

# SUSTAINABILITY POLICY



This Policy defines the objective, principles, and commitments that CAF adopts in its activities



On December 29, 2015, the Board of Directors of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (hereinafter “CAF, S.A.”) approved a Corporate Social Responsibility Policy for the CAF Group (hereinafter interchangeably “CAF” or the “Group”) following the recommendations contained in the Good Governance Code approved by the National Securities Market Commission (hereinafter the “CNMV Good Governance Code”) and in accordance with the Articles of Association and the Rules of the Board of Directors of CAF, S.A.

As a result of the review of the CNMV Good Governance Code in June 2020, it has been deemed necessary to approve this Sustainability Policy (hereinafter the “Policy”) as an updated version of the previous one and also to adapt its content to CAF’s current system.

## Objective

CAF’s main objective in terms of Sustainability is to conciliate the execution of its mission with the balanced meeting of the needs and expectations of the Stakeholders for the creation of value in a sustainable and long term manner. All of this is carried out in compliance not only with legal obligations, but also with best practices in Good Corporate Governance, Risk Management, Regulatory Compliance, and Sustainability.

## Scope

This Policy is systematically applicable to all activities and businesses of the CAF Group, to any action carried out on its behalf, and also in the case of activities of third parties in which it participates or is represented in any way, to the extent to which the principles of the Policy are applicable to such cases.

## Principles for action

To achieve the above objective, CAF will be guided by the following principles for action in carrying out its activities:

- **Legal compliance and prevention of corruption and other illegal conduct.** Strict compliance with the legal system in force in the territories CAF operates in, additionally adhering to international standards and guidelines where there is no legal framework that meets the minimum standard assumed by CAF in terms of ethics. In this respect, CAF applies the “zero tolerance” principle to the commission of illegal acts and situations of fraud.
- **Respecting of Human and Fundamental Rights.** To respect Fundamental Rights, the principles of equal treatment and non-discrimination, protection against child exploitation, and any other principles set out in the Universal Declaration of Human Rights and the United Nations Global Compact on the subject of Human Rights, labor rights, the environment, and the fight against corruption both internally and externally.
- **Compliance with the best practices in Good Corporate Governance, Risk Management, Regulatory Compliance, and Sustainability.** To follow the best and most recognized practices for Good Corporate Governance, Risk Management, Regulatory Compliance, and Sustainability in



general and in particular those set out in the CAF Group's Code of Conduct, in addition to those set out in the CNMV Code of Good Governance, the Guidelines of the Organization for Economic Cooperation and Development (OECD), and the United Nations Global Compact, among others.

- **Transparency and Confidentiality.** To report the financial and non-financial and corporate information provided to the various Stakeholders or voluntarily published in a transparent manner, complying with the existing legal requirements for public information. At the same time, anyone who deals with confidential information obtained as a result of the relationship with CAF shall comply with the duty of secrecy and shall be subject to the legal and internal mechanisms regarding market abuse and the management of privileged information and other relevant information.
- **Responsible Reporting.** To report information truthfully, honestly, and with absolute respect for people's integrity and honor, always ensuring the use of clear, responsible language that helps Stakeholders make an informed decision.
- **Tax liability.** To comply with the obligations in fiscal matters for all operations carried out in the various territories in which it operates in accordance with the tax legislation in force at any given time.
- **Innovation and Sustainability.** To maintain and increase both its internal technological capacity and the quality and safety of the projects, products, and services it provides to its clients, ensuring that these guarantee the Sustainability of the company.
- **Environment.** To define strategies to combat Climate Change focused on reducing CO<sub>2</sub> emissions and to promote the use of renewable energies, investment in R+D+i for the development of sustainable products and technologies, and the implementation of environmental management systems.



