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# **Non-Financial Information Statement - Sustainability Report 2022**





**1**

How we understand sustainability

Page 05

**2**

Good corporate governance

Page 26

**3**

Responsible business and  
innovation

Page 57

**4**

The excellence of our team

Page 86

**5**

Contributing to the care and  
decarbonisation of the environment

Page 117

**6**

The social value of our activity

Page 144

**7**

Additional information

Page 159



# 1

## HOW WE UNDERSTAND SUSTAINABILITY

*"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."*

*CAF Sustainability Policy  
17 December 2020*

### 1.1

CAF's Overall Vision and Sustainability

### 1.2

Value creation and Stakeholders

### 1.3

Materiality

### 1.4

Sustainability Scorecard

### 1.5

Sustainable Development Goals

### 1.6

Sustainable Taxonomy of the European Union

### 1.7

External ESG ratings

## 1.1 CAF's Overall Vision and Sustainability

[2-6, 2-14]

CAF is a multinational group with over 100 years of experience offering integrated transport systems at the forefront of technology that provide high value-added sustainable mobility for its customers.

It is one of the international leaders in the implementation of integrated rail and bus mobility solutions, with extensive experience tackling projects throughout the entire project life cycle (analysis and feasibility studies, system design and engineering, system construction and manufacturing, installation and commissioning, operation and maintenance, and even financing) in a multitude of geographies.

In the railway sector, the Group offers its customers one of the broadest and most flexible product ranges on the market, from complete transport systems to rolling stock (components, infrastructure, signalling and services (maintenance, rehabilitation and financing). These capabilities and the CAF Group's current range of solutions place it on a par with the leading players in the sector. Within this area, the rail vehicle business generates and anchors other activities and rail services provide profitability, complemented by integrated solutions and systems, which are expected to make an increasing contribution to the Group.

In the field of buses, CAF, through Solaris, has been a pioneer in the development of new products and currently has the most complete range of low and zero emission solutions. It is also well positioned in electromobility as it is one of the leaders in zero-emission mobility in Europe due to its unique real experience in electromobility, its strong proposal for zero-emission technologies (electric and hydrogen) and for having all the advantages of conventional technologies, but without business or industrial activity in the production of internal combustion engines. All in all, Solaris, and thus CAF, maintains a good position vis-à-vis its European competitors in terms of portfolio, actual experience and market share.

In both cases, CAF serves the most diverse range of customers worldwide: from municipalities and regional or national public or private administrations, to other railway manufacturers and private companies operating or maintaining systems or even consortium structures accompanied by financially oriented entities.

CAF is the number one in sustainable urban mobility, with a value proposition that no other player can match (metros, trams and LRVs, low and zero emission buses) and with high technological synergies and cross-selling opportunities between the rail and bus worlds, in a context where urban public transport will be a key pillar in any future mobility scenario.

The Group has a strong presence in the international market, focusing heavily on Europe, with production plants in countries such as Spain, Poland, the United Kingdom, France, the United States, Mexico and Brazil. It also has offices and rolling stock fleet maintenance centres in more than 20 countries on the five continents. All this information can be found on its corporate website. This close relationship with customers allows the Group to produce more efficiently and provide an excellent range of assistance and maintenance services. Further information on the Group's business model and prospects can be found in chapter one of the Management Report.

CAF's Mission reflects the added value in sustainable mobility of the Group's integrated transport systems and aligned with the Mission; the Vision refers to the Group's comprehensive offer to respond to the new social needs for sustainable mobility.

### Experience in global sustainable mobility

-  > 200 rolling stock projects
-  > 20,000 buses
-  > 50 markets

## MISSION

We are a multinational group with over 100 years of experience in the supply of comprehensive transit solutions positioned at the forefront of technology for high value-added sustainable mobility

The company is a leader in the railway industry, offering one of the most comprehensive and flexible arrays of products in railway-related markets, such as rolling stock, components, infrastructure, signalling and services (maintenance, refurbishing and financial services).

CAF's committed personnel and the cooperation with our business partners enable us to enhance customer satisfaction and create value for our shareholders.

*Approved by the Executive Committee on 23 December 2016*

## VISION

Thanks to our human and technical potential, we will grow in the railway sector, strengthening our presence in the largest, most demanding world markets.

We will increase and diversify our all-encompassing transportation range beyond the railway sector so as to meet society's new sustainable mobility needs.

Thanks to the culture that is shared by all the people that make up CAF, we will meet the needs of our Stakeholders in a balanced manner.

*Approved by the Executive Committee on 23 December 2016*

Similarly, the corporate values applied to all the Group's activities reflect the commitment to the principles set out in the Sustainability Policy and make them more present in day-to-day business.

Honesty and Integrity	Acting in the right way, conforming to the rules.
Responsibility and Commitment	Taking charge, honouring commitments.
Results and Perseverance	Providing solutions to the situations that arise and establishing actions to do so. Achieving what you set out to do by overcoming the difficulties that may arise.
Excellence and Learning	Doing things well, improving the activity and providing new solutions. Being open to learn and undertake new activities.
Cooperation and Teamwork	Working with others brings greater value.
Health and Safety of People and the Environment	Working in safe environments by reinforcing the health and safety of all people

On 10 November 2022, the Board of Directors approved the business vision or ambition, which was made public on 1 December as part of the Strategic Plan: grow as a provider of comprehensive rail and bus mobility solutions, maximising its digital proposal. Four strategic pillars will enable the business vision to be achieved, the commercial focus that will bring recurrence and scalability to the Group, operational efficiency to guarantee profitability and competitiveness, innovation ensuring that it is at the forefront of technology and sustainability, leading the transition of mobility solutions towards the goal of achieving zero net emissions by 2045.

During 2023, the Mission, Vision and Values will be updated and the Company's Purpose will be defined in coherence with the new 2026 Strategic Plan.

As a result of its commitment to sustainability and the environment in which it carries out its activities, the CAF Group (hereinafter CAF) has an updated Sustainability Policy approved on 17 December 2020 by the Board of Directors of Construcciones y Auxiliar de Ferrocarriles, S.A. (hereinafter CAF, S.A.). This policy defines the objective, principles and commitments that the organisation promotes while undertaking its activities and is available on the corporate website.

CAF's main objective in terms of Sustainability is to reconcile undertaking its mission with the balanced satisfaction of stakeholder needs and expectations for creating value in a sustainable and long-term manner. CAF undertakes this task, complying not only with its legal obligations but also with best practices in the areas of Corporate Governance, Risk Management, Regulatory Compliance and Sustainability.

To achieve its stated objective, CAF follows the following principles of action when carrying on its activities:

1	Legal compliance and prevention of corruption and other illegal conduct,
2	Respect for Human and Basic Rights
3	Compliance with best practices in Good Corporate Governance, Risk Management, Regulatory Compliance and Sustainability
4	Transparency and Confidentiality
5	Responsible Communication
6	Fiscal responsibility
7	Innovation and Sustainability
8	Environment

CAF continues to take steps to reinforce and consolidate the work carried out to meet the objectives set out in the Sustainability Policy, which are promoted through the Sustainability Committee. This forum is made up of a multidisciplinary team representing the areas with the greatest impact on sustainability, who are responsible for ensuring compliance with the commitments, as well as monitoring activities in this area, under the coordination of the Human Resources Department. The main responsibility of each member of the Committee is to ensure the deployment of Sustainability activities with a corporate scope in their respective areas of expertise. In this regard, he or she is the point of reference and interlocutor in this field in the areas he or she represents and the voice of these areas within the Committee. In addition, the members are responsible for communicating relevant aspects in this area to the Committee that require a shared vision to be established and for bringing relevant aspects to the executive and/or decision-making bodies in their area. In this regard, the Committee evaluates the matters submitted to it and may issue recommendations on the substance and on the most appropriate channel for processing them.

The Nomination and Remuneration Committee has been assigned the functions of evaluating and supervising the policy and practices in environmental and social matters so that it fulfils its mission of promoting the social interest and also the processes of relations with the different Stakeholders, taking into account the legitimate interests of the latter. In compliance with the above, it is responsible for monitoring and controlling the Sustainability Policy. The Board of Directors is regularly informed of activities in the area of sustainability and stakeholder relations in accordance with the provisions of this policy.

The preparation of this report was led and coordinated by the Human Resources Department and reviewed by the Nomination and Remuneration Committee for subsequent approval by the Board of Directors.

During 2022, CAF has continued to improve its process management in line with its growing sensitivity to ESG issues, as well as the increasing requirements of Stakeholders in the different activities. In this period, it is worth highlighting the work carried out in the following areas of action:

- Incorporation of Sustainability in the 2026 Strategic Plan among the four pillars, together with a commercial focus, operational efficiency and innovation.
- Drafting the first Sustainability Plan that integrates specific initiatives in this area with corporate scope and direct impact on ESG.
- Monitoring of the Sustainability Scorecard, which includes the Group's main non-financial targets and which is published in this report in chapter 1.4 Scorecard.
- Progress in implementing the Corporate Management Model aligned with ISO 26000:2012 with the deployment of corporate policies on ESG matters, verified by the accredited external entity LRQA.
- Incorporation of relevant aspects of non-financial information in interim earnings releases alongside financial information.
- Improved perception of the Group's performance by rating agencies in the area of Sustainability. An example of this has been obtaining the prestigious platinum medal in the sustainability management assessment carried out by Ecovadis, placing the CAF Group among the best-performing companies in the sector; the B score in the first CDP (Carbon Disclosure Project) climate change index report carried out by the CAF Group throughout 2022, a score that is above the average for the railway sector; as well as the maintenance of the "BBB" rating in the MSCI valuation update for the CAF Group.
- Continued adherence to the United Nations Global Compact by CAF, S.A., the Group's main company, confirming its commitment to the Ten Principles contained therein,





which are derived from United Nations declarations on human rights, labour, the environment and anti-corruption and enjoy universal consensus.

- Verification of the carbon footprint (scopes 1 and 2) for 2019, 2020, 2021 and 2022 by the external accredited entity LRQA, and definition of the GHG emission reduction targets based on the SBTi methodology; targets that have been integrated and communicated in the 2026 Strategic Plan.
- Certification of the model of excellence in environmental management based on the European EMAS Regulation for CAF S.A. (Eco-Management and Audit Scheme).
- First EDP declaration (Environmental Product Declaration) for Solaris: Urbino 18 electric and Urbino 12 hybrid buses.
- Busplanner Innovation Award 2022 for Solaris for its Urbino 9 LE bus.
- Obtaining the "Silver" level under the IRIS international quality standard for the Signalling activity, in addition to those obtained in 2021 by Rail Vehicles and Maintenance.
- KOMP SARIAK distinction awarded to the CAF Group by the Basque Competition Authority for its Corporate Competition Compliance System.
- CRS Silver Leaf distinction awarded to Solaris by "Polityka" for its support in achieving the Sustainable Development Goals.
- Entering into a liquidity contract, the sole purpose of which is to promote liquidity and regularity in the listing of the Group's parent company's shares on the stock exchange.
- Solaris obtained certification under ISO 45001 "Occupational Health and Safety Management Systems".



The main objective for the next period is to continue to make progress in fulfilling the commitments included in the Sustainability Policy with the various Stakeholders in the different areas: environmental, social and governance aspects and work fronts: management, reporting and results.

## 1.2 Value creation and Stakeholders

[2-29]

CAF's Strategic Framework is based on two pillars. The Business Strategy, which sets out which products, markets, customers and technologies to address. And the Management Strategy, which defines how this business strategy will be implemented (Company governance; policies, procedures, management committees, processes, etc.). The combination of both strategies results in creating value, in the form of Results. For CAF, creating value means satisfying the needs and expectations of its Stakeholders.

Specifically, and in the case of Shareholders, CAF seeks to generate value through the positive trend of Earnings per Share, an adequate distribution of this, and constant communication with the market that ultimately contributes to shareholder return.

	2022	2021	2020	2019	2018
Earnings per share (euros)	1.52	2.51	0.26	0.72	1.27
Dividend per share (euros)	0.86	1.00	0.00	0,842	0,765
Dividend yield	3.0%	2.7%	0.0%	2.1%	2.0%
Pay-out ratio (Dividend/EPS)	56%	40%	0%	117%	60%

The execution of the order backlog and the Group's result in 2022 were impacted by the effects of the pandemic and the aftermath of Russia's invasion of Ukraine, which aggravated instability in the component supply chain, higher raw material and energy prices, and historically high inflation, with a corresponding monetary policy derivative. As a result of the above, CAF's earnings per share amounted to 1.52 euros, and the dividend per share that the Board proposes to the General Shareholders' Meeting is 0.86 euros per share. This shows the Company's commitment to distribute a good part of its profits to its shareholders, despite the complex economic and sector scenario.

CAF maintains fluid and continuous communication with the market through numerous channels and makes available to shareholders general information regarding share and dividend performance, communications of relevant events for the business (contract awards, corporate operations, strategic milestones), economic-financial information, documentation related to the Shareholders' Meeting, as well as diverse documentation on corporate governance.

In addition to the above, at the end of 2022, 15 financial analysts maintain active coverage on CAF. Financial analysts issue independent reports on the value of CAF on a recurring basis based on close monitoring of business performance and published results. 90% of analysts recommend to buy/overweight CAF shares, with a potential of around 30%<sup>1</sup>.

Stakeholders, whose first formal identification was carried out in the definition of the Code of Conduct in 2011, are therefore at the centre of CAF's strategy, and the Sustainability Policy confirms their validity and defines the commitments made to each of them, namely shareholders, customers, people, suppliers and society.

<sup>1</sup> Data source: FactSet, 21 February 2023.



These commitments are applied in the ordinary course of business in accordance with the corporate social responsibility guidelines included in the ISO 26000:2012 standard through CAF's Management Model, which establishes the policies, initiatives and objectives specific to each type of stakeholder. This model contains the CAF Group's Management Strategy, which, together with the business strategy, forms part of the Group's global strategic framework.

The Management Model, personalised attention and ongoing improvement guide the Group to meet its customers' needs and expectations, and make each delivery into a recommendation for future business; this was evidenced by the more than 200 projects and orders awarded in over 50 countries in recent years, which have translated into a record backlog and repeat business from our customers.

CAF Group has a Policy on Communication of Economic-Financial, Non-Financial and Corporate Information, and Contacts with Shareholders, Institutional Investors and Voting Advisors (in compliance with the principles of good corporate governance set out in the Good Governance Code for listed companies, approved by the National Securities Market Commission in February 2015 and revised in June 2020 and applicable legislation). This Policy, initially approved by CAF's Board of Directors on 28 October 2015 as the Policy on Communication and Contact with Shareholders, Institutional Investors and Voting Advisors, and last amended on 17 December 2020, sets out CAF's commitment to the participation of, and dialogue with, stakeholders, and specifies the responsible communication practices that constitute a principle of the Sustainability Policy.

Likewise, the Manual that sets out this Policy aims to implement the basic corporate principles and criteria indicated in the General Communication Policy.

CAF aims to build a relationship of trust with the stakeholders. It, therefore, promotes continuous and effective communication with its Stakeholders through the following communication channels, with the aim of encouraging their participation and involvement in corporate objectives and in those areas in which their activities are affected.

Stakeholders	Communication channels
Shareholders <sup>2</sup>	<ul style="list-style-type: none"> <li>- Shareholders and Investors Services Office</li> <li>- Spanish National Securities Market Commission (CNMV) communications</li> <li>- Annual General Meeting</li> <li>- Regular informative meetings</li> <li>- CAF Website (<a href="http://www.caf.net">www.caf.net</a>)</li> <li>- Whistleblowing channel</li> <li>- Shareholders and investors Survey</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- Meetings with potential customers</li> <li>- Customer meetings on projects</li> <li>- Customer audits</li> <li>- Quality and Safety Management System Audits</li> <li>- CAF Website (<a href="http://www.caf.net">www.caf.net</a>)</li> </ul>

<sup>2</sup> The information on shareholders is included in CAF's Annual Corporate Governance report, available on the corporate website. Communication channel for both the institutional investor and the minority shareholder.

