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REPORT ON THE OPERATIONS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE OF CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (CAF) FOR THE 2023 FINANCIAL YEAR

1. Purpose of the report

The purpose of this report is to disclose the functions and activities performed by the Appointments and Remuneration Committee (hereinafter the “**ARC**” or the “**Committee**”) of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (hereinafter “**CAF**” or the “**Company**”) during the financial year that ended on December 31, 2022, for which purpose it will be made available to shareholders and other stakeholders through the corporate website, pursuant to the terms set forth in Recommendation 6 of the CNMV’s Code of Good Governance for Listed Companies (hereinafter the “**Code of Good Governance**” or “**CGG**”).

In preparing this report, the principles and criteria set out in the CNMV's Technical Guide 1/2019 on Appointments and Remuneration Committees, published on February 27, 2019, (hereinafter “the **Technical Guide**”) have been taken into account, in particular with regard to the minimum structure and content required in Section 11 for this type of document.

2. Regulation of the ARC

The legal framework of the ARC is contained in the Bylaws, in the Regulations of the Board of Directors and in its specific Regulations.

Specifically, Article 37 ter of the Bylaws refers to the composition and functions of the Committee. Article 12 of the Board Regulations establishes certain rules on the composition and operation of the Board. Finally, the Committee's Regulations regulate fundamental aspects of this body in greater detail, such as its powers, rules of operation and relations with other bodies of the Company in Chapters II, V and VI.

All of the aforementioned regulations are available in the “*Shareholders and Investors*” section, in the “*Corporate Governance*” subsection, of CAF's corporate website and have not undergone changes during the year reported.

3. Composition of the ARC during the financial year

In accordance with the provisions of Article 37 ter of the Bylaws, Article 12 of the Board Regulations, and Article 4 of its own Regulations, the Committee is made up of three non-executive Board Members, two of whom are independent. The Chairman of the Committee has been appointed from among the independent Board Members who are members of the Committee.

The members of the ARC are appointed by the Board of Directors, and they are expected to be removed by resignation, by resolution of the Board, by ceasing to be members of the Board, or by not complying with the requirements of the Regulations or legal provisions.

In determining the composition, both quantitative and qualitative, of this body, the Board of Directors has taken into account the rules contained in article 529 quincecies of the Revised Text of the Capital Companies Act (hereinafter “CCA”), Recommendation 47 of the Code of Good Governance and the guidelines of the Technical Guide, adapting them to the circumstances and complexity of the organization, with the aim of favoring diversity in its structure, its independence and its resolution effectiveness.

The members of the Committee, as members of the Board, have experience and knowledge in the management, economic, financial, and business fields. All of them have been appointed taking into account the knowledge, skills, and experience necessary for the performance of the duties entrusted to them and, in particular, in areas such as corporate governance, human resources, business and relations experience, selection of managers, senior management functions, and the design of remuneration policies and plans.

The composition of the Committee is diverse in terms of professional experience, personal skills, and sectoral expertise. No changes were made during the financial year reported.

As of the date of this report, the ARC is composed of the following members:

<i>Board Member</i>	<i>Position</i>	<i>Category</i>	<i>Seniority</i>
Mr. Julián Gracia Palacín	Chairman	Independent	Appointed Director on June 10, 2017, has been a member of the Committee since May 6, 2020, and its Chairman since June 11, 2022.
Mr. Luis Miguel Arconada Echarri	Voting member	Other External	Appointed Director on January 29, 1992, has been a member of the Committee since February 25, 2015.
Mr. Ignacio Camarero García	Voting member	Independent	Appointed Director on June 15, 2019, has been a member of the Committee since June 11, 2022.

In the “*Shareholders and Investors*”, section of CAF's corporate website, in the “*Corporate Governance*” subsection, both the information in relation to the composition of the Committee and the public information corresponding to each of the board members, including their respective professional profiles, is kept permanently up-to-date.

4. Functions and tasks performed throughout the financial year by the ARC Committee, changes thereto, and reference to the regulations governing it

The duties and powers attributed to the Committee are detailed in Article 37 ter of the Bylaws and in Article 3 of its specific Regulations, without any of them having been modified during the financial year reported.

In accordance with the aforementioned regulations, the Committee is entrusted with the legal duties set forth in Article 529 quincecies of the CCA, as well as those

recommended by the CGG (Recommendations 49 and 50), and by the Technical Guide for this body. In addition to these competencies are those related to the supervision of compliance with the rules of Corporate Governance, the periodic evaluation of the Corporate Governance System and the Sustainability Policy, the supervision of environmental and social practices, and the supervision of processes in relation to stakeholders, which were attributed to it in the distribution of competencies provided for in Recommendations 53 and 54 of the CGG that was carried out between the two Committees.