## Commitments to stakeholders

- **Commitment to Shareholders and Investors.** CAF is committed to generating value for its shareholders and investors through their return on the capital invested in order to remunerate the risk assumed thereby. Likewise, with the firm commitment to ensure the participation of these shareholders and investors in the decisions within its competence, CAF undertakes to provide equal treatment, guaranteeing equal information and the exercising of their rights, avoiding any situation of privilege or advantage, within the framework of the Company's shareholders.
- **Commitment to Clients.** CAF is committed to meeting the needs and expectations of its clients by offering high quality, safe, reliable, and available integrated transport systems and by meeting the new social needs for sustainable mobility.
- **Commitment to People.** CAF is committed to promoting the professional development of its employees and to using the necessary means to eliminate or reduce occupational risk by promoting a culture of prevention among all the people who work at CAF. Additionally, CAF is committed to respecting diversity, the right to equal treatment, and equal opportunities in access to work, training, promotion, and working conditions, as well as the integration of people with disabilities.
- **Commitment to Suppliers.** CAF is committed to developing a sustainable supply chain, defining a general framework for shared action with suppliers; requiring them to comply with the general principles of the CAF Group's Code of Conduct wherever this applies to them in accordance with the provisions of the Corporate Supplier Code of Conduct, promoting aspects in relation to Respect for Human Rights, Decent Working Conditions, Business Ethics, the Environment, and Health and Safety; and relying on reliable supplier organizations, to which CAF's needs and expectations are conveyed in a structured manner.
- **Commitment to Society.** CAF is committed to the socially and environmentally sustainable development of the communities in which it operates, through the reduction of the environmental impact of its operations and products/services and the promotion of activities that contribute to economic development, the generation of knowledge, the promotion of education, and social and cultural promotion.

## Sustainability policy and associated risk monitoring systems

The CAF Group has a structured set of coordinated systems that complement each other and allow for the orderly management of all aspects of Corporate Governance, Risk Management, Regulatory Compliance, and Sustainability and the interaction between them. To this end, each of the systems has various managers who, in addition to managing their own areas, interact with the others.

The **Corporate Governance System** is the highest ranking set of standards within the CAF Group's Internal Regulatory System (which comprises all the Group's standards and hereinafter referred to as the "**Internal Regulatory System**"), which regulates the operation of the Governing Bodies and is based on a commitment to ethical principles, good practices, and transparency, in addition to the defense of corporate interests.

The **Comprehensive Corporate Risk Control and Management System** is clearly detailed in the General Risk Assessment and Management Policy available on the corporate website and covers the overall management of all categories of risk, both financial and non-financial.

The **Corporate Regulatory Compliance System** includes all rules of the Internal Regulatory System, formal procedures, and material actions that aim to guarantee the actions of the CAF Group in accordance with ethical principles and applicable legislation and to prevent any incorrect or unethical conduct or conduct contrary to the law or Internal Regulatory System that might be committed by the Group's professionals within the organization.

In terms of **Sustainability**, the CAF Group maintains internal reporting processes and reports externally on the progress of its commitments in relation to sustainability in a transparent and regular manner through the means and methodologies it considers most appropriate. The Group publishes an annual report on Sustainability, also incorporating a Non-financial Information Statement into its consolidated Management Report, and producing other more specific reports and statements, for which it also works together with those responsible for the management and supervision of non-financial risks.

All of the above is deployed at the ordinary management level through **CAF's Management Model** where policies, initiatives and specific objectives are established by each of the Stakeholders which are adapted and reviewed according to the requirements of each of the systems described.

### **Communication channels, participation and dialogue with stakeholders**

CAF aims to build a relationship of trust with its Stakeholders. It therefore promotes continuous and effective communication with them through the various communication channels in order to foster their participation and involvement in CAF's objectives and in the areas in which their activities are affected.

These channels are essential to find out the concerns and interests of each of the Stakeholders in the area of Sustainability and are key to defining CAF's strategy and actions in this area. The General Policy regarding communication of economic and financial, non-financial and corporate information and contacts with Shareholders, Institutional Investors and Proxy Advisors details CAF's commitment to Stakeholder participation and dialog and specifies the responsible communication practices that constitute a principle of this Policy.

### **Monitoring and control**

The Nomination and Remuneration Committee is responsible for assessing and supervising environmental and social policy and practices in order to fulfill its mission of promoting corporate interests and also relations with the various Stakeholders, taking into account the legitimate interests of these parties. In accordance with the above, this committee is responsible for the monitoring and control of this Policy.

### **Reviewing and updating**

The Board of Directors will be regularly informed of the activities on the subject of Sustainability in relation to the Stakeholders in application of the provisions of this Policy and will update it periodically, at the request of and in accordance with the review carried out by the Nomination and Remuneration Committee.

### **Approval and entry into force**

Following approval by the Board of Directors of CAF, S.A. at its meeting on December 17, 2020, this Policy will replace the Corporate Social Responsibility Policy dated December 29, 2015, and become effective on that date.

This Sustainability Policy will be published on the Company's website, as well as on the internal channels of the CAF Group.



Date: 12/17/2020