of the shares or consolidated financial instruments	Compensation through savings schemes	Remuneration through other items	Total Year 2019 group
Mr. CARLOS DE PALACIO ORIOL						525		16	47	588
Mr. JOSÉ MARÍA ORIOL FABRA						535		16	31	572
Mr. EMILIO NOVELA BERLÍN	120				120					
Mr. JOHN CHARLES POPE	90				90					
Mr. RAMÓN HERMOSILLA GIMENO	80				80					
Mr. MICHEL MOREAU	23				23					
Mr. ALBERTUS MEERSTADT	100				100					



**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 Remuneration in cash	Gross profit of the shares or consolidated financial instruments	Compensation through savings schemes	Remuneration through other items	Total Year 2019 company	Total Remuneration in cash	Gross profit of the shares or consolidated financial instruments	Compensation through savings schemes	Remuneration through other items	Total Year 2019 group
Mr. JUAN JOSÉ NÁRDIZ AMURRIO	90				90					
Mr. IGNACIO MATAIX ENTERO	85				85					
Mr. SEGUNDO VALLEJO ABAD	80				80					
Mr. ANTONIO OPORTO DEL OLMO	100				100					
TOTAL	768				768	1,050		32	78	1,160

Observations





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

D. OTHER RELEVANT INFORMATION

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:

27/02/2020

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

Yes
 No