5. Meetings held during the financial year, number and nature of attendees

During the 2023 financial year, the Committee met 7 times. In addition to the 5 regular meetings provided for in the Plan of Activities approved for the year, it was deemed necessary to hold 2 additional meetings to address other matters within its competence. All the sessions were held in person, with the attendance of all the members, except for one of them, who joined the meeting via videoconference. In all cases, the Board members were provided with the necessary documentation sufficiently in advance to be able to address the items included on the agenda.

<i>Meeting no.</i>	<i>Date of the meeting</i>	<i>Number of Committee member attendees</i>	<i>Other attendees</i>
1	1/24/2023	3	CEO
2	2/23/2023	3	--
3	3/28/2023	3	--
4	5/04/2023	3	--
5	7/27/2023	3	CEO
6	11/14/2023	3	--
7	12/18/2023	3	--

The Committee meetings cover matters within its competence, facilitating the free participation of all members in the deliberations.

The Secretary of the Committee drafts minutes of the content of the meetings, accurately reflecting the discussions and resolutions adopted.

Everything discussed and agreed at each meeting has been reported on in due course at subsequent meetings of the Board of Directors.

Annex I to this document details the schedule of meetings held and the matters addressed by the Committee in the 2023 financial year.

6. The most significant activities carried out this financial year

During the financial year under review, the Committee adequately performed the functions set forth in the Bylaws (Art. 37 ter) and in its own Regulations (Art. 3).

a. Appointment activities

- Presentation to the Board of Directors of the proposal for the co-opted appointment of Ms. Begoña Beltrán de Heredia Villa as Independent Board member and her incorporation as a member of the Audit Committee.
- Presentation to the Board, to be submitted to the General Meeting: (i) of the report prepared for the purposes of Article 529 decies, section 6, and Article 15 of the Board Regulations, regarding the proposal for the re-election of Mr. Martínez Ojinaga as Executive Director, as well as (ii) the proposal for the ratification of the co-opted appointment of Mrs. Begoña Beltrán de Heredia Villa and her appointment as an Independent Board member.

Said documents were made available to shareholders on the corporate website upon the calling of the General Shareholders Meeting.

- Review of the Board of Directors skills matrix.

b. Remuneration activities

- Proposal to the Board of Directors of the Report on the Remuneration of Directors for the 2022 financial year.
- Verification of compliance with the economic-financial and non-financial parameters predetermined for the accrual of the variable remuneration corresponding to the 2022 financial year.
- Proposal to the Board of Directors for the remuneration of the Board Members in their capacity as such for the 2023 financial year.
- Proposal to the Board of Directors regarding the variable remuneration of the Board Members and the members of the Executive Committee for the 2023 financial year.
- Presentation to the Board of Directors of the proposed allocation of funds to the Long-Term Savings System for the 2023 financial year.
- Proposal to the Board of Directors for a Long-Term Incentive Plan.

c. Activities in the area of Corporate Governance and Sustainability

- Review of the Non-Financial Information Statement/Sustainability Report for the 2022 financial year, for approval by the Board of Directors.
- Review of the Reports on the Declaration on Combating Modern Slavery for the 2022 financial year, prior to their approval by the Board of Directors and signature by the Managing Director.
- Supervision of effective compliance with the corporate governance rules and evaluation of the Corporate Governance System with preparation of the corresponding report confirming that these fulfill their mission of promoting the company's interests and satisfying the legitimate interests of the remaining stakeholders.
- Supervision of the Sustainability Policy to verify that it promotes the company's interests, taking into account the interests of the other stakeholders, as well as the Company's practices in environmental and social matters, in order to verify that they are in line with the strategy and policy established.
- Verification of compliance of the Director Selection and Diversity Policy during the 2023 financial year.

d. Other actions

- Approval of the Operations Report of the Appointments and Remuneration Committee for the 2022 financial year. This report was made available to the shareholders at the last Ordinary General Shareholders' Meeting.
- Proposal to appoint the external evaluator for the 2023 financial year, after verification of their independence.
- Supervision of the renewal process of the Directors and Officers insurance policy.
- Approval of the Plan of Activities of the Committee for 2024.

e. Activities in relation to the monitoring of the Committee's own action plans.

Throughout the reported financial year, the Committee has continuously monitored the action plans for 2023, proposed in the Report on the annual evaluation of its own performance, approved by the Committee during its meeting on December 19, 2022, noting that they have been carried out satisfactorily.