	<ul style="list-style-type: none"> <li>- Whistleblowing channel</li> <li>- Customer Satisfaction Surveys</li> <li>- Online platforms</li> </ul>
Individuals	<ul style="list-style-type: none"> <li>- CAF Portal</li> <li>- Internal communication channels - Direct communication</li> <li>- Union representation</li> <li>- Corporate magazine</li> <li>- Whistleblowing channel</li> <li>- CAF Website (<a href="http://www.caf.net">www.caf.net</a>)</li> <li>- Organisation Health Survey</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Supplier portal</li> <li>- CAF Website (<a href="http://www.caf.net">www.caf.net</a>)</li> <li>- Supplier audits</li> <li>- Whistleblowing channel</li> <li>- Supplier Satisfaction Surveys</li> </ul>
Company	<ul style="list-style-type: none"> <li>- CAF Website (<a href="http://www.caf.net">www.caf.net</a>)</li> <li>- Direct relationship with public authorities</li> <li>- Participation at forums and in associations</li> <li>- Whistleblowing channel</li> <li>- Statement of Non-Financial Information - Sustainability Report</li> <li>- Society communication assessment survey</li> </ul>

In addition to helping maximise the dissemination and quality of the information available to the market and the CAF Group's stakeholders, these channels are central to ascertaining the latter's concerns and interests in relation to Sustainability and are key to defining CAF's strategy and action in this area.

For that purpose, CAF has a systematised communication process which defines the relevant indicators for each type of stakeholder and establishes the related action plans for subsequent communication through the above channels. To ascertain stakeholders' perceptions, their satisfaction is measured and monitored, and the communication with stakeholders is assessed. The following table shows both the trend and the scope of the measurement:

#### Satisfaction of all stakeholders

Stakeholder type	Measure	Scope	Change	Outlook
Shareholders	% of affirmative votes in the approval of the financial statements and the directors' report (Annual General Meeting)	≥ 75% of subscribed share capital with voting rights	Positive Above target	Unchanged
Customers	Annual Railway Satisfaction Survey Biennial Bus Satisfaction Survey	≥ 82% sales	Positive In line with the target	Increase of scope Stable result
Individuals	Organisational Health Index	≥ 90% workforce	Positive.	Range stability Improved result
Suppliers	Annual Satisfaction Survey	≥ 72% purchases	Positive	Scope extension Stable result
Company <sup>3</sup>	Satisfaction Survey	≥ 69% workforce	Positive	Scope extension Stable result

<sup>3</sup> The Society Interest Group for CAF Group is identified with the communities in which it operates with presence of industrial and service activities, as well as the geographies where it delivers its products and services, considering both the economic and environmental impact. In addition, CAF Group promotes a positive impact with activities in collaboration with agents that contribute to economic development (public administrations, business associations, clusters, groups of companies, etc.), knowledge generation (innovation-oriented associations, knowledge centres, research and/or technological centres, etc.), promotion of education (educational entities or entities for the promotion of employment) and social and cultural promotion (public and/or private entities supporting social and/or cultural projects), in the regions in which it operates.

### Assessment of communication with stakeholders

Stakeholder type	Measure	Scope	Change	Outlook
Shareholders	Communication Assessment Survey	≥ 75% of shareholders and investors with recent contact	No variation Below target	Scope extension Improved result
Customers	Communication Assessment Survey	≥ 83% sales	Positive Extended scope	Stable result
Individuals	Communication Assessment Survey	≥ 90% workforce	Positive. Extended scope	Maintain scope Improved result
Suppliers	Communication Assessment Survey	≥ 72% purchases	Positive	Scope extension Stable result
Company	Communication Assessment Survey	≥ 69% workforce	Positive. Extended scope	Scope extension Stable result

In addition to improving the performance of the indicator, we are also working to increase the scope of the measurement to the entire Group and all Stakeholders. To this end, there is a communication process in which measurement indicators have been defined for each Stakeholder group, which have become second-level objectives and have been included in the Sustainability Scorecard.

These are monitored through the Sustainability Committee, and appropriate actions for improvement are established.

## 1.3. Materiality

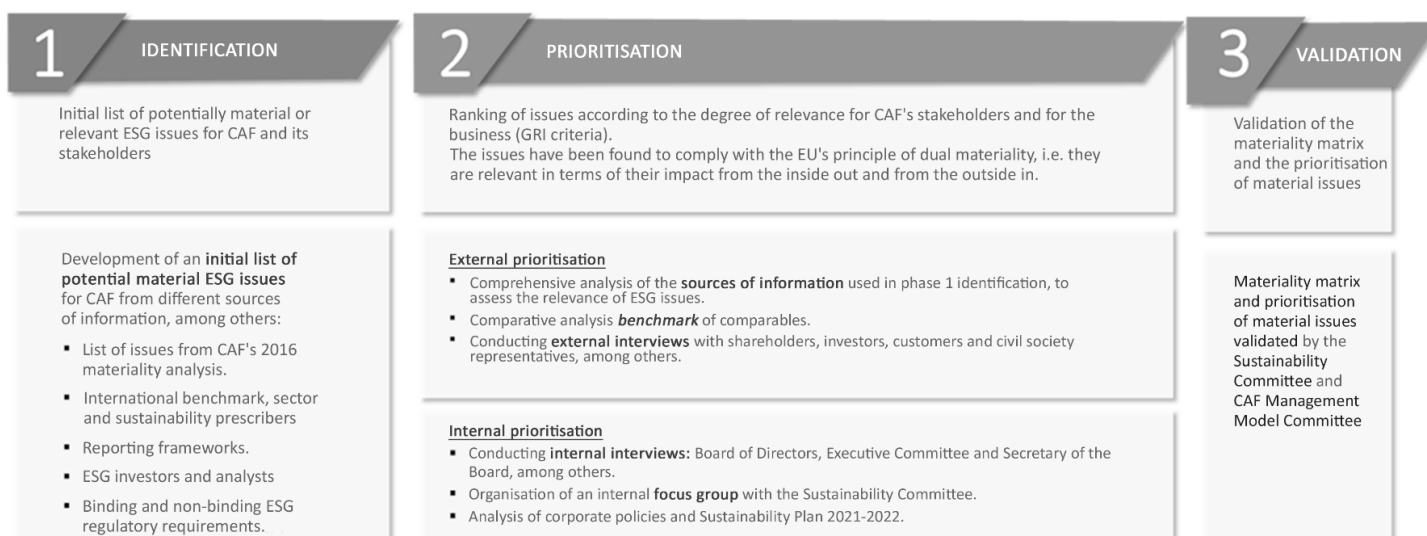
[3-1, 3-2]

In the context of CAF and its sectors of activity, multiple economic, environmental and social factors intervene and define the Group's sustainability strategy and commitments. CAF's Sustainability Policy defines the Company's actions with respect to these factors under a sustainable development approach.

This Sustainability Report has been prepared on the basis of the expectations and requirements of the Stakeholders identified in this Policy, with special attention to those issues that are most relevant to them and have the greatest impact on the Group's strategy.

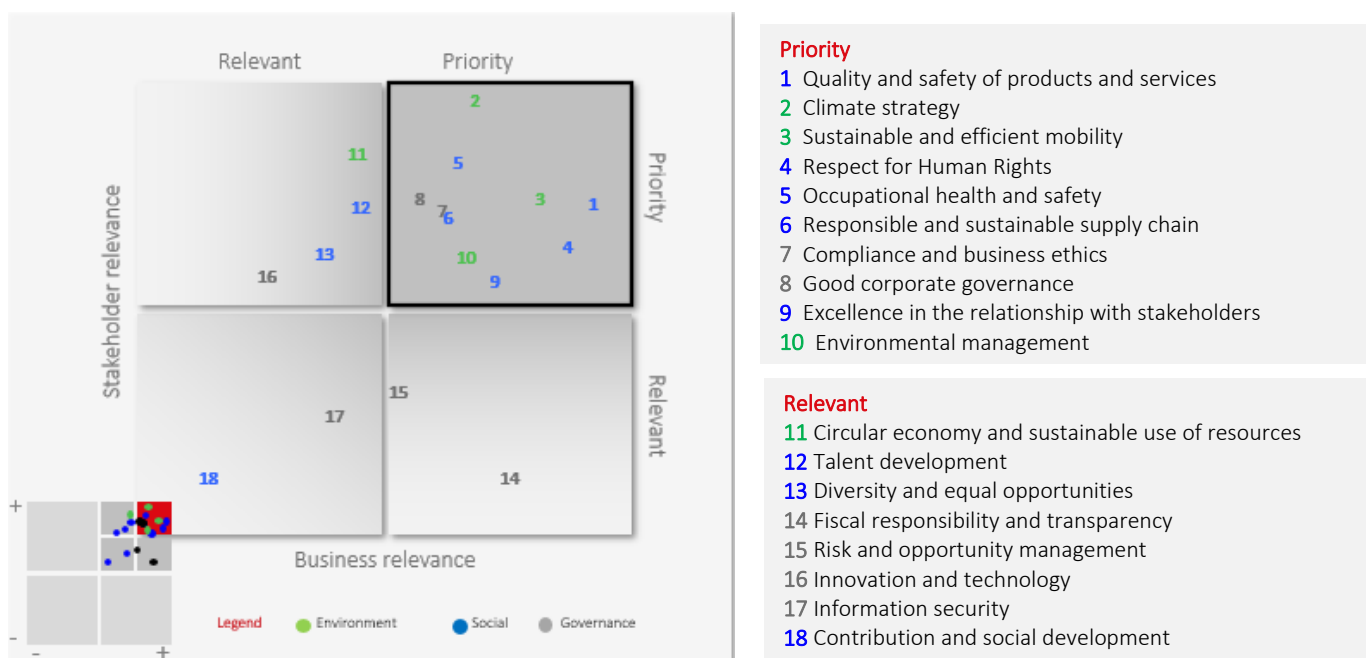
CAF updated the materiality analysis in 2021 following the guidelines defined by the Global Reporting Initiative (GRI) standard, as well as Law 11/2018<sup>4</sup> and the Reports on the supervision by the CNMV of the annual financial reports and main areas of review for the following year. The result of this analysis was published in July 2021 in the ESG Equity Story.

In this materiality analysis, an initial list of potentially material ESG issues for CAF and its stakeholders was identified from different sources of information and taking into account the long term as a time horizon. These issues were subsequently prioritised according to the degree of relevance to CAF's stakeholders and to the business. When defining the degree of relevance of each subject in the interviews carried out in the prioritisation phase, the concept of double materiality was considered, taking into account both the relevance due to its impact from the outside-in and the relevance due to its impact from the inside-out. This resulted in a prioritised list of material issues for CAF, as well as a materiality matrix, which were validated by CAF's Sustainability Committee and Management Model Committee.



As a result of the materiality analysis, we set out below the 18 aspects that are relevant to CAF and its Stakeholders in the area of sustainability. Throughout this report, the significant risks and impacts in relation to each of them are exhaustively described.

<sup>4</sup> Spanish Non-Financial Information and Diversity Law 11/2018, of 28 December, amending the Spanish Commercial Code, the Consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010, of 2 July, and Spanish Audit Law 22/2015, of 20 July.



The various sections of this report respond to the issues identified, as set out in the table below. Likewise, chapter "7. Additional information" contains the table of contents of the Statement of Non-Financial Information, the GRI content index and the content index in relation to the Global Compact Principles.

MATERIAL ISSUES	CHAPTERS
1 Quality and safety of products and services	3.1 Quality and safety of products and services
2 Climate strategy	5.2 Climate strategy
3 Sustainable and efficient mobility	5.3 Sustainable and efficient mobility
4 Respect for Human Rights	4.3 Respect for Human Rights
5 Occupational health and safety	4.4 Occupational risk prevention
6 Responsible and sustainable supply chain	3.4 Responsible and sustainable supply chain
7 Compliance and business ethics	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law
Good corporate governance	2.1 Good Governance System
9 Excellence in the relationship with stakeholders	1.2 Value creation and our stakeholders
10 Environmental management	5.1 Environmental management
11 Circular economy and sustainable use of resources	5.4 Circular economy and sustainable use of resources
12 Talent development	4.1. Talent development
13 Diversity and equal opportunities	4.2 Diversity and equal opportunities
14 Fiscal responsibility and transparency	2.4 Fiscal responsibility
15 Risk and opportunity management	2.2 Risk management
16 Innovation and technology	3.3 Innovation and technology
17 Information security	3.2 Information security
18 Contribution and social development	6. The social value of our activity

## 1.4 Sustainability Scorecard

Indicator	Unit	Real			Target	
		FY20	FY21	FY22		FY22
E. CO <sub>2</sub> emissions intensity	kg Co <sub>2</sub> eq./HHT	-	2.2	1.59	●	< 2
E. Energy consumption per hour worked	kwh/hour	3.5	3.5	2.9	●	< 3.3
E. ISO 14001 Coverage	% of the workforce	65	70	80	●	> 70
E. Sustainable solutions order book	% electric, hybrid, hydrogen	72	79	87	●	> 76
S. Number of accidents with personal injuries in passengers	number	0	0	0	●	0
S. Number of Human Rights non-compliance cases	number	0	0	0	●	0
S. Preventive culture index	1 – 4	2.8	– <sup>5</sup>	2.96	●	> 2.9
S. Frequency rate	No. of accidents with sick leave per million hours worked	18.0	17.3	15.2	●	< 17
S. ISO 45001 coverage	% of the workforce	47	52	68	●	> 60
S. Suppliers assessed out of the total Risk Mapping to be assessed	% Suppliers	89.6	84.8	77.7	●	>90
S. Purchases from high/medium-risk suppliers	% Purchases	2.2	3.9	2.0	●	< 1.8
S. Customer satisfaction rating	survey 0 – 10	7.5	7.7	7.8	●	> 7.6
S. Net Promoter Score Index (loyalty)	survey 0 – 10	8.1	8.0	8.0	●	> 8.0
S. Shareholder satisfaction rating	% favourable vote management report at AGM	99.9	99.0	99.9	●	> 98.0
S. Supplier satisfaction rating	survey 0 – 10	8.1	7.9	8.3	●	> 8.0
S. Organisational health index (persons employed)	survey 0 – 10	6.3	6.4	6.6	●	> 6.5
G. Administrative penalties arising from actions in the securities markets and related to Competition Law	Millions €	0	1.7 <sup>6</sup>	0	●	0
G. Sustainalytics sustainability assessment	Risk level	Medium	Low	Low	●	Low
G. MSCI Sustainability Rating	Level	BBB	BBB	BBB	●	AA
G. S&P Sustainability Rating	0 – 100	23	56	<sup>7</sup>		> 60
G. Ecovadis Sustainability Assessment	Level	Bronze	Silver	Platinum	●	Silver
G. ISO 9001 certification coverage	% of the workforce	89	92	93	●	> 90
G. ISO TS 22163 (IRIS) certification coverage	% applicable railway workforce	82	86	91	●	> 85

<sup>5</sup> Not evaluated in 2021.

<sup>6</sup> Amounts appealed in court.

<sup>7</sup> The 2022 rating will be received during Q1'23



## 1.5 Sustainable Development Goals

On 25 September 2015, the United Nations General Assembly unanimously adopted the 2030 Agenda for Sustainable Development, which contains the 17 Sustainable Development Goals (hereinafter SDGs). These goals are a universal call to action to end poverty, protect the planet and improve the lives and prospects of people everywhere.

Below are the SDGs to which CAF contributes most through its activity, aligned with the Railspensible proposal.



Following the preparation of the 2026 Strategic Plan this year and the materiality analysis, this reflection exercise will be reviewed next year.

### Environmental Axis

**Promotion of sustainable mobility**

- Continuous research and development of products and services to respond to the global trend of increasing mobility, climate change and the limitation of fossil fuels.
- Designing greener means of transport, with lower noise emissions, consuming less energy in use and generating less pollution.
- Involvement with the network of national and international innovation-oriented associations.

More information in chapters 3.3 and 5.3.



**Reducing the environmental footprint of operations**

- Developing strategies to combat climate change by increasing energy consumption and promoting energy efficiency.
- Efficient management of natural resources in production.
- Reduction, reuse and recycling of the waste produced.

More information in chapters 5.1 and 5.4



**Promoting Responsible Purchasing**

- Sustainability commitment requirements in the Supplier Code of Conduct.
- Requirement to comply with REACH Regulation and UNIFe Railway Industry Substance List of suppliers.
- Assessment of supplier sustainability management through the Ecovadis platform.
- Participation in the Railspensible sector initiative for the development of sustainable practices along the rail industry value chain.
- Employee training and awareness-raising on sustainability issues.
- Development of small and medium-sized local suppliers.

More information in chapter 3.4.

### Social and Ethical Axis

**Professional development and business ethics**

- Commitment to scrupulous respect for basic rights, equal treatment and non-discrimination.
- Promotion of high standards of professional ethics, prevention of fraud and corruption and respect for competition law.
- Implementation of people development and occupational health and safety policies, shared among all the Group's activities in the different geographical areas.

More information in chapters 2 and 4.



**Contribution to society**

- Economic promotion of the environment through the hiring of local workers and suppliers.
- Provision of products and services in accordance with high quality and safety standards for customers and users.
- Support for entrepreneurship, through collaboration with start-ups and entrepreneurs.

