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**PROPOSAL MADE BY THE NOMINATION AND REMUNERATION COMMITTEE IN  
RELATION TO THE RE-ELECTION OF MS. CARMEN ALLO PÉREZ AS AN  
INDEPENDENT DIRECTOR, INCLUDED IN ITEM 5.2 OF THE AGENDA OF THE  
GENERAL MEETING OF SHAREHOLDERS**

**1.- INTRODUCTION**

This proposal is made by the Nomination and Remuneration Committee of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. ("CAF" or the "Company") in accordance with the provisions of section 4 of article 529 decies and section 3 of article 529 quindicies of the revised text of the Capital Companies Act (the "Capital Companies Act"), and article 15 of the Regulations of the Board of Directors.

In accordance with the provisions of the aforementioned articles, this Committee is responsible for proposing the appointment or re-election of the members of the Board of Directors who have the status of independent.

In the preparation of this proposal, the recommendations of the Technical Guide 1/2019 on Nomination and Remuneration Committees, published by the CNMV on February 27, 2019 (hereinafter, the "**Technical Guide**") have been taken into consideration, particularly those related to the performance of the Committee's function of preparing proposals for the appointment, re-election and separation of independent directors.

**2.- PROPOSAL PURPOSE**

The purpose of this proposal is to propose the re-election of Ms. Carmen Allo Pérez as an Independent Director, for the statutory period of four years.

**3.- ASPECTS CONSIDERED BY THE NOMINATION AND REMUNERATION COMMITTEE**

In view of the upcoming expiration of office of Ms. Carmen Allo, upon completion of the four-year term of her appointment, by virtue of the resolution of the Ordinary General Meeting held on June 11, 2016, the Nomination and Remuneration Committee considers it justified and appropriate to propose her re-election as a Director based, among other considerations, on the following:

Ms. Carmen Allo Pérez has a degree in Exact Sciences from the University of Zaragoza and a Master in Business Administration from the IE University (*Instituto de Empresa*). She has spent most of her career in the financial sector, holding various management positions at the Royal Bank of Scotland and Rabobank, among others. She was appointed as a CAF Director for the first time on June 11, 2016 and since October 8, 2019 she has held the position of Chairwoman of its Audit Committee. On March 31, 2020, Ms. Allo has been appointed independent director and Chairwoman of the Audit Committee of eDreams ODIGEO, by agreement of its Board of Directors, pending ratification by the General Meeting of Shareholders of that company.

The evaluation process has been based on the prior analysis of the needs of the Board, as well as the skills, knowledge and competences that the Committee has deemed most appropriate for the position of director.

Similarly, the Committee has assessed the suitability of the candidate in accordance with the criteria set out in the regulations in force and the best practices of good governance in relation to the dedication, independence and the absence of conflicts of interest.

Specifically, the Technical Guide considers it good practice that proposals for the re-election of directors take into account the same factors as for their first election and, furthermore, assess the performance of the director during the time in which they have held the position and their ability to continue to perform it satisfactorily.

As a result of that assessment, the Committee has found that Ms. Allo:

- (i) Continues to meet the legal requirements, as well as those of the Regulations of the Board of Directors and the Company's Director Selection and Diversity Policy, for her appointment as a Director. The issue of diversity criteria is addressed more specifically in the following section.
- (ii) She has not incurred and does not incur in any legal prohibition or incompatibility, nor in any of the cases in which she must place her position at the disposal of the Board, according to Article 18 of the Regulations of the Board of Directors of the Company.
- (iii) Since her appointment, she has performed both the position of Director and that of Chairwoman of the Audit Committee satisfactorily, with the appropriate dedication and commitment to her role. She also has the time and capacity required to continue to fulfill her obligations in an equally satisfactory manner.
- (iv) She has the necessary skills and knowledge for candidate directors and especially for independent directors. In particular, she has extensive technical knowledge in accounting and auditing, as well as financial, internal control and risk management knowledge which, together with her professional trajectory, give her an ideal profile to continue to be part of the Board and its Audit Committee.
- (v) The legal and statutory conditions for being included in the category of Independent Director continue to apply.
- (vi) Based on the information provided by the candidate, no potential conflicts of interest are identified that could adversely affect her ability to perform her duties properly or her current or future independence.

The results of the analysis carried out regarding the appropriateness of her re-election in the position are also recorded in the minutes of the Committee meeting at which this issue was discussed.

The candidate has also ratified her agreement with the obligations of the position of Director and with the rules and policies of the Company.

In the light of the above, the Committee considers Ms. Carmen Allo Pérez as a suitable candidate and proposes her re-election as an Independent Director for the statutory period of four years. In accordance with the provisions of article 2.6º of the Rules of the Audit Committee, if re-elected by the General Meeting, Ms. Allo will continue to serve as Chairwoman of this Committee without the need for a new appointment, unless the Board

adopts a resolution otherwise.

**4.- COMPLIANCE WITH DIVERSITY CRITERIA AND OBJECTIVES IN THE COMPOSITION OF THE BOARD OF DIRECTORS**

As provided in the Director Selection and Diversity Policy of the Company, as well as in the aforementioned Technical Guide, in evaluating the re-election of the candidate, the Committee has based itself on an analysis of the needs of the Board of Directors and of the Company, in order to favor diversity of knowledge, experience and gender among the members of the Board, guaranteeing the absence of implicit biases that could lead to discrimination for reasons of age, gender, disability or any other personal condition.

As of this date, the Board is composed of two executive directors, six independent directors, one proprietary director and one director classified as "other external". Their training and experience is diverse. There is also diversity in age and gender, with three female directors. The result is a balanced Board of Directors, with high professional qualifications and experience, aligned with the needs of the business, and with diversity in knowledge, age and gender.

In accordance with the foregoing, this Committee considers that the continuity of Ms. Allo as a Director will help to strengthen the diversity and balance in the current composition of both the Board of Directors and the Audit Committee, providing extensive knowledge and experience in areas that the Board considers valuable. It should be noted, in particular, that her continuance will make it possible to maintain the high level of independent Directors and the presence of female directors, in line with best practices in the field of Corporate Governance.

**5.- CONCLUSIONS OF THE NOMINATION AND REMUNERATION COMMITTEE**

Consequently, the Committee considers the following proposal to be justified and submits it to the Board for a separate vote at the General Shareholders' Meeting under item 5.2 of the agenda:

*“Fifth:*

*5.2. Re-elect Ms. Carmen Allo Pérez as Independent Director, for the statutory period of four years.*

*(...)”*

In Beasain, May 6, 2020.