7. Scope of the evaluation of the operations and performance of the Board and the ARC itself, including the areas evaluated, the evaluation methods used, and the extent to which the evaluation has led to relevant changes in the organization.

In accordance with the provisions of Article 529 nonies of the CCA and Recommendation 36 of the CGG, the evaluation of the Board and its Committees this year has been entrusted to an independent external consultant.

From a methodological standpoint, the evaluator has taken into consideration, among other indicators, the degree to which the Committee has followed the recommendations of the CGG and the applicable Technical Guides and its adaptation to the current legal framework in matters of corporate governance. Compliance with the action plans established for this financial year was also analyzed.

As a result, the evaluator has positively assessed the performance of the Board and, in particular, of the Committee in 2023. However, in order to continuously improve its operations, certain action plans have been proposed for implementation by the Committee.

The Board, for its part, unanimously approved the evaluation carried out, endorsing the action initiatives proposed for 2024.

The results of the evaluation have not led to significant changes in the internal organization or procedures of these bodies.

8. Information on which, if any, practical guidelines on appointments and remuneration committees are being followed and to what extent

Since the publication of the CNMV's Technical Guide 1/2019 on February 27, 2019 on Appointments and Remuneration Committees, the ARC has followed these guidelines as a roadmap in the performance of its functions.

9. Significant deviations with respect to the procedures adopted or irregularities in matters within the Committee's competence which have been reported in writing to the Board

No significant deviations with respect to the procedures adopted or irregularities in matters within this Committee's competence have been reported to the Board.

10. Conclusions

As a result of the above, the Appointments and Remuneration Committee considers that its organization and operation in the 2023 financial year are in line with the provisions contained in the law, the Bylaws, the Board Regulations and its own Regulations.

Special attention has also been paid to the principles and guidelines contained in the Technical Guide on Appointments and Remuneration Committees.

The Committee understands that, through the work carried out throughout this year, it has faithfully fulfilled the functions entrusted to it. Notwithstanding this positive assessment, the Committee reaffirms its willingness to continue improving the efficiency of its operation and compliance with its goals, in line with best practices in the area of Corporate Governance.

This report was issued by the Appointments and Remuneration Committee on February 1, 2024.

Approval by the Board of Directors and publishing:

This report was approved by CAF's Board of Directors during its meeting on February 2, 2024.

In accordance with Recommendation 6 of the CNMV's Code of Good Governance for Listed Companies, this document will be published on the Company's website (www.caf.net) sufficiently in advance of the Ordinary General Meeting of Shareholders.

ANNEX I
Calendar of meetings in 2023

Date	Issues addressed
1/24/2023	<ul style="list-style-type: none">• Presentation by the Chief Executive Officer on salaries, variable remuneration, and incentives linked to the Strategic Plan.• Progress in the selection process of the independent board member candidate.• Commissioning of the external evaluation of the Board.• Approval of the Report on the Operation of the Committee for the 2022 financial year.• Miscellaneous.
2/23/2023	<ul style="list-style-type: none">• Review of the Annual Report on Directors' Remuneration for the 2022 financial year.• Review of the Consolidated Non-financial Information Statement/Sustainability Report for the 2022 financial year.• Review of the Declaration on Combating Modern Slavery, for the 2022 financial year.• Proposal for the appointment of an independent board member and changes in the composition of the Audit Committee.• Proposal for the remuneration of the Board of Directors in their capacity as such for the 2023 financial year.• Proposal for the Variable Remuneration Plan for the Executive board members and members of the Executive Committee for the 2023 financial year.• Proposal for renewal of the D&O Policy.• Miscellaneous.
3/28/2023	<ul style="list-style-type: none">• Review of the proposed renewal of the D&O Policy.• Miscellaneous.

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| 5/04/2023 | <ul style="list-style-type: none"> • Proposals and Reports on the re-election and appointment of Board Members. • Miscellaneous. |
| 7/27/2023 | <ul style="list-style-type: none"> • Remuneration of Board Members in their capacity as such. • Analysis of the Long-Term Incentive Plan. • Miscellaneous. |
| 11/14/2023 | <ul style="list-style-type: none"> • Proposed allocations to the Long-Term Savings System. • Analysis of the Long-Term Incentive Plan. • Miscellaneous. |
| 12/18/2023 | <ul style="list-style-type: none"> • Proposal fo Long-Term Incentive Plan. • Verification of compliance with the Director Selection and Diversity Policy. • Report for the supervision and evaluation of the Corporate Governance System. • Report for the supervision of the Sustainability Policy and environmental and social practices. • Approval of the Plan of Activities for 2024. • Miscellaneous. |