More information in chapter 6.



More information in chapter 3.4.



## 1.6 Sustainable Taxonomy of the European Union

### ● Introduction

In its Communication of 8 March 2018, the European Commission published its "Action Plan: Financing sustainable growth", with which it launches an ambitious and comprehensive strategy to make finance a key driver in moving towards an economy that ensures compliance with the objectives of the Paris Agreement and the European Union's (EU) 2030 Agenda for Sustainable Development.

In this context, the package of measures presented defines ten concrete actions that have as one of their main objectives to redirect capital flows towards sustainable investments. As a consequence of the first of these actions, the Taxonomy Regulation, Regulation (EU) 2020/852, was published, which aims to establish a classification system that, based on objective criteria, determines which economic activities are sustainable.

As indicated in article 8 of the Taxonomy of Sustainable Finance Regulation, for reports published from 1 January 2022 onwards on information for the 2021 financial year, non-financial companies that are public interest entities and have a number of employees exceeding 500 (as is the case of CAF Group), must disclose the proportion of eligible and non-eligible economic activities according to the Taxonomy in their total turnover, their investments in fixed assets (CapEx) and their operating expenses (OpEx), hereinafter KPIs (article 10.2 of the [delegated act](#) supplementing article 8 of the Taxonomy Regulation).

In accordance with the provisions of the Sustainable Finance Taxonomy Regulation, in 2021, CAF published the degree of eligibility and non-eligibility of its activities for "Climate Change Mitigation" and/or "Climate Change Adaptation" objectives, which were the Delegated Acts published so far.

This year, however, the disclosure requirements for the 2022 financial year are increased, not only for reporting on Climate Change eligibility but also for reporting on alignment.

- An activity is eligible if it is included among the activities listed in those Delegated Acts
- An activity is considered aligned if it is eligible, and:
  - meets the criteria for substantial contribution to climate criteria
  - does not cause a significant harm on the other objectives
  - meets minimum social safeguards

### ● Scope of the report

All the companies that make up CAF Group's consolidation scope have been considered in the analysis carried out to establish the eligible activities under the European Commission's Taxonomy criteria.

### ● Results

Below, we detail the eligibility and non-eligibility of our activities, as well as an explanation of our results in terms of the contribution of CAF's activity to the "Climate Change Mitigation" objective.

The Turnover indicator shows 97% eligibility and 76% alignment, the Opex indicator amounts to 97% eligibility, and 82% alignment and the Capex indicator amounts to 99% eligibility and 87% alignment. This demonstrates the high degree of eligible activities that CAF Group has and, consequently, that CAF Group is a key player in driving the transition to a decarbonised economy.

In the preparation process, the absence of any double counting has been ensured by obtaining Turnover, CapEx and OpEx (excluding intra-group movements) from the consolidation tool, a single and complete source which is subject to continuous internal control reviews established by the Group.

Turnover:

Economic activities	Code(s)	Absolute turnover (thousands of €)	Proportion of turnover (%)	Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")							
				Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Biodiversity and ecosystems	Minimum guarantee	Taxonomy-aligned proportion of turnover, year N-1	Taxonomy-aligned proportion of turnover, year N	Category (enabling activity)	Category (transitional activity)
<b>A. Taxonomy eligible activities</b>																		
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																		
3.3 Manufacture of low-carbon technologies for transport	3.3	2,044,375 €	65%	100%	-	-	-	-	-	S	S	S	S	S	S	65%	-	E
6.14 Infrastructure for rail transport	6.14	355,173 €	11%	100%	-	-	-	-	-	S	S	S	S	S	S	11%	-	E
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>2,399,547 €</b>	<b>76%</b>	<b>100%</b>												<b>76%</b>		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
3.3 Manufacture of low-carbon technologies for transport	3.3	653,122 €	21%															
6.14 Infrastructure for rail transport	6.14	4,304 €	0.1%															
8.2 Data-driven solutions for GHG emissions reductions	8.2	1,804 €	0.1%															
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>659,230 €</b>	<b>21%</b>															
<b>TOTAL (A.1. + A.2)</b>		<b>3,058,778 €</b>	<b>97%</b>													<b>76%</b>		
<b>B. Taxonomy-Non-Eligible activities</b>																		
Turnover of Taxonomy-non-eligible activities (B)		106,692 €	3%															
<b>TOTAL (A + B)</b>		<b>3,165,470 €</b>	<b>100%</b>															

OpEx:

Economic activities	Code(s)	Absolute OpEx (thousands of €)	Proportion of OpEx (%)	Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")							
				Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Pollution (%)	Biodiversity and ecosystems (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Biodiversity and ecosystems	Minimum guarantee	Taxonomy-aligned proportion of OpEx, year N-1	Taxonomy-aligned proportion of OpEx, year N	Category (enabling activity)	Category (transitional activity)
<b>A. Taxonomy eligible activities</b>																		
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																		
3.3 Manufacture of low-carbon technologies for transport	3.3	30,626 €	65%	100%	-	-	-	-	-	S	S	S	S	S	S	65%		E
6.14 Infrastructure for rail transport	6.14	7,640 €	16%	100%	-	-	-	-	-	S	S	S	S	S	S	16%		E
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>38,267 €</b>	<b>82%</b>	<b>100%</b>												<b>82%</b>		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																		
3.3 Manufacture of low-carbon technologies for transport	3.3	6,412 €	14%															
6.14 Infrastructure for rail transport	6.14	98 €	0%															
8.2 Data-driven solutions for GHG emissions reductions	8.2	816 €	2%															
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>7,326 €</b>	<b>16%</b>															
<b>TOTAL (A.1. + A.2)</b>		<b>45,592 €</b>	<b>97%</b>													<b>82%</b>		
<b>B. Taxonomy-Non-Eligible activities</b>																		
OpEx of Taxonomy-non-eligible activities (B)		1,180 €	3%															
<b>TOTAL (A + B)</b>		<b>46,773 €</b>	<b>100%</b>															

CapEx:

Economic activities	Code(s)	Absolute CapEx (thousands of €)	Proportion of CapEx (%)	Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")							Minimum guarantee	Taxonomy-aligned proportion of CapEx, year N	Taxonomy-aligned proportion of CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation (%)	Climate change adaptation (%)	Water and marine resources (%)	Pollution (%)	Biodiversity and ecosystems (%)	Water and marine resources (%)	Climate change adaptation	Climate change mitigation	Biodiversity and ecosystems (%)	Pollution	Biodiversity and ecosystems								
<b>A. Taxonomy eligible activities</b>																						
A.1 Environmentally sustainable activities (Taxonomy-aligned)																						
3.3	Manufacture of low-carbon technologies for transport	272,973 €	84%	100%	-	-	-	-	-	S	S	S	S	S	S	S	84%	-	E			
6.14	Infrastructure for rail transport	9,934 €	3%	100%	-	-	-	-	-	S	S	S	S	S	S	S	3%	-	E			
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>282,907 €</b>	<b>87%</b>	<b>100%</b>													87%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
3.3	Manufacture of low-carbon technologies for transport	38,965 €	12%																			
6.14	Infrastructure for rail transport	14 €	0%																			
8.2	Data-driven solutions for GHG emissions reductions	210 €	0%																			
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>39,189 €</b>	<b>12%</b>																			
<b>TOTAL (A.1. + A.2)</b>		<b>322,096 €</b>	<b>99%</b>														87%	-				
<b>B. Taxonomy-Non-Eligible activities</b>																						
CapEx of Taxonomy-non-eligible activities (B)		3,165 €	1%																			
<b>TOTAL (A + B)</b>		<b>325,261 €</b>	<b>100%</b>																			

## Description of activities

From the analysis carried out, it is established that according to the Delegated Regulation (EU) 2020/852, the eligible activities<sup>8</sup> within CAF Group are the following:

CAF Group Activity	Climate Change Mitigation
Manufacture, repair, maintenance, renewal, conversion and modernisation of vehicles and rolling stock.	3.3 Manufacture of low-carbon technologies for transport
Construction and modernisation of rail transport infrastructure, as well as engineering and associated services (signalling, testing, etc.).	6.14 Infrastructure for rail transport
Data-driven digital solutions for efficient performance and sustainable mobility	8.2 Data-driven solutions for GHG emissions reductions

## Description of eligibility and alignment indicators

**Turnover:** The turnover ratio referred to in Article 8(2)(a) of Regulation (EU) 2020/852 shall be calculated as the share of net turnover derived from products or services, including intangibles, associated with economic activities that comply with the taxonomy (numerator), divided by net turnover (denominator) as defined in Article 2(5) of Directive 2013/34/EU.

Specifically, in the case of the CAF Group, the denominator corresponds to the net turnover of the Consolidated Financial Statements for 2022.

For the eligibility calculation, the numerator corresponds to the net turnover of the Consolidated Annual Accounts of the activities considered eligible in the Taxonomy. For the Climate Change Mitigation objective, the table below shows the activities that CAF carries out and the activities included in the taxonomy that have been considered eligible.

CAF Group Activity	Mitigation of Climate Change
<b>Manufacture, repair, maintenance, renewal, conversion and modernisation of vehicles and rolling stock.</b>	3.3 Manufacture of low-carbon technologies for transport  As explained in the description of this activity in Annex 1 of the Climate Delegated Act, this includes manufacturing, repair, maintenance, refurbishment and modernisation.  The CAF Group has analysed the activity or activities carried out by each Group company, identifying the aforementioned activities.
<b>Construction and modernisation of rail transport infrastructure, as well as engineering and associated services (signalling, testing, etc.).</b>	6.14 Infrastructure for rail transport  As explained in the description of this activity in Annex 1 and Annex 2 of the Climate Delegated Act, it is defined as the construction, upgrading, operation and maintenance of surface and underground railways, bridges and tunnels, stations, terminals, railway service facilities, safety and traffic management systems, including the provision of architectural, engineering, draughting, building inspection, surveying and mapping services, as well as services performing physical, chemical and other analytical testing of all types of materials and products.

<sup>8</sup> This year's review has concluded that activity 6.1. Passenger interurban rail transport is not among the Group's eligible activities.

<b>Data-driven digital solutions for efficient performance and sustainable mobility</b>	<p>The CAF Group has carried out an analysis of the activity or activities carried out by each Group company, identifying some of the aforementioned activities.</p> <p>8.2 Data-driven solutions for GHG emissions reductions</p> <p>As explained in the description of this activity in Annex 1 of the Delegated Climate Act, it is defined as the development or use of ICT solutions for the collection, transmission, storage, modelling and use of data, where these activities are primarily aimed at providing data and analysis to reduce GHG emissions.</p> <p>The CAF Group has carried out an analysis of the activity or activities carried out by each Group company, identifying the aforementioned activities.</p>
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For the calculation of alignment or fit with the Taxonomy, the numerator meets, in addition to the above, the criteria of substantial contribution to the climate change mitigation objective, does not cause significant bias to the other objectives (climate change adaptation, water protection, circular economy, pollution prevention and biodiversity) and meets the minimum social safeguards.

OPEX: The OpEx ratio referred to in Article 8(2)(b) of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator; the latter includes non-capitalised direct costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct costs related to the day-to-day maintenance of tangible fixed assets, by the company or a third party to whom activities are outsourced, and which are necessary to ensure the continuous and efficient operation of those assets.

Specifically, for the CAF Group, the denominator corresponds to the 2022 consolidated operating expense accounts associated with R&D, short-term leases, and maintenance and repairs.

For the calculation of eligibility, the numerator corresponds to R&D expenditure, and the amount of expenditure accounts for short-term leases and maintenance and repairs associated with the activities that have been considered as eligible in the Taxonomy.

For the calculation of alignment or fit with the Taxonomy, the numerator meets, in addition to the above, the criteria of substantial contribution to the climate change mitigation objective, does not cause significant bias to the other objectives (climate change adaptation, water protection, circular economy, pollution prevention and biodiversity) and meets the minimum social safeguards.

CAPEX: The CapEx ratio referred to in Article 8(2)(b) of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator; the denominator is the additions to tangible and intangible assets during the relevant financial year before depreciation, amortisation and any revaluations, including those resulting from revaluations and impairments, for the relevant financial year, excluding changes in fair value. The denominator shall also include additions to tangible and intangible assets resulting from business combinations.

Specifically, in the case of CAF Group, the denominator corresponds to the total additions to cost in 2022 of tangible fixed assets and intangible fixed assets reflected in the movement of fixed assets in the Consolidated Financial Statements.

For the calculation of eligibility, the numerator corresponds to the amount of additions in cost to tangible fixed assets and intangible fixed assets of the activities that have been considered eligible in the Taxonomy.

For the calculation of alignment or fit with the Taxonomy, the numerator meets, in addition to the above, the criteria of substantial contribution to the climate change mitigation objective, does not cause significant bias to the other objectives (climate change adaptation, water protection, circular economy, pollution prevention and biodiversity) and meets the minimum social safeguards.

Finally, it should be noted that, given the evolving nature of the EU regulatory framework and the level of complexity of the legislation, CAF expects the reports to evolve over time. The methodology

will therefore be regularly reviewed on the basis of updates to the guidance received from the European Commission.

## 1.7 External ESG ratings

As mentioned above, sustainability is one of the four strategic axes of the 2026 Strategic Plan, and one of the defined objectives is to significantly improve the rating of ESG rating agencies for investors. To this end, it has resources earmarked for this purpose and is making steady progress towards meeting the requirements of these agencies, improving its performance year by year.

The main external evaluations of CAF Group in this area in force at the end of 2022 are set out below.

Agency	Scope	Qualification	Change
Ecovadis	CAF, S.A.	Gold	Improved
Ecovadis	CAF Group	Platinum	Improved
Sustainalytics	CAF Group	Low risk	Unchanged The agency has not updated the assessment of CAF in 2022.
MSCI	CAF Group	BBB	Unchanged The agency has not updated the assessment of CAF in 2022.
S&Ps	CAF Group	-	The 2022 rating will be received during Q1'23
CDP	CAF Group	B	First evaluation, meeting the defined objective (B)

### S&P Global Corporate Sustainability Assessment (CSA and Dow Jones Sustainability Index)

S&P Global CSA (November 2021): Rating 54/100 (23 in 2020) and 94th percentile, belonging to the IEQ Machinery and Electrical Equipment sector. CAF obtained a score of 53/100 in the Environment dimension (compared to the sector average of 24) and a Governance score of 55 (compared to the sector average of 27) and a score in the Social area of 60 (compared to the sector average of 22).

CAF scored particularly well in the following areas: Environmental Reporting, Innovation Management, Information Security/Cybersecurity and System Availability, Social Reporting, Materiality, Risk Management, Environmental Policy and Management Systems, Labour Practices Indicators and Human Rights.

During the 2022 financial year, CAF has made a special effort to improve the S&P's rating by dedicating special resources to this end.

### Sustainalytics

CAF received an ESG rating of 18.6 from Sustainalytics in 2021 and was assessed as "Low Risk" when it comes to experiencing financial impacts from ESG aspects. The spread between manageable and managed risk is therefore considered to be minimal. That is why CAF ranks 2/122 in the "Heavy machinery and lorries" industry compared to companies in its sector.

During 2022 the agency has not upgraded CAF's rating.

### MSCI ESG

CAF received an ESG rating of BBB (on a scale of AAA-CCC) in the MSCI ESG assessment in February 2021.

During 2022 the agency has not upgraded CAF's rating.

### CDP








During 2022, the CAF Group prepared its first report on the CDP (Carbon Disclosure Project) climate change index, achieving a B score on its scale. This was the score that was set as a target for this first report. The score obtained is above the average for the railway sector and at the same level as the results obtained by our benchmark competitors.



CDP is regarded as the world's most prestigious climate change index, which, through a ranking, assesses the completeness of disclosure, awareness and management of environmental risks and best practices associated with the environment, as well as the setting of ambitious and meaningful targets in the fight against climate change.

This milestone reinforces the company's commitment to the challenge of decarbonisation, which has been included in the new Strategic Plan as one of the main objectives.

## ECOVADIS

In 2022, the CAF Group obtained the platinum medal in the sustainability management assessment carried out by the Ecovadis entity, positioning itself among the best-performing companies in the sector.



The Group's performance in recent years has been on the rise, confirming its firm commitment to sustainability as one of its strategic pillars. The company has been assessed on policies, activities and performance in environmental issues, labour practices and human rights, ethics and sustainable procurement.

# 2

## GOOD CORPORATE GOVERNANCE

*"Follow the best and most recognised practices of Good Corporate Governance, Risk Management, Regulatory Compliance and Sustainability in general and in particular the practices described in the CAF Group Code of Conduct, as well as in the Code of Good Governance of the Spanish National Securities Market Commission (CNMV), in the Guidelines of the Organisation for Economic Cooperation and Development (OECD), in the United Nations Global Compact, and others."*

*CAF Sustainability Policy  
17 December 2020*

### 2.1

Good Governance System

### 2.2

Risk management

### 2.3

Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law

### 2.4

Fiscal responsibility

## 2.1 Good Governance System

[2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-16, 2-18, 2-19, 2-20, 2-23, 2-26, MA 405, 405-1]

The CAF Group carries on its activity mindful of the importance of appropriate and transparent management as an essential factor for generating value, enhancing economic efficiency and strengthening the trust of its shareholders and investors, which is implemented through a Corporate Governance System based on the principle of "Good Corporate Governance".

This Group's Corporate Governance System is based on the commitment to ethical principles, best practices and transparency, built around the protection of corporate interests and the creation of sustainable value for CAF stakeholders. At the same time, the system provides for the implementation of these principles and best practices across the CAF Group's entire internal regulatory system, as described elsewhere in this report.

The CAF Group's Corporate Governance System comprises a set of principles and rules that regulate the design, integration and operation of the governing bodies and their relationship with the company's stakeholders.

In relation to the governing bodies, their definition and composition in light of this regulatory framework makes the following distinctions: (i) the corporate governance bodies (Annual General Meeting and Board of Directors of the CAF Group parent company) that adopt the decisions incumbent on the highest level of governance and decision-making bodies; and (ii) the management bodies (the Management Team as a whole) that are entrusted with the ordinary management of the Company, which, in any case, must abide by the general policies and strategies established by the Board of Directors.

This provides for the adoption and maintenance of an internal regulatory system in which ethics and sustainability govern and underpin all Group activity, aimed at achieving business objectives and complying with legal obligations as well as the implementation of widely recognised best practices.

To this end, CAF takes into account the relevant national and international benchmark principles and best practices, integrating them into its activities, at the internal regulatory level through its regulatory framework, at the organic level through the composition and distribution of functions of the governing bodies, and at the operational level through their integration into systems and processes.

As an example of CAF's commitment to the best and most widely recognised corporate governance practices, we highlight the degree of compliance of CAF S.A., in its capacity as the listed parent company, with the recommendations of the CNMV Good Governance Code for listed companies ("GGC"), revised in June 2020.

Recommendation	Complies	Complies partially	Explanation	Not applicable
1 – Statutory limitations	✓			
2 – Listing of companies integrated in groups				✓
3 – Information to the board on the most relevant aspects of corporate governance	✓			
4 – Policy on communication and contacts	✓			
5 – No issues with exclusion of pre-emptive subscription rights for an amount greater than 20% of share capital	✓			
6 – Publication on the website of reports for the board	✓			
7 – Live webcast of AGMs	✓			
8 – Annual accounts without limitations or caveats	✓			
9 – Publication on the website of requirements and procedures to attend AGMs and exercise voting rights	✓			
10 – Shareholder proposals to complete the agenda or new proposals				✓

11 – Policy on attendance premium payments		✓
12 – Social interest	✓	
13 – Appropriate size	✓	
14 – Selection policy	✓	
15 - Majority of proprietary and independent directors and percentage of female directors		✓
16 – Proportion between proprietary and non-executive directors	✓	
17 – Half independent directors		✓
18 – Information about directors on the website	✓	
19 – Explanations about proprietary appointments by shareholders < 3%		✓
20 – Resignation of proprietary directors on disposal of ownership interest	✓	
21 – Non-dismissal of independent directors before the end of the mandate	✓	
22 – Information on indictments and trials	✓	
23 – Opposition to proposals contrary to the corporate interest	✓	
24 – Explanation of the reasons for dismissal before the end of the mandate	✓	
25 – Sufficient availability and max. no. of directors	✓	
26 – At least 8 meetings a year	✓	
27 - Absences	✓	
28 – Record of unresolved issues in the minutes	✓	
29 – Advice to directors	✓	
30 – Knowledge refresher programmes	✓	
31 – Clear agenda on points for decision	✓	
32 – Information on changes in shareholding and opinions of shareholders and others	✓	
33 – Chairman's duties	✓	
34 – Additional powers of coordinating director	✓	
35 – Secretary applies good governance recommendations	✓	
36 – Board evaluation	✓	
37 – Executive committee structure similar to the board and has the same secretary		✓
38 – The board is aware of matters dealt with and decisions adopted by the executive committee		✓
39 – Audit committee members with expertise in the matter and majority independent	✓	
40 – Existence of internal audit	✓	
41 – Audit committee is aware of the work plan and incidents detected by the internal audit	✓	
42 – Additional audit committee functions	✓	
43 – Audit committee can summon any employee or manager	✓	
44 – Audit committee has information on structural or corporate changes	✓	
45 – Content of risk control and management policy	✓	
46 – Existence of risk control and management function	✓	
47 – Members of the Nomination and Remuneration Committee with expertise in the matter and majority independent	✓	
48 – Separate nominations and remuneration committees		✓

49 – Nominations committee consults the chairman on matters related to executive directors	✓	
50 – Additional functions of the remuneration committee	✓	
51 – Remuneration committee consults the chairman on matters related to executive directors and senior managers	✓	
52 – Supervision and control committees have rules consistent with all other mandatory committees	✓	
53 – Supervision of compliance with corporate governance rules, internal codes of conduct and Sustainability policy	✓	
54 – Minimum Sustainability policy content	✓	
55 – Information on Sustainability in the management report or special report	✓	
56 – Adequate remuneration that does not compromise the independence of non-executives	✓	
57 – Variable remuneration only for executives	✓	
58 – Remuneration policy ensures that variable remuneration is linked to professional performance and not to general market trends	✓	
59 – Deferral of variable remuneration	✓	
60 – Results-based remuneration takes into account the auditor's caveats		✓
61 - % Significant variable remuneration of executives in shares or financial instruments		✓
62 – Limits to the transfer of shares or exercise of options linked to remuneration		✓
63 – Existence of clawback clauses	✓	
64 – Payment for termination of contract not exceeding 2 years of total remuneration and deferred payment	✓	

As can be seen from the above table, CAF maintains a very high level of compliance with the Good Governance Recommendations.

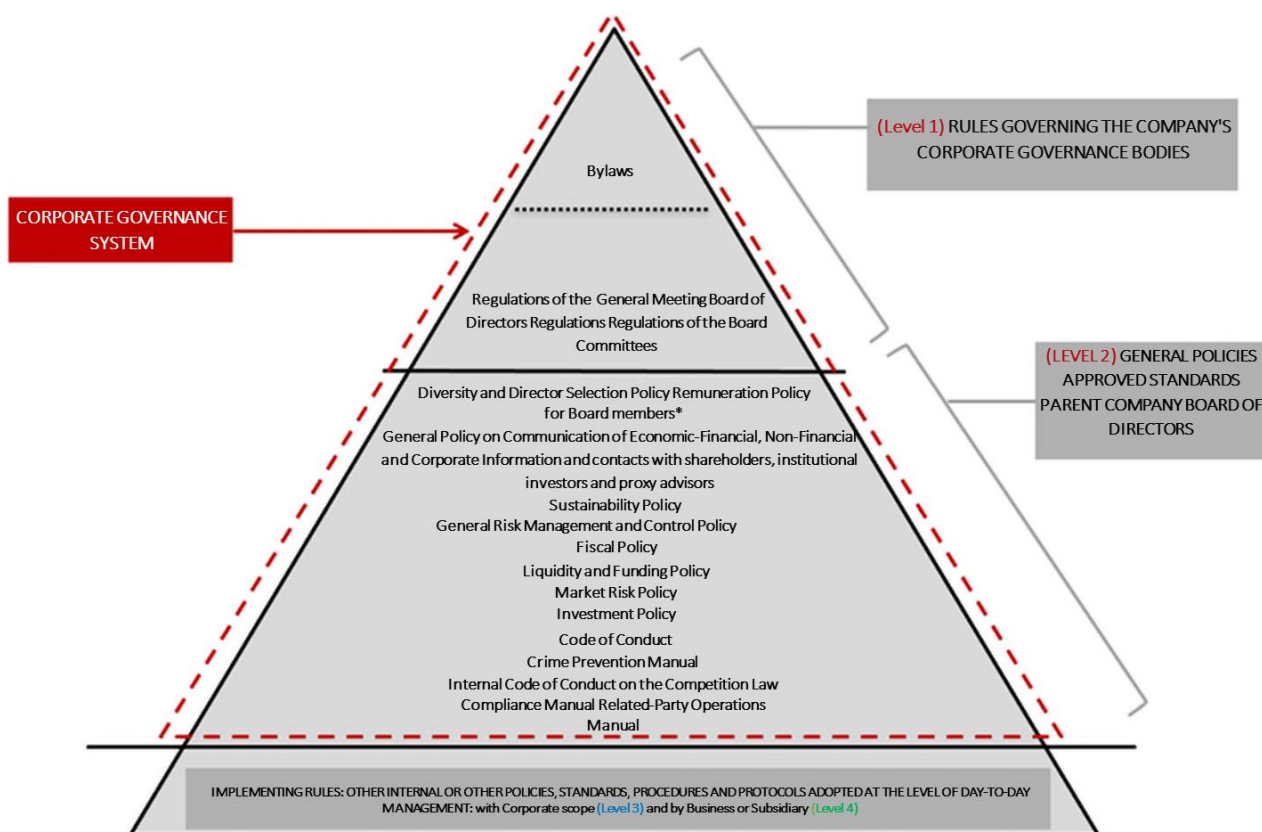
In accordance with the provisions of Article 540 of the Capital Companies Act, the Company publishes an annual corporate governance report which, approved by its Board of Directors, provides information about its ownership structure, organisation structure, related-party transactions, risk control systems, internal control and risk management systems in relation to the financial reporting process (ICFR), degree of compliance with corporate governance recommendations, and other information of interest.

The CAF Annual Corporate Governance Report forms part of the Management Report and is available on the CNMV website and the Company's own website from the date on which the latest consolidated financial statements are published.

## Regulatory Framework for Corporate Governance

### General regulatory framework

The general regulatory framework for corporate governance comprises the Internal Regulatory System, divided into four hierarchical levels of standards: (i) those that regulate the composition and operation of the corporate governance bodies, i.e. the Annual General Meeting and the Board of Directors of the parent company (Level 1), (ii) the general policies and specific standards that apply to the entire CAF Group, which are approved by the Board of Directors of the parent company (Level 2; these first two levels make up the "Corporate Governance System"); and (iii) the implementation standards which, at the ordinary management level and in accordance with the previous standards, may, in turn, be approved by the Management Team to ensure the effectiveness and integration of the good governance standards into the Group's systems and processes, and which may have a corporate scope (Level 3) and also be implemented by different activities or subsidiaries (Level 4).



\*In the case of the Directors' Remuneration Policy, its approval corresponds to the General Meeting, at the proposal of the Board of Directors.

At both at the strategic and ordinary management levels, the CAF governing bodies apply and, where appropriate, develop the standards of the Internal Regulatory System at their respective levels, informing and raising awareness among the Group's various stakeholders through communication initiatives and regular training.

They also strive to adapt and update the corporate governance system as soon as possible to new legislation and the good practice codes and guidelines for listed companies, which regulatory and supervisory bodies periodically publish.

The standards that regulate CAF corporate governance bodies and general policies are available to the general public on the corporate website, where they are regularly updated in line with the applicable regulations.

### Effectiveness and application of the Corporate Governance System

The Code of Conduct and the Sustainability Policy approved at Group level define objectives, principles of action and commitments which, ultimately, crystallise in tangible and verifiable compliance with Good Corporate Governance standards.

CAF's Board of Directors is highly committed to maintaining a Corporate Governance System that is fully updated and aligned with the legitimate expectations of the different stakeholders. As evidence of this, internal rules are regularly reviewed in order to improve or update their content.

In this context, Law 5/2021 of 12 April, which amended the Consolidated Text of the Capital Companies Act, introduced a series of amendments, among other aspects, to the minimum content of the remuneration policy, requiring listed companies to adapt their policy to the new wording of

article 529r and submit it for approval at the first General Meeting held after the entry into force of this amendment.

In view of the foregoing, the Company's Board of Directors, at the proposal of the Nomination and Remuneration Committee, resolved to submit to the Ordinary General Meeting of Shareholders in 2022 the approval of a new Remuneration Policy, to be applied from the date of its approval and during the following three financial years, i.e. during the remainder of 2022 and 2023, 2024 and 2025.

The Nomination and Remuneration Committee issued the mandatory report justifying the proposal, in which it concluded that its content was in line with current legislation and good practice in this area, and was in line with the interests of the shareholders.

Both the proposal and the supporting report were made available to shareholders on the Company's website, together with the rest of the documents relating to the General Meeting, from the date the meeting was convened.

The current Directors' Remuneration Policy was approved by resolution of the Ordinary General Meeting of Shareholders on 11 June 2022 and incorporates the amendments indicated in subsequent sections of this report.

Beyond this update, it has not been deemed necessary to amend any regulations, policies or internal rules of the Company's Corporate Governance System during the year under review, as it is considered that they are in accordance with legal and good governance requirements and serve the Company's corporate purpose.

It should be noted that, in accordance with the provisions of its Regulations, the Nomination and Remuneration Committee is entrusted with supervising compliance with the Company's corporate governance rules, as well as the evaluation and periodic review of its Corporate Governance System. In compliance with this function, after the appropriate analysis, the Committee has submitted to the Board of Directors, at the end of the 2022 financial year, the corresponding report confirming the alignment of the System with the corporate interest and the legitimate interests of the stakeholders, in accordance with the strategy set, as well as the effective compliance with the rules of corporate governance, during the financial year reported.

Equally noteworthy is the progress made in 2022 in relation to the deployment of the rules of the Code of Conduct, through the development and strengthening of the Criminal Compliance and Business Ethics and Competition Systems, respectively, which are also referred to in the section 2.3. of this report.

## ● Government Structure

The governance and administration of the Group and the parent company are entrusted to the Annual General Meeting and the Board of Directors.

The Company also has two committees of the Board of Directors: The Audit Committee and the Nomination and Remuneration Committee.

## ● The Annual General Meeting

The Annual General Meeting (AGM) represents all the Company's shareholders and is the highest decision-making body for the matters that fall within its scope.

These include the approval of the Statement of Non-Financial Information - Group Sustainability Report, as a separate agenda item.

The rules governing the organisation and operation of AGMs are contained in the Bylaws and the Annual General Meeting Regulations, which are available at all times on the corporate website.

In 2022, the Company held the General Shareholders' Meeting, enabling both physical and telematic attendance. The following main indicators are highlighted:

Main indicators (2022 AGM)	
Share capital	10,318,505.75 €
Shares	34,280,750
Voting rights	34,280,750
Minimum number of shares to attend the AGM	1,000
Attendance quorum	75.87 %
Average percentage of votes in favour in the approval of resolutions	83.73 %
Percentage approval of the Statement of Non-Financial Information - Sustainability Report.	100%

## ● The Board of Directors and its Committees

### The Board of Directors

Except for business that falls within the scope of the Annual General Meeting, the Board of Directors is the competent body for adopting resolutions on all kinds of matters pertaining to the corporate purpose. The Board acts as the Company's decision-making centre at a strategic level and therefore focuses its activity on providing general guidance and supervision, establishing general strategies and controlling the ordinary management delegated to the Management Team, notwithstanding the powers attributed to it by Law which cannot be delegated.

As specified below, the Committees not only exercise the powers legally entrusted to them but have other functions assigned in accordance with best corporate governance practices and recommendations.

CAF's Board of Directors is currently composed of ten members, with one vacancy to be filled, as described below. This number of directors is considered adequate to ensure the due representation and the efficient operation of the Board, within the range provided for in the internal regulations.

CAF has a specific and verifiable Diversity and Director Selection Policy, the purpose of which is to ensure that any proposals for the appointment and re-election of directors are based on a prior needs assessment of the Board of Directors, as well as to enrich the diversity of knowledge, experience, age and gender of the Board members by following criteria that ensures adequate diversity among the members and the absence of any implicit biases that may lead to discrimination based on age, gender, disability or any other personal circumstance or situation. Specifically, the Nominations and Remuneration Committee is responsible for verifying compliance with this Policy on an annual basis, through a specific report submitted to the Board, which is additionally reported on in the Annual Corporate Governance Report, as provided for in Recommendation 14 of the GGC.

The Policy promotes a balanced composition of the Board of Directors and its Committees that enriches decision-making and provides a diversity of viewpoints, in full compliance with the conditions of suitability, both individually and as a whole of the Board and its Committees. For this purpose, the selection processes are based on the Board's competency matrix, which the Nominations and Remuneration Committee keeps permanently updated.

Accordingly, the professional expertise of a candidate, based on their academic background or professional experience, or a combination of both, is taken into account to guarantee the presence of a diversity of specialist profiles on the Board of Directors who can offer contrasting perspectives and encourage multidisciplinary and constructive discussions regarding the decisions to adopt, and ultimately to enhance the performance of the Board as a whole.

The Board members have up-to-date knowledge of the Company at all times. Directors are also invited to follow knowledge refresher programmes when considered appropriate.

The members of the Committees are appointed from among the directors, taking into account the profiles best suited to the each Committee.

In particular, wherever possible the directors who form part of the Audit Committee all have the requisite knowledge of accounting, auditing and the management of financial, non-financial and



business risks. Likewise, the designation of members of the Nominations and Remuneration Committee takes into account their knowledge and experience in areas such as corporate governance, human resources, the selection of directors and executives, and the design of policies and remuneration plans, in line with the provisions of the Regulations of each Committee.

With regard to gender diversity, the Company has for years been directly committed to the under-represented gender on the Board, which has resulted in significant progress in the appointment of female directors. Thus, from 2017 to 2022, CAF has continuously met the target set for 2020 in Recommendation 14 of the GGC, to reach at least 30% of women on the Board, standing at that percentage at the date of issue of this report. In any event, CAF's Diversity and Director Selection Policy expressly promotes as an objective that the number of female directors should represent at least the percentage of the total established in the good governance recommendations or, where applicable, in the applicable legislation.

It should also be noted that, in line with best practice in corporate governance, the positions of Chief Executive Officer and Chairman of the Board of Directors are separated.

The main actions with an impact on the composition of the Board during 2022 have been the following (as a consequence of the resolutions adopted by the General Meeting of Shareholders on 11 June 2022):

- Re-election of Mr Andrés Arizkorreta García as Director, with the category of Other External, for the statutory term of four years.
- Re-election of Mr Luis Miguel Arconada Echarri as Director, with the category of Other External, for the statutory term of four years.
- Re-election of Mr Juan José Arrieta Sudupe as Director, with the category of Other External, for the statutory term of four years, and;
- Fixing the number of Directors at eleven.

On 11 June, the Board resolved to appoint Mr Ignacio Camarero García as a new member of the Nomination and Remuneration Committee and to designate Mr Julián Gracia Palacín as Chairman of the same.

Following the resolutions adopted at the 2022 Annual General Meeting, a vacancy was created on the Board of Directors.

As regards the current composition of the Board of Directors from the perspective of the categories of Directors, of the ten members, two are classified as executive, two as proprietary, three as independent, and three as other external.

The Company aims to maintain an appropriate balance in the management body as a whole and to restore the previous situation as soon as possible.

Accordingly, the composition of the Board of Directors of CAF, S.A. at the end of 2022 was as follows:

Name	Gender	Category	Position on the Board	Years on Board	Positions in Board Committees
Andrés Arizkorreta García	M	Other External	Chairman	Over 8 years	-
Javier Martínez Ojinaga	M	Executive	Executive Director	4-8 years	-
Marta Baztarrica Lizarbe	W	Executive	Director – Secretary of the Board	4-8 years	-
Carmen Allo Pérez	W	Independent	Director	4-8 years	Chairwoman of the Audit Committee
Julián Gracia Palacín	M	Independent	Director	4-8 years	Chairman of the Nomination and Remuneration Committee
Ignacio Camarero García	M	Independent	Director	Less than 4 years	Member of the Audit Committee, and of the Nomination and Remuneration Committee
Luis Miguel Arconada Echarri	M	Other External	Director	Over 8 years	Member of the Nomination and Remuneration Committee
Juan José Arrieta Sudupe	M	Other External	Director	Over 8 years	Member of the Audit Committee
Ms. Idoia Zenarrutzabeitia Beldarrain	W	Proprietary Director	Director	Less than 4 years	-
Manuel Domínguez de la Maza	M	Proprietary Director	Director	Less than 4 years	-

In accordance with Recommendation 18 of the GGC, the Public Information on Directors, which contains further details, in particular about their training and experience and their positions in other listed or unlisted entities, is permanently updated and available to the general public on the corporate website.

CAF's Annual Corporate Governance Report available on the corporate website contains this information in greater detail, as well as other relevant information about the Company.

## Remuneration of Directors

For the definition of the items and amounts that make up the remuneration system, CAF takes into account at all times the long-term interests of the Company and, in particular, guarantees a correspondence with the trend of the Company's results and an adequate distribution of profits to shareholders.

As indicated above, the Board of Directors of the Company, at the proposal of the Nomination and Remuneration Committee, resolved to submit to the Company's Ordinary General Shareholders' Meeting a new Directors' Remuneration Policy, in accordance with the new wording of article 529r of the LSC, to be applied from the date of its approval and for the following three financial years.

The Directors' Remuneration Policy, applicable for the financial years 2022 (from its approval in June 2022 until the end of the year), 2023, 2024 and 2025, was approved by a majority of 60.30 % at the Ordinary General Shareholders' Meeting held on 11 June 2022.

This Policy incorporates the following main modifications:

- The inclusion of life insurance among the remuneration items for directors in their capacity as such, in view of the amendment of article 39 of the Articles of Association approved by the General Meeting held on 5 June 2021.
- The introduction of a long-term savings scheme for all executive directors.

- Extending the non-financial parameters to which the accrual of variable remuneration is linked, including other ESG indicators that contribute to the long-term sustainability of the Company.
- The inclusion of a more specific mention of the possibility to apply the "malus" clause before paying variable remuneration to executive directors.
- The updating of the annual fixed remuneration of the chief executive officer.

Furthermore, the current Remuneration Policy, which is of a continuous nature, takes into consideration the remuneration applied by comparable companies, using them as a reference when setting the remuneration of its directors, while at the same time taking into account the commitment acquired with its stakeholders.

The remuneration of non-executive directors is set at a level that in no case compromises their independence of judgement.

In relation to executive directors, and as set out in the Directors' Remuneration Policy in greater detail, the parameters chosen to determine, where appropriate, their variable remuneration must be of both an economic-financial and non-financial nature that promote sustainability and the creation of long-term value for the Company.

These parameters are predetermined and defined in advance, and their level of fulfilment is verified by the Board of Directors once the definitive figures obtained at year-end are known. Every attempt is also made to ensure an adequate balance between variable remuneration and fixed components, therefore offering an appropriate incentive without distorting its complementary nature with respect to the fixed amounts. The maximum amount of variable remuneration is set by the Board at the beginning of the financial year.

The payment of such variable remuneration shall be deferred in time as from two months after the end of the financial year, so that the Board of Directors has sufficient time to verify the degree of compliance with the objectives and can assess whether any circumstances arise that make it advisable to reduce the variable remuneration to be received by the executive directors, such as serious breaches of their obligations, the introduction of qualifications in the audit report or the need to restate the Company's financial statements.

In the event that, after payment, any error is identified in the calculation of the variable remuneration or in the measurement of the degree of achievement of the objectives, the beneficiaries of such remuneration shall be obliged to reimburse the excess that they have received.

CAF considers that this procedure reduces exposure to excessive risks and that the remuneration mix represents a balance between fixed and variable items and meets the Company's long-term objectives, values and interests.

The Annual Report on Remuneration of CAF Directors available on the corporate website includes this information in greater detail, as well as other relevant information about the Company.

The Annual Report on Remuneration of Directors for 2021, put to a consultative vote at the Ordinary Annual General Meeting held on 11 June 2022, was approved by a majority of 60.16% of the votes of the shareholders present or represented.

## Performance assessment of the Board of Directors and its Committees

In accordance with its Regulations, the Board of Directors must perform an annual assessment of its own operation and that of its Committees, and on the basis of its findings it must propose an action plan to correct any deficiencies found. To this end, the Board uses the reports prepared by the Committees relating to their own assessment and, in the case of the Nomination and Remuneration Committee, the report relating to the Board assessment. In line with the mandate contained in GGC Recommendation 36, every three years this process must be carried out by an external consultant, whose independence is verified by the Nomination and Remuneration Committee.

The assessment process is designed to annually determine the degree of compliance with legal requirements, Corporate Governance guidelines and best practices, and the Internal Regulatory System related to the operation of the bodies examined, and to monitor the action plans drawn up each financial year. The results of these assessments lead to the definition of new improvement initiatives to help the Board and its Committees design and comply with the Corporate Governance System.

The Board of Directors has positively evaluated its work and that of its members and Committees during 2022, and has noted that action plans set for the year under review have been satisfactorily fulfilled, approving the corresponding reports.

### Supervision of the Board of Directors in matters of Sustainability/ESG

As the Sustainability Policy sets out, the main objective of the CAF Group is to reconcile the development of its mission with the balanced satisfaction of stakeholders' needs and expectations for the creation of value in a sustainable and long-term manner.

This has been formalised through public agreements and adherence to external initiatives, gradually leading to better results and increasing transparency.

The Sustainability Function consists of a Sustainability Committee made up of a multidisciplinary team that is representative of the material issues in this area and is responsible for ensuring compliance with, deployment and/or monitoring of the commitments set out in the Sustainability Policy.

In accordance with the provisions of the GGC, through its Committees the Board supervises all material aspects related to sustainability/ESG, drawing up specific reports requested during the year and an annual report for the year, as described below.

In any case, the Internal Audit, Compliance, Risk, Sustainability and Corporate Governance functions are able to inform the highest governance body of any concerns within the framework of their individual reports. In the respective report of each Function, the most relevant aspects have been prioritised and no critical concerns have been communicated to the highest governance body.

### Committees of the Board of Directors

#### Audit Committee

The Audit Committee is made up of three non-executive directors, two of whom are independent, including the committee chairwoman who was appointed on the basis of her knowledge and experience in accounting and auditing. For more details about the composition of the Audit Committee, see the section on the composition of the Board of Directors.

The Audit Committee is basically regulated in article 37 bis of CAF's Articles of Association. These regulations are set out in the Regulations of the Board of Directors and, in particular, in its own Regulations, which determine in detail the most relevant aspects of the same, such as, among others: its nature, composition, functions and scope, operating rules, powers and relations with third parties. Both standards are published on the corporate website and have remained unchanged during the year under review.

Specifically, in relation to the Internal Control Systems, the following functions of the Audit Committee may be highlighted, among others:

- Supervise and evaluate the preparation, presentation and completeness of the financial and non-financial information on the Company and, where appropriate, the Group, checking compliance with legal provisions, the appropriate definition of the scope of consolidation and the correct application of accounting standards, and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity;
- Supervise the effectiveness of the Company's internal control and in particular of the internal control of financial reporting (ICFR);

- Supervise and evaluate the financial and non-financial risk management and control systems related to the Company and, where appropriate, the Group, including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption;
- Supervise the Company's internal risk control and risk management function;
- In general, ensure that the policies and systems established in matters of internal control are effectively applied in practice;
- Supervise compliance with the internal codes of conduct of the Company; and
- Establish and supervise a mechanism whereby staff and other people related to the Company and its Group, such as directors, shareholders, suppliers, contractors or subcontractors, can report irregularities of potential importance, including financial and accounting matters, or matters of any other nature related to the Company that may come to their attention within the Company or its Group.
- Supervise application of the general policy relating to communication of economic and financial, non-financial and corporate information, and to communication with shareholders and investors, voting advisers and other stakeholders. The way in which the Company communicates and interacts with small and medium shareholders shall also be monitored; and,
- Check that the financial information published on the Company's corporate website is permanently updated and that it coincides with that which has been approved or formulated by the Board of Directors and published on the website of the National Securities Market Commission (CNMV). If, following the review, the Committee is not satisfied in relation to any issue, it shall notify the Board of its opinion.

For the Committee to be able to carry out its functions of supervising compliance with the internal codes of conduct and the whistle-blower channel, as well as the associated internal control systems, the Compliance Function reports annually to the Audit Committee about these matters.

In the same way, the Risk Function reports to the Audit Committee every six months on the Financial and Non-Financial Risk Control and Management System and the situation of the risk map and the main risks of projects underway.

In line with the above, the Committee periodically requires information on the management of Sustainability risks and receives an annual report on the application of the General Policy regarding the communication of economic-financial, non-financial and corporate information, as well as the communication with shareholders and investors, proxy advisors and other stakeholders.

The annual performance assessment of the Audit Committee carried out in 2022 yielded a positive result, confirming that it had discharged its functions properly.

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee (hereinafter N&RC) is composed of three non-executive directors, two of whom are independent, including the Chairman of the Nomination and Remuneration Committee. For more details about the composition of the Appointments and Remuneration Committee, see the section on the composition of the Board of Directors.

As in the case of the Audit Committee, the legal regime of the N&RC is contained in the Articles of Association, in the Regulations of the Board of Directors and in its specific Regulations.

Specifically, Article 37 ter of the Articles of Association refers to the composition and functions of the Committee. The Regulations of the Board also lay down certain rules on its composition and functioning. Finally, the Committee's Regulations regulate in greater detail critical aspects of this body, such as its powers, operating rules and relations with other bodies of the Company in Chapters II, V and VI, respectively.

Among the functions of this Committee in the area of appointments and remuneration, the following may be highlighted:

- Evaluate the skills, knowledge and experience required of the Board of Directors. For this purpose, it will draw up a matrix with the powers of the Board that defines the functions, knowledge and skills required for candidates to cover each vacancy, periodically updated and shall evaluate the time and dedication required to perform their duties effectively.
- Submit to the Board of Directors the proposals for the appointment of independent directors by co-option or, if applicable, for the Annual General Meeting's consideration, as well as the proposals made by the General Meeting for such directors' re-election or removal.
- Report the proposals for appointment of the other directors by co-option or submission to the decision of the Annual General Meeting, and propose the re-election or removal of these directors by the Annual General Meeting.
- Draw up a report for the Board of Directors recommending the set individual remuneration for each Director, in their capacity as such within the statutory framework and the remuneration policy and in accordance with their individual functions and responsibilities; and
- Draw up a report for the Board of Directors recommending the individual remuneration of each Director based on their performance of the executive functions assigned to them within the framework of the remuneration policy and in accordance with the provisions of their contract.

In relation to the Corporate Governance System and Sustainability, the following stand out:

- Supervise compliance with the Company's corporate governance rules and ensure that the corporate culture is aligned with the Company's purpose and values;
- Verify compliance with the Director Selection and Diversity Policy on an annual basis and report on it in the Annual Corporate Governance Report;
- Regularly evaluate and review the Company's corporate governance system and Sustainability Policy to ensure that they fulfil the mission to promote the corporate interest and take into account, as applicable, the legitimate interests of the other stakeholders;
- Supervise the Company's environmental and social practices to ensure alignment with the established strategy and policy; and
- Supervise and evaluate the way in which relations with the various stakeholders are handled.

For the purposes of exercising its functions in relation to the Sustainability Policy and practices, this Committee receives an annual report on the matter from the Sustainability Function and analyses the contents. Based on the report for 2022, the Committee concluded that both the activities and the results indicate significant degrees of progress and positive levels of achievement in relation to sustainability, confirming that the Sustainability Policy is being properly deployed.

Likewise, in relation to the supervision and evaluation of the CAF Corporate Governance system and rules, the Committee receives an annual report from the Corporate Governance Function.

Based on the report for 2022, the Committee concluded that the evaluation of the Corporate Governance System must be considered favourable and positive and in accordance with the highest standards of corporate governance, therefore benefiting the corporate interest and stakeholder expectations, in line with the Company's strategy in this area.

The Reports on the Functioning of the Committees, which are published annually in compliance with Recommendation 6 of the GGC, give an account, among other aspects, of the activities carried

out by each Committee during the year, the agenda of the meetings held during that period and the attendees at those meetings. The latest versions of both reports are available on the Company's website.

## 2.2 Risk management

[2-12, 2-13]

CAF's Board of Directors approved and updated the General Risk Control and Management policies on 20 December 2016 and 12 November 2019, respectively, to create a comprehensive risk control and management system and ensure that the risks of all the Group's activities are managed effectively.

The implementation of the General Risk Control and Management Policy sets out the basic mechanisms and principles for adequate management with a level of risk that makes it possible to:

- Achieve the strategic objectives set by the CAF Group with a controlled volatility;
- Provide the utmost level of guarantees to shareholders;
- Protect the CAF Group's results and reputation;
- Defend the interests of its stakeholders; and
- Ensure business stability and financial strength in a sustained way over time.

The risk management system adopted by CAF is aligned with international standards, ISO 31000 and COSO ERM (Committee of Sponsoring Organisations of the Treadway Commission – Enterprise Risk Management) regarding the use of an effective methodology for integrated risk analysis and management and the Three Lines of Defence model for assigning responsibilities in the risk management and control area.

The functions and powers of the Board of Directors, the determination of the General Risk Control and Management Policy, as well as the supervision of internal information and control systems, are matters of exclusive competence of the full Board. The Audit Committee is also the body responsible for supervising and evaluating the group's risk management and control systems, as well as supervising the internal risk management and control function of the company.

The Risk Management Function under the direct supervision of the Audit Committee is responsible for the following tasks:

- To ensure the proper functioning of the comprehensive risk control and management system and, in particular, that all major risks affecting the Company are adequately identified, managed and quantified,
- Actively participating in drawing up the risk strategy and in important decisions regarding risk management and
- Ensure that the comprehensive risk management and control system adequately mitigates risks within the framework of the policy defined by the Board of Directors..

A uniform risk management model is applied across the entire company and all for all risk types. It consists of the following activities:

1	Establishment of the risk management context for each activity by setting, inter alia, the level of risk the Group considers to be acceptable
2	Identification of the various risk types to which the Group is exposed, in line with the main risks detailed in the Policy
3	Analysis of the risks identified and their impact on the CAF Group as a whole: <ul style="list-style-type: none"> <li>– Corporate Risks – Risks affecting the Group as a whole</li> <li>– Business Risks – Risks specifically affecting each activity/project, which vary in accordance with the particularities in each case</li> </ul>
4	Risk assessment based on the level of risk that the Group considers acceptable (risk appetite)
5	The measures envisaged to address the risks
6	Regular monitoring and control of current and potential risks through the use of information and internal control systems

Additionally, there is a single catalogue of risks for the whole Group. This catalogue defines a first hierarchical level consisting of strategic, financial, legal, operational, corporate governance and compliance risks. These are subdivided into more specific risks within each of the categories. Each



category or subcategory of risk clearly defines the level of risk, type of management (corporate or business) and the management measures envisaged.

The main risks related to sustainability, due to their intrinsic nature, are operational, corporate governance and compliance with Human Rights, people, the environment and the commission of crimes. For these risks, all actions must be lawful and adhere to the values and standards of conduct contained in the Code of Conduct and the principles and best practices contained in corporate policies, with a "zero tolerance" approach to the commission of unlawful acts and fraud.

Regarding the Code of Good Governance for Listed Companies, CAF complies with all the recommendations concerned with the "risk control and management function".

During the 2022 financial year, the focus is on further advancing the risk methodology in the area of occupational health and safety (OSH) and unifying the dynamics of risk management in the Human Resources area of work.

In addition, in-depth work has been done on the preparation of the Climate Change Risks and Opportunities Methodology. This methodology is integrated into the CAF Group's Integrated Risk Control and Management System and has a consolidated scope for the organisation. The details of this new methodology are specified in section 5.1 Climate Strategy of this document.

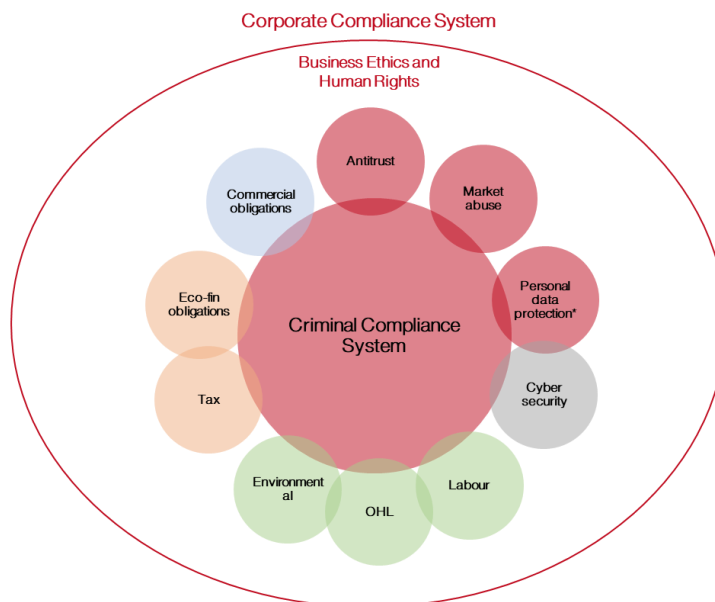
Furthermore, in the area of Occupational Risk Management, the unification of criteria of the single methodology for the entire Group has begun.

## 2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for Competition Law

[2-13, 2-15, 2-23, 2-24, 2-26, 2-27, MA 205, 205-2, 205-3, MA 206, 206-1, MA 415, 415-1]

### Regulatory Compliance or Corporate Compliance System

The ethical principles that govern CAF's actions in the market are consistent with international standards, which is especially important in companies like CAF with global operations. The Regulatory Compliance or Corporate Compliance System comprises all the rules of the Internal Regulatory System, formal procedures and material actions that are intended to guarantee the CAF Group's actions in accordance with ethical principles and applicable legislation, and to prevent unethical or unlawful conduct, or conduct that contravenes the Internal Regulatory System, committed by the professionals within the organisation. The Code of Conduct is the essential rule and it is implemented through a specific system for each area managed directly by the Compliance Function (i.e. Business Ethics and Human Rights, Criminal Compliance System and Competition Law Compliance System, which are referred to in later sections of this report) and through the supervision of other areas managed by other officers.



\* Partially outsourced management on DPO

For all these reasons, it may be concluded that CAF carries out its activities in accordance with ethical principles, with special emphasis on the prevention of fraud and corruption, scrupulous respect for the law, Human Rights, public freedoms and Fundamental Rights, the principles of equal treatment and non-discrimination, protection from the exploitation of child labour, and other principles contained in the Universal Declaration of Human Rights, in the OECD Guidelines for Multinational Companies and in the United Nations Global Compact on Human Rights, which CAF, S.A. has joined, and with full respect for the principles and laws on competition.

These are priorities for CAF and therefore a fundamental aspect of its good governance and Sustainability practices.

## Code of Conduct

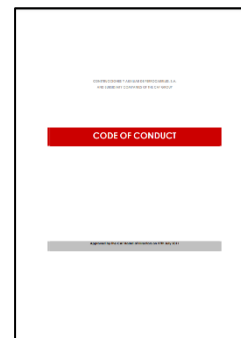
A good reputation is an essential intangible resource that favours a relationship of trust and value, both internally and externally, with all the agents with whom CAF interacts. This can only be achieved by fostering ethical conduct that promotes the relationship between the Group and the agents involved.

Drawn up in 2011, the CAF Code of Conduct sets out the general rules and principles of corporate governance and professional conduct applicable to all the Group’s professionals and any other entity or party that collaborates or has a relationship with the Group. Furthermore, it serves as the basis for all other codes of conduct on specific matters that may be drawn up to supplement the Group code.

The Code of Conduct is built around three pillars (ethical structural principles, behavioural criteria for CAF professionals, and implementation mechanisms), which in turn translate into a set of specific mandatory regulations.

The contents of the Code of Conduct are as follows:

CAF Code of Conduct



Ethical structural principles	➔	Behavioural criteria	➔	Implementation mechanisms
<ul style="list-style-type: none"> <li>- Scrupulous compliance with the law and Human Rights</li> <li>- Involvement of shareholders</li> <li>- Quality and excellence as our core pillar</li> <li>- The reputation and prestige of CAF as calling card</li> <li>- Protection and development of our human resources</li> <li>- Respect and commitment of CAF to the community and the environment</li> <li>- Confidentiality and transparency in all CAF’s relationships</li> </ul>		<ul style="list-style-type: none"> <li>- Relations with shareholders, seeking to maximise the creation of value and the transmission of accurate, complete, current and homogenous information</li> <li>- Relations with customers based on honesty and professional responsibility, respecting confidentiality and privacy and avoiding conflicts of interest</li> <li>- Relations with suppliers and other partners, considering the value of competitiveness and quality in the choice of these, subject to rigorous quality, compliance and excellence control</li> <li>- Human resources that recruit and manage staff according to criteria of equality and integrity, encourage training and promote health and safety</li> <li>- Relations with public bodies, with strict respect for legality and integrity, as well as compliance with all regulations on Political Party Financing and Competition Law</li> <li>- Relations with the community and the environment, whose bases have been defined in the environmental policy and with a commitment to improve the quality of life of the people in the communities</li> <li>- Operations in organised markets, underpinned by information transparency and control</li> </ul>		<ul style="list-style-type: none"> <li>- Compliance function as a delegated body responsible for advising on the adoption and updating of policies that promote ethical behaviour and compliance with the Code of Conduct</li> <li>- Training related to the Code of Conduct in the annual training plan</li> <li>- Whistleblowing channel</li> <li>- Measures to be taken in case of violation of the Code of Conduct</li> </ul>

The Code of Conduct is available on the CAF corporate website and has been disseminated to all employees through the Portal and internal corporate communication application. It is also made available to new recruits to the Group on a systematic basis through the Onboarding Plan as compulsory training.

## ● Business Ethics and Criminal Compliance System

### Internal regulations

In the further development of the Code of Conduct, a crime prevention programme was established in the CAF Group's Crime Prevention Manual, which was approved by the Board of Directors of CAF, S.A. on 29 April 2015 (in its initial version), in line with the new provisions of the Criminal Code.

Both documents are adapted to the local legislation of each country in which CAF has subsidiaries, depending on the requirements, as detailed below.

The Crime Prevention Manual has been developed to include the Due Diligence Manual for Contracting with Third Parties, which defines the minimum due diligence mechanisms that CAF Group professionals must apply in advance and systematically to assess the Compliance aptitude of Third Parties (i.e. Business Partners, Commercial Consultants and Suppliers) who contract with a CAF Group company, and which must be interpreted in conjunction with the CAF Group's Competition Law Compliance Manual and any implementing regulations.

In order to facilitate the implementation of the basic controls foreseen in the Manual, a new quick guide for commercial departments (including Human Rights, Competition Due Diligence and Business Ethics and Criminal Compliance) was approved in 2022.

### International adaptation of the Criminal Compliance and Business Ethics System

The Code of Conduct and the Crime Prevention Manual, in their successive updates, represent a common framework of good practices and basic action policies that must be systematically observed as a minimum established at corporate level, without prejudice to the specifics approved for each case derived from the requirements of the applicable legal system to international subsidiaries, and which will prevail where applicable.

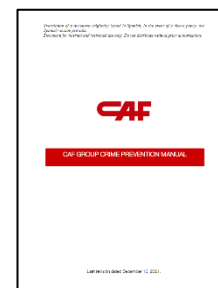
The international rightsizing of the CAF Group on 31 December 2022 resulted in 78 foreign subsidiaries in 40 countries across the five continents.

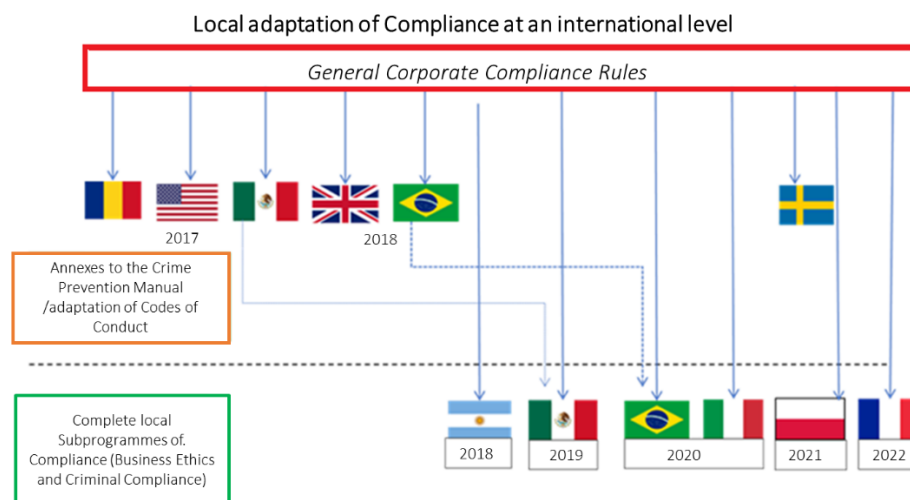
The basic adaptation of the Crime Prevention Manual in the different activities and subsidiaries of the CAF Group is carried out systematically whenever a new subsidiary is created and within the integration plan framework when an existing company joins the CAF Group.

At the international level, crime prevention materials can be adapted for a specific country – and in certain cases for a specific subsidiary – by adapting the general corporate guidelines contained in the Crime Prevention Manual and by developing a Compliance sub-programme to set more specific guidelines, all of which will depend to a large extent on the existing legislation in the country in question and on the degree of flexibility provided by those regulations to maintain the common corporate model or not.

Internationally, in 2022, CAF continued to develop the Compliance sub-programmes that feed the Criminal Compliance System, especially in Poland, Mexico and Italy, and a new Compliance System for France was addressed:

CAF Crime Prevention Manual





## Revision of the Crime Prevention Manual

It should be also highlighted that the Crime Prevention Manual is regularly revised and updated. More specifically, the Manual was revised in 2016 and 2018. Likewise, it was revised in 2021 to adapt it to the last legal developments in the criminal law since the previous version, as well as to make minor adjustments that allowed better reception of the Manual from a corporate point of view. They also incorporated new developments in the structure of the Compliance Function in line with best practice in this area. When any new version or development of the manual is approved, the appropriate dissemination and training measures are adopted.

Without limiting the foregoing, the Crime Prevention Manual establishes that, as long as circumstances require, the risks of committing the crimes laid down in the Manual should be reassessed, with the consequent risk map updating, , and, in any case, the aforementioned reassessment should be carried out at least every four years.

Successive improvements and extensions have enabled the development of the Group's current highly robust Corporate Criminal Compliance System.

## Business Ethics Compliance Culture and Criminal Compliance System

The CAF Group's corporate internal communication application, which can be accessed from any device at any time, has a specific section on Compliance that gives all CAF Group employees access, in a single common place, to the most important rules and working documents on Criminal Compliance and Business Ethics, Competition Law Compliance and Market Abuse, distinguishing between the corporate area and specific sub-programmes by countries.

The Compliance documents are translated systematically into the languages in use at corporate level and, on occasion, to other additional languages of companies in which the CAF Group operates, including, inter alia: Spanish, Basque, English, Polish, French, Brazilian Portuguese, Swedish, Italian and German, among others.

Meanwhile, lifelong learning actions continued throughout 2022 in a bid to raise awareness and disseminate and implement the Code of Conduct and Crime Prevention Manual among CAF Group personnel.

At year-end, training on the Code of Conduct and the Crime Prevention Manual had been launched throughout the entire Group's consolidation perimeter. 90% of the employees included in the training plan in this connection completed it. Since the start of the programme, more than 7,000 people have received training (more than 6,300 people in 2021). More than 623 people received training in 2022. Similarly, there is a system in place for training new employees, and the aforementioned programme is included in the new employee onboarding plans. Training materials are constantly revised and updated.

Furthermore, during 2022, a new additional e-learning module was launched to homogenise internal training on Due Diligence for contracting with Third Parties, obtaining a better understanding for the application of the procedures approved by the Compliance Committee in this area. As of the date of this report, 70% of the people included in the training plan have completed the training, which is equivalent to more than 283 people trained in this area.

In addition to the above, numerous meetings have been held with different areas, departments and divisions to resolve practical doubts arising from the application and integration of the aforementioned controls, which is indicative of the high level of acceptance, awareness and effective execution of the different Due Diligence procedures of the CAF Group. Likewise, the treatment of these controls has been expressly addressed in the meetings held with the Compliance Officers, for their proper integration into the enterprise processes of the various businesses.

In addition, 100% of the CAF Group's activity partners, in all the regions in which the Group operates, are informed of the existence and mandatory nature of their compliance with the General Principles of the CAF Code of Conduct.

Furthermore, CAF Group employees have at their disposal the Corporate Compliance Department as well as Compliance Officers responsible for providing support to the various business units, subsidiaries or geographical areas, as the case may be, to resolve any queries regarding the application of internal regulations on Compliance matters.

In this sense, the CAF Group's compliance culture has evolved favourably and with significant backing, as shown for example by the annual figures for internal enquiries about Business Ethics and Criminal Compliance:

	2022	2021	2020
Number of enquiries	135	107	80

As regards the number of consultations on Competition Law, see the corresponding section of this report.

## Risk management

CAF carries out regular analysis of the different activities in the exercise of which risk situations may arise that may lead to the commission of any of the offences that have been classified as "Relevant Offences", generating a Criminal Compliance risk matrix. This matrix allows the identification of actions that merit further attention from the perspective of crime prevention and the development of the inventory of controls and other risk management measures.

From the list of Relevant Offences, the following are specifically related to the fight against corruption and bribery: (i) corruption between individuals; (ii) bribery; (iii) corruption in international transactions; and (iv) influence peddling. Money laundering is also included in the catalogue of significant offences for the CAF Group.

The CAF Group's activities that deserve particular attention for the aforementioned purposes can be summarised as follows: (i) public calls for tender; (ii) performance of public and private contracts; and (iii) integrated projects.

The risks identified in the risk map are specifically managed: (i) through the implementation of the guidance policies and the introduction of controls and risk mitigation measures; (ii) by raising the awareness of all the individuals in the CAF Group to which the Criminal Compliance System applies through training and dissemination activities; (iii) by managing a whistleblowing channel that enables detection of behaviours that breach the Code of Conduct or the Crime Prevention Manual; and (iv) by adapting the corporate Criminal Compliance System to the CAF Group subsidiaries to ensure the implementation of the general guidelines across all the Group companies as well as compliance with local regulations in countries that require the establishment of specific guidelines in accordance with their own legislation.

The impacts arising from such risks are economic penalties and other more serious penalties in relation to the offences described above, in addition to damaging CAF's brand image or reputation. These impacts have a direct effect on corporate activities in the medium- to long term.

In 2022, the review of the criminal risk map for the railway segment has been carried out for updating simultaneously with the review of the bus segment processes and their comparison with the relevant offences in order to homogenise both systems.

Progress has also been made in a second phase of a complete reassessment of the criminal risk maps for each activity in the railway segment, consisting of a review of the preventive controls and their possible future integration into an IT tool.

The third phase will address the technological deployment to manage these matters in line with the CAF Group's IT strategy.

There were no confirmed cases of corruption in 2022.

With regard to the management of significant contingencies during 2022, as described in note 26 to the consolidated financial statements, the following should be noted:

CAF Brasil is part of a consortium in Brazil, the purpose of which is the performance of a construction contract for a new tramway and the supply of rolling stock for the tramway. CAF's scope in the consortium basically entails the supply of the rolling stock and the signalling.

Different administrative and judicial procedures have been generated in relation to this project where, among other issues, the potential termination of the contract, alleged irregular practices, the imposition of damages, fines and penalties are being analysed. The CAF Group's subsidiary in Brazil is a defendant in these proceedings. In one of these proceedings, the competent judge granted an interim injunction against the subsidiary in Brazil in the form of a prohibition to dispose of real estate and vehicles as security for possible liabilities that may result from an eventual court ruling against the subsidiary. The subsidiary company is appealing the imposition of this precautionary measure while continuing its defence in the proceedings.

In addition, in another administrative procedure initiated by the authorities of the State of Mato Grosso in relation to this project, in the second half of 2021, the administrative body fined the Consortium and its members R\$ 96,170,604.55 (the subsidiary holds a 36.8% stake in the Consortium), and banned them from contracting with public entities for five years in the State of Mato Grosso and for two years in Brazil. The Consortium and the subsidiary have appealed this administrative sanction, which is in the initial stages of processing, and have obtained from the judicial authorities a precautionary suspension of the effectiveness of the fine imposed and of the prohibition on arranging public contracts in Brazil. Also in relation to this project, the subsidiary continues to challenge in court the termination of the contract requested by the State of Mato Grosso and the consequences arising from this decision, in relation to which the competent courts have been asked to suspend the effectiveness of this decision as a precautionary measure. The subsidiary is also monitoring the potential involvement of any of the subsidiary's employees in alleged corrupt practices.

Meanwhile, in a lawsuit into the validity of a contractual extension for the supply of several additional units, CAF and its subsidiary in Brazil, together with other railway material manufacturing companies, have been ordered in first instance to pay a fine of BRL 10,000,000 (plus its update) each, and have been banned from taking part in public tenders in Brazil and from claiming tax incentives or borrowing relief for five years. According to the external legal advisors, the sanctions imposed are not considered to be effective until the judgement becomes final (i.e. no longer appealable). Both CAF and its subsidiary in Brazil have since lodged an appeal against the court's findings in relation to the facts of the case and the grounds for the conviction.

Finally, the management of contingencies during 2022 regarding competition law is described below.

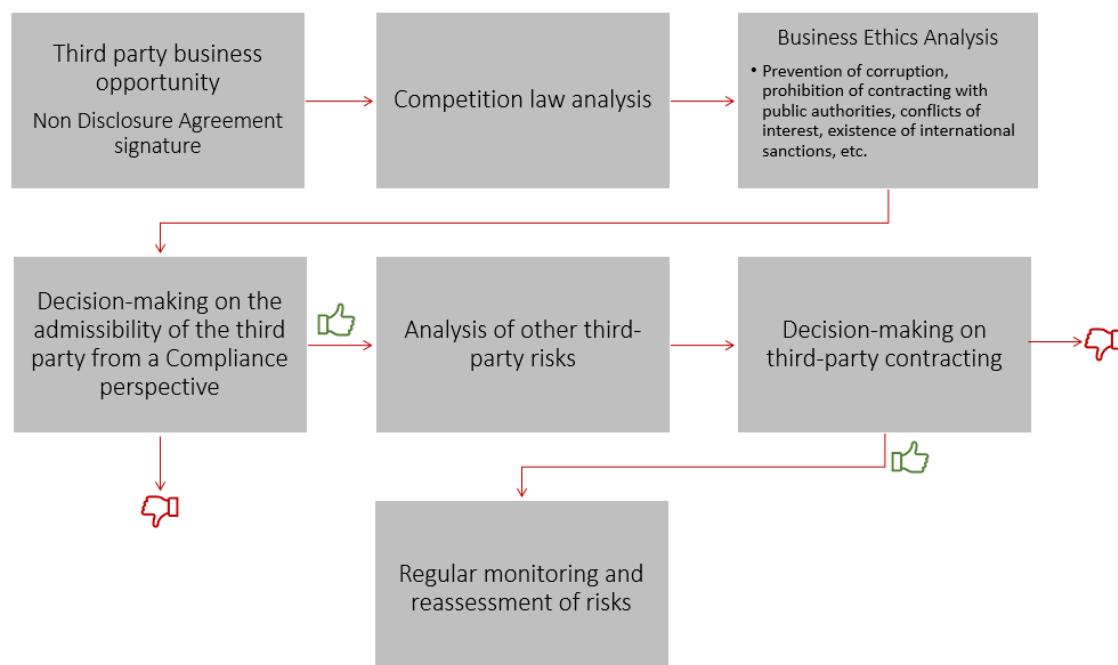
## Due diligence with third parties

As mentioned above, the General Principles of the CAF Code of Conduct are mandatory rules of conduct and ethical standards based on a scrupulous respect for the law, Human Rights, public freedoms and Fundamental Rights, the principles of equal treatment and non-discrimination, protection from the exploitation of child labour, and any other principles contained in the Universal Declaration of Human Rights and in the United Nations Global Compact on Human Rights, labour and environmental rights, and fighting corruption.

The Code of Conduct establishes the obligation for both the legal and professional representatives of the CAF Group, as well as third parties contracting with CAF Group companies, to respect these General Principles.

In this regard, the CAF Group's Due Diligence Manual for contracting with third parties formalises and standardises the due diligence measures that allow the verification of the degree of compliance with the General Principles of the Code of Conduct prior to establishing a contractual relationship with a third party.

The basic controls included in the CAF Group's Due Diligence procedure are, in summary:



In this respect, 100% of the third parties with which the CAF Group contracts are previously evaluated in accordance with the procedure described, since the CAF Group can only contract with third parties that obtain a favourable evaluation as "suitable" from a Compliance perspective.

As regards the monitoring and development of the usual due diligence controls in this respect, the following actions were carried out during the year:

- The Corporate Compliance Department has gathered the evidence that accredits the control carried out in the bids and pre-qualifications on the effective application of the different internal Due Diligence procedures in matters of contracting with third parties, which has been supervised by the Compliance Committee.
- In addition, as part of the supplier management tool deployment project, a complementary IT tool has been contracted to check the possible inclusion in



international sanctions lists of third parties with which CAF has relations as business partners, agents and suppliers.

- At the same time, automatic Compliance controls have been generated for the registration process of suppliers in the supplier management tool, in accordance with the provisions of the CAF Group Manual for Contracting with Third Parties, for the proper execution of the basic Due Diligence controls.

With reference to Human Rights Due Diligence, see the relevant section of this report.

## ● Competition Law Compliance System

### Internal regulations

The CAF Group Code of Conduct establishes the Company's commitment to comply with any local, national or international regulations on Competition Law.

To honour this commitment and effectively prevent the risks of regulatory non-compliance in matters of Competition Law, the Group has implemented a corporate Competition Law Compliance System.

The design and implementation of the Competition Law Compliance System took into account the criteria of the corporate risk control and management methodology and the existing harmonised regulations, resulting in the creation of a model similar to the one related to Crime Prevention and Business Ethics.

In 2019 the Board of Directors of CAF, S.A. approved the CAF Group Competition Law Compliance Manual, which establishes the premises of the Competition Law Compliance System and which scope is defined at corporate level.

Specifically, the Manual responds to the need to draw up an initial content (which may be subsequently developed and expanded) in accordance with the commitment established in the CAF Group's Code of Conduct to comply with any local, national or international regulations on Competition Law and to collaborate with the authorities that regulate the market. To this end, European regulations have been taken as a reference, without prejudice to the peculiarities and requirements of local legislation that may be applicable.

Within the framework of this Competition Law Compliance System, in 2020 the CAF Compliance Function approved a corporate model procedure for competition inspections (known as dawn raids) to supplement the system, all of which represented significant progress in Compliance matters at the corporate level. The Competition Manual was also supplemented with an evaluation procedure for consortiums with competitors, to be applied systematically if any business partners with which the CAF Group plans to contract are also competitors.

In connection with the latter, it should be noted that on 13 June 2022, the CAF Group received the KOMP SARIAK distinction from the Basque Competition Authority (BCA), in recognition of its Competition Law Compliance System.

### Competition law compliance culture

Training related to the Competition Law Compliance Manual was carried out through the usual channels, starting with Senior Management and working down through all the other levels.

Specifically, there are three thematic e-learning modules corresponding to the three aforementioned corporate-level Competition Compliance internal regulations.

At the date of this report, 92% of the employees included in the Competition Compliance training plan had completed it. Since the start of the programme, more than 930 people have received training (more than 880 people in 2021). More than 45 people received training in 2022.

Competition Law Manual



With regard to awareness-raising measures, the CAF Group corporate communication app has a specific compliance section with a competition sub-section that provides all employees with access, in a single common place, to the most relevant standards and models. The app also contains the forms and other work tools for employees to help them carry out the mandatory competition controls properly.

The CAF Group's culture of compliance in competition matters has been manifested by the awareness shown internally by professionals who face this problem, most notably in the way they assess potential consortiums with competitors and any interaction with them.

The internal enquires regarding Competition are shown below:

	2022	2021	2020
Number of enquiries <sup>9</sup>	10	13	17

## Risk management

Regarding risk management in this field, during 2022, the Competition risk maps for each activity in the railway segment, remained in force. These maps were updated in the previous year in the first phase of complete reassessment. The start of the second phase, which will consist in revising the preventive controls, will depend on the evolution and approach adopted for the Business Ethics and Criminal Compliance systems.

As far as due diligence measures in the field of competition law are concerned, as mentioned above, once a business opportunity with a third party that is a competitor is identified, the professional must comply with the provisions of the evaluation procedure for consortiums with competitors.

In this regard, it should be noted that 100% of the consortiums entered into with competitors are previously analysed and evaluated in accordance with the provisions of the aforementioned procedure.

The main topics or specific contingencies in this area that were managed in 2022 are explained below:

As described in note 26 to the consolidated financial statements, in March 2014, following the completion of an administrative investigation process initiated in May 2013 into the participation of several rolling stock manufacturers, one of which is a subsidiary of the CAF Group in Brazil, in public tenders, the Brazilian Administrative Council for Economic Defence (CADE) initiated administrative proceedings arising from possible anti-competitive practices.

In July 2019 the CADE tribunal issued an administrative decision ordering the subsidiary to pay a fine of BRL 167,057,982.53 and advised the competent authorities not to grant the subsidiary certain tax benefits for a period of five years. The subsidiary has appealed CADE's decision in court, following the completion of CADE's administrative process. Also, as a result of the investigations carried out by CADE, other authorities, including the State Public Prosecutor's Office of Sao Paulo-MP/SP, initiated legal proceedings, either against CAF Brasil, CAF S.A. or any of its employees.

With regard to the penalty proceedings initiated in December 2017 by the Spanish National Markets and Competition Commission (CNMC), as of the date of this report the case concluded with notification of the resolution on 30 September 2021, bringing to a close the administrative route that has been the subject of a contentious-administrative appeal before the National High Court. The main aspects of the case and the resolution, which affect CAF Signalling, S.L.U., are that in 2015 this CAF subsidiary allegedly joined the cartel initiated in 2002 by other entities, consisting of distribution agreements between the various companies involved. The subsidiary company was charged with exercising this conduct for a shorter duration than all the other sanctioned companies (from April 2015 to December 2017) and received a fine of 1.7 million euros. CAF, S.A. is jointly and severally liable for payment of the fine based on the economic unit that makes up the parent company and subsidiary for the purposes of competition regulations. As part of this same case, two

<sup>9</sup> Only includes consultations not linked to or embedded in other Business Ethics and Criminal Compliance consultations.

former directors of CAF Signalling were also fined. At the time of this report, CAF, S.A. and CAF Signalling have filed a contentious-administrative appeal against the CNMC resolution, having accepted the precautionary suspension of payment of the fine until the National High Court rules on the merits of the matter. The proceedings relating to the prohibition on public tendering is also suspended.

## ● Compliance Function

The Compliance Function is the CAF Group's body, with autonomous powers of supervision and control, which is responsible for the supervision and operation of the Corporate Compliance System as a whole, the direct management of some areas (i.e. Business Ethics and Human Rights, Criminal Compliance System and Competition Law Compliance System) and the supervision of other areas managed by other heads.

The members of the Compliance Function are appointed, replaced and dismissed by the Board of Directors or by the Chief Executive Officer, and they report their activity to the CAF Board of Directors, either directly or through a report to the relevant Board Committee, depending on the nature, scope and content of the report.

In any case, the Compliance Function approves at least one activity report for the year as an annual report.

The members of the Compliance Function must have integrity, autonomy and independence to be able to exercise their Compliance Function powers and avoid possible conflicts of interest (the Rules of Procedure of the Compliance Function describe various safeguard mechanisms for such situations), and no member may remain in the position if any convictions for unethical or illegal behaviour are directly attributable to them. The operating rules contained in the Crime Prevention Manual constitute in themselves the basic Rules of Procedure of the Compliance Function. Notwithstanding the fact that it has the power to approve separate Rules of Procedure within the framework of the functions and powers conferred upon it by the Board of Directors of CAF, which must be reviewed whenever circumstances so require.

The Compliance Function may also appoint Compliance Officers in CAF Group subsidiaries or branches located in jurisdictions where demanded by the local legislation, or where recommended due to the size or characteristics of the subsidiary or branch.

## ● Whistleblowing channel

The Code of Conduct and the CAF Group's Crime Prevention Manual establish a general whistleblowing channel for reporting complaints, which is managed by the Compliance Function. This body periodically analyses the complaints received and, if appropriate, adopts the relevant actions related to the specific circumstances of each complaint. If the complaint merits more attention, the documentation may be sent to the relevant department for the purpose of conducting a joint assessment of the facts and determining the measures to be taken. The CAF Group internal regulations establish the possibility of setting up other channels to receive complaints in jurisdictions where demanded by the local legislation.

The Audit Committee is responsible for supervising the functioning of the whistleblowing channel.

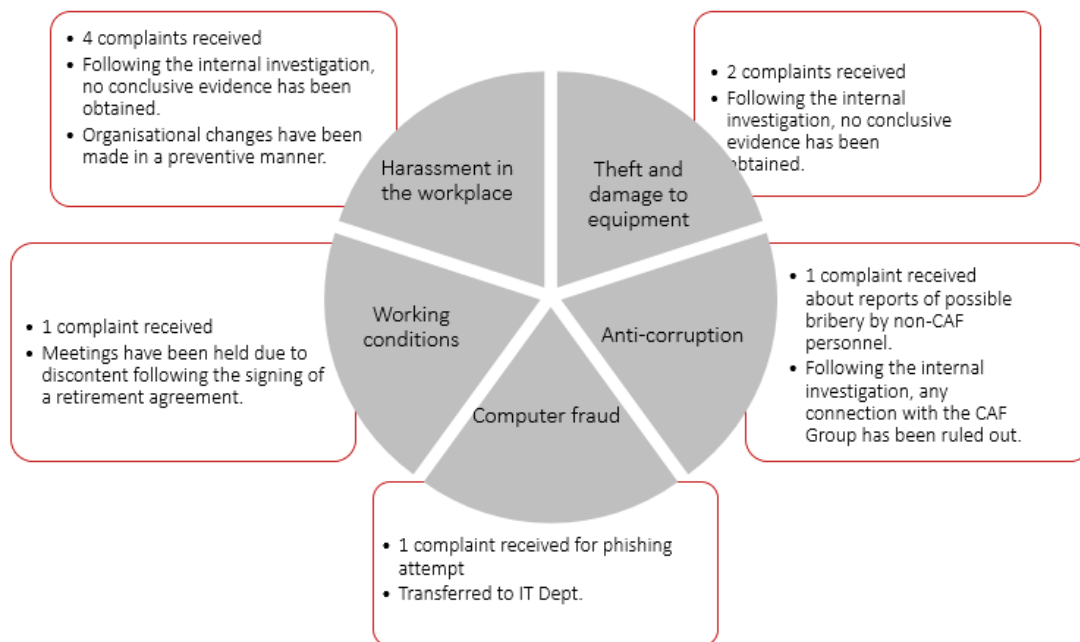
The general whistleblowing channel is available to all of the Company's stakeholders and any third party, allowing employees and others related to the Company, such as directors, shareholders, suppliers, contractors and subcontractors, to report potentially significant irregularities, whether financial or accounting irregularities, or irregularities of any other type related to the Company, which they may detect in any Group company.

The rules for the functioning of the aforementioned whistleblowing channel and the procedure for managing the offences or suspected offences that may have been disclosed are permanently available on the corporate website and encompass the verification of possible breaches of the CAF Group's Corporate Governance System in general and, in particular, (i) the CAF Group's Code of Conduct and any other breaches of internal rules or legislation regarding (ii) Crime Prevention, (iii) Competition Law, or (iv) Market Abuse and the handling of Insider Information.

The general whistleblowing channel accepts communications of all types and is always accessible through the Group's website in the main languages used at corporate level. The channel guarantees confidentiality and the aforementioned procedure envisages cases in which communications can be made anonymously, respecting the rights of the complainant and the respondent. In particular, the aforementioned procedure reflects the CAF Group's commitment not to take any direct or indirect retaliatory measures against the professionals who have reported an irregular action that might be investigated, unless they have acted in bad faith. The Compliance Function also coordinates with the person responsible for receiving complaints through other special channels which affect CAF employees, such as those related to situations concerning discrimination, harassment, bullying or safety at work and which are mentioned in the relevant section of this report.

In the event that any of the queries received on Compliance matters were of a whistleblowing nature, they would be handled as such, regardless of whether or not they were received through the general whistleblowing channel.

Throughout 2022, the complaints mailbox was permanently monitored and a periodic check of its proper functioning was carried out, with 7 formal complaints registered in CAF's general whistleblowing channel. For its part, the Compliance Committee has received details of the 2 complaints received through the special whistleblowing channels in the labour scope. All the complaints received have been subject of internal investigation, with the following actions being highlighted:



In addition, an internal investigation has been carried out without previous complaint:

- Data and evidence have been collected in relation to two managers, for their alleged link to criminal acts committed (completely unrelated to CAF's activity due to a possible match in a database). After analysis, it was concluded that both cases were false positives attributable to the similarity in the names of these persons and those who actually had some involvement in the events.

Issues from previous years were also monitored.

The breakdown and trends in complaints and internal investigations carried out in the CAF Group in recent years are shown below:

	2022	2021	2020
Complaints general channel and relevant in the subsidiaries	7	0	0
Internal investigations without prior complaint	1	3	2
Complaints in special whistleblowing channels (HR)	2	5	1

### ● Contributions to foundations and non-profit organisations and contributions to political parties and/or political representatives

In relation to the legal obligation to report on contributions to foundations and non-profit entities, in 2022, as in the previous period, the CAF Group did not make any significant contribution to such organisations<sup>10</sup>.

Furthermore, no political contributions of a direct or indirect nature with significant scope were made during the reporting period. CAF is a party-neutral company.

<sup>10</sup> Contributions to foundations, non-profit organisations and political parties are less than 0,05% of CAF Group sales.

## 2.4 Fiscal responsibility

[MA 207, 207-1, 207-2, 207-3]

### ● Mission and Commitment in tax matters

The approval by the Board of Directors of a Corporate Tax Policy in 2017 enabled, inter alia, the principles that were already applicable internally to be expressly embodied and crystallised in the drawing up of CAF's tax objective and commitments; all of this was made accessible to all stakeholders through the publication of the aforementioned Policy on the corporate website, together with the other Corporate Policies.

A second element, designed to supplement the previous one, was the Tax Policy Implementation Handbook, approved on 4 December 2018 and updated in May 2022, which is published on the CAF Group's corporate website and is applicable to all the Group companies in all the countries in which the Group operates.

CAF's tax objective consists essentially of ensuring compliance with the tax legislation in force in each territory in which it operates, thus avoiding tax contingencies and fostering cooperation with the tax authorities.

CAF's ultimate objective is to build trust and distribute value in the domestic and international market through responsible action, particularly with regard to taxes; this objective also makes it possible to design a corporate strategy and ensure consistent tax behaviour throughout the organisation, which ultimately makes it possible to: (i) satisfy the stakeholders; (ii) maintain a relationship based on mutual trust with the tax authorities; and (iii) contribute to improving communities by paying taxes.

### ● Principles of action in tax matters

The following principles for CAF's actions in tax matters are a development of the fundamentals of the Code of Conduct, the Sustainability Policy and the General Risk Control and Management Policy, and should guide the actions of all those persons and entities to which they are applicable:

1. Comply at all times with its tax obligations, always endeavouring to comply with the deadlines set out by tax regulations, both for the payment of taxes and for other tax obligations. To this end, CAF will ensure the quality, veracity and security of the information and data, as well as the accuracy of its tax returns.
2. To collaborate at all times with the Tax Authorities, providing the information and documentation of tax importance requested by the competent tax authorities and other regulatory bodies, in a complete and truthful manner, and in the shortest possible time.
3. Avoid the use of opaque structures, processes or systems designed exclusively for tax purposes, or for the purpose of preventing the Tax Administrations from knowing who is ultimately responsible for the activities or the ultimate owner of the assets and rights.
4. Avoid investments or transactions in or through territories classified as tax havens under Spanish law, or territories with low or zero taxation, for the sole purpose of reducing the tax burden. Investments or operations in these territories will only be permitted when they respond to business reasons and are aimed at undertaking the activity included in CAF's corporate purpose, subject to prior approval by the Board of Directors in the cases provided for by law and regulations.
5. Commit to ensure that there is always a valid economic rationale for tax actions.
6. Prevent and reduce, as far as possible, tax risks in the course of its activities, while maintaining a prudent risk profile. In this framework, investments and operations that may represent a particular tax risk will be carefully assessed.
7. Ensure compliance at all times with the obligations relating to related party transactions, maintaining a responsible transfer pricing policy in accordance with the arm's length principle, thus avoiding the erosion of tax bases through non-arm's length pricing.

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8. Manage its intangible assets responsibly, avoiding the use and generation of intangible assets for purely tax purposes.

CAF's Tax Policy specifies that all the principles mentioned above will be implemented in accordance with CAF's general principles, specifically those relating to good faith and integrity vis-à-vis all stakeholders.



### ● Monitoring and control

It generally lies with the Audit Committee and, ultimately, the Board of Directors, to ensure that the whole of the CAF Group complies with the Tax Policy, to which end internal control mechanisms have been expressly established within the latter, in addition to flows of information from the Economic and Financial Department to the Audit Committee, and subsequently to the Board.

Tax risk is managed within the Comprehensive Risk Management and Control System and it is headed by the Corporate Tax Function, which controls and monitors the main corporate tax risks affecting all the activities and geographical areas.

The Corporate Tax Function reports the Group's tax performance to the Audit Committee on a regular basis and at least once a year.

In addition, the Audit Committee and the Board of Directors must approve any investment transaction of the Group in non-cooperative jurisdictions to ensure that the CAF Group's activity in these countries is strictly business driven.

### ● Stakeholder engagement and concerns management in tax matters

The Sustainability Policy approved by CAF's Board of Directors defines the Sustainability objective, principles and commitments to stakeholders that CAF adopts in the course of its activities. These principles specifically include tax responsibility.

The CAF Group has a cooperative relationship with the various tax authorities with which it has dealings as a result of its activity, based on the principles of transparency and good faith.

It thus promotes transparent, clear and responsible reporting of its main tax aggregates. The CAF Group is committed to preparing and filing the Country-by-Country Report in due time and form. This annual report discloses key aspects of the financial statements for each of the jurisdictions in which the Group is present, and they provide the local tax authorities with visibility as to the earnings, tax paid, employees and other significant information regarding the business activities.

The tax commitments undertaken by the CAF Group in its Corporate Tax Policy with respect to compliance with its tax obligations in all the territories and jurisdictions in which it operates, where a prudent tax policy is always observed, also applies to its relationship with external tax policy advisers.

## Country-by-country reporting

Below follows significant information regarding the earnings obtained on a country-by-country basis, and the corporation tax paid in the main locations in which the CAF Group operates:

	2022 (thousands of euros)		2021 (thousands of euros)	
	Profit (Loss) before tax <sup>11</sup>	Income tax paid (recovered) <sup>12</sup>	Profit (Loss) before tax	Income tax paid (recovered)
Germany	2,723	1,253	2,822	430
Saudi Arabia	2,577	5,480	17,422	1,718
Australia	1,204	537	1,112	508
Brazil	43,126	8,940	25,632	6,703
Chile	2,476	492	2,401	(25)
Colombia	(264)	704	339	598
Spain	(1,924)	6,104	7,826	987
Israel	1,567	119	1,301	653
NAFTA <sup>13</sup>	35,199	12,414	38,594	10,212
Poland	(21,663)	15,961	24,485	12,318
United Kingdom	5,800	927	5,031	86
Sweden	(10,905)	311	(7,312)	899
France	3,762	-	102	(85)
Italy	1,250	319	287	385
Norway	(8,215)	34	(1,609)	27
Other	1,492	1,013	3,347	1,312
Adjustments <sup>14</sup>	32,910		8,052	
	<b>91,115</b>	<b>54,609</b>	<b>129,832</b>	<b>36,726</b>

Of note regarding the government grants received is the support of the public authorities for the Group's activity, particularly in terms of research, development and innovation activities, as indicated in the relevant section of the Directors' Report. The amount of the grants related to income recognised in the accompanying consolidated statement of profit or loss totalled EUR 6,686 thousand in 2022 (2021: EUR 5,238 thousand).

<sup>11</sup> Profit or loss before tax in each country, including additional consolidation adjustments to eliminate dividends and internal margins, among others.

<sup>12</sup> Tax payments in 2022 obtained from the consolidated statement of cash flows of the consolidated financial statements. These tax payments include payments on account of tax accrued in the year, as well as the settlement and adjustment of taxes accrued in previous years. Note 18 of the consolidated annual report details the significant tax adjustments that determine the tax bases of each country, being mainly the tax credits held by the Group in Spain and the temporary adjustments to the tax base in Brazil and NAFTA due to accelerated depreciation.

<sup>13</sup> This group includes countries in respect of which the related disclosures would involve revealing information that is protected by means of confidentiality clauses. With the current breakdown and that included in the individual and consolidated financial statements, investors and other stakeholders receive sufficient information to understand the Group's performance, results and situation and the impact of its activities.

<sup>14</sup> Profit or loss of entities accounted for using the equity method with elimination of the provision of investees on consolidation.



# 3

## RESPONSIBLE BUSINESS AND INNOVATION

*“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.”*

CAF Sustainability Policy  
17 December 2020

### 3.1

Quality and safety of products and services

### 3.2

Information security

### 3.3

Innovation and technology

### 3.4

Responsible and sustainable supply chain

## 3.1 Quality and safety of products and services

[MA 416, 416-1, 416-2]

At CAF we believe that in order to provide safe products and services to our customers and achieve maximum customer loyalty, we must involve all stakeholders of our operating processes (design, supply, manufacturing, validation, delivery, warranty and maintenance).

Thanks to its extensive experience in the development and implementation of the Management System, CAF collaborates with other stakeholders (operators, maintainers, suppliers, integrators, etc.) in working groups led by UNIFE with the aim of evolving and improving international regulations on quality and safety.

### ● Product and service quality

In accordance with the provisions of CAF's Sustainability Policy and Vision, the Group defined the Excellence in Quality Policy at corporate level to establish the basic principles that will enable us to meet the needs and expectations of customers by offering products and services of high quality, safety, reliability and availability. It is the responsibility of the Economic and Financial and Strategy Department (CFSO) to ensure compliance with this Policy, which is monitored and controlled every month by the Corporate Management Model Committee with the participation of the Group's Executive Committee, all of whom are responsible for the materialisation of this policy.

The main risks CAF faces should it not be able to fulfil the commitments acquired in this area are: (i) difficulty in establishing a trust-based relationship with its customers, (ii) breach of contract and possible customer claims, and (iii) customer dissatisfaction with both the product/service and with the development process thereof with CAF.

The impacts of these risks would ultimately lead to claims related to projects committed to customers, reputational damage to CAF's image and a fall in the number of orders in the future. These impacts will have a direct short-, medium- and long-term effect, respectively. The management of these risks is integrated into the corporate risk control and management system described in the chapter "2.2 Risk management".

### Process quality management systems

CAF management also undertook to implement process quality management systems in our organisations to ensure complete customer orientation and maximise customer satisfaction and loyalty, balanced with the results obtained by other stakeholders. This management system is certified or accredited under various standards, including the quality standards listed below.

Certificate	Field	Scope	Outlook
ISO 9001	Quality Management	93% of Group workforce certifiable	Unchanged
ISO TS 22163 (IRIS)	Railway applications — Quality management system	91% staff of the railway activity (design and manufacturing)	Unchanged

The Management Model was rolled across the entire Group and the actual scope of the system in each field therefore exceeds the scope of the certificates. The Model is adapted to local legislation, customer requirements or the specific nature of the activity.

In addition to the project audits carried out by the customer to guarantee that CAF complies with contractual requirements, every year CAF conducts internal audits in order to continuously improve the Management System and guarantee fulfilment of the requirements of the standards under which CAF is certified or accredited.

It should also be noted that CAF is a founding member of the International Rail Quality Board (IRQB), a global consortium that brings together leading companies in the railway sector: operators

(customers), system integrators (competitors) and equipment manufacturers (suppliers). Established in September 2018, the IRQB aims to foster a global culture of quality throughout the rail sector, especially by promoting the use of the IRIS Certification® system worldwide, to ensure high product quality. We believe that better quality will ultimately improve daily mobility in sustainable and collective transport, rail and bus.

## Communication with customers and guarantee of supply

In the market prospecting phase and before a project or order is awarded, the main channels of communication with potential customers are the website, trade fairs, magazines, social media, meetings, etc., usually included in the Marketing Plan.

CAF's contracts include numerous requirements related to meeting delivery deadlines, approval needs, manufacturing sourcing requirements, and other operational risks. Accordingly, once the project is awarded a multidisciplinary project team is formed, led by a manager, to execute the contract in line with the agreed quality, safety, cost and deadline, and also to maintain constant communication with the customer. This relationship makes it possible to anticipate the resolution of possible unforeseen events in an effective and coordinated manner.

The documentation provided to the customer in the project phase usually includes product safety manuals and documentation accompanied by specific training on the correct use of the product.

The specific communication channels with each customer are usually agreed at the beginning of the project or order. They typically include monthly reports, manager-level project follow-up meetings, and quarterly high-level project follow-up meetings. Additionally, the document management tool to be used for official project communications is agreed with the customer, as well as the approval flows and valid interlocutors (for example: Minutes of official meetings with the customer, project management plan, scorecard, project indicators, etc.).

In recent years, the use of online platforms has spread as a useful and effective tool for customer communication. The railway sector makes use of the Aconex platform, an online customer collaboration system, where the information created on each project and by all parties is managed within the system. It includes the management and distribution of all controlled documents and all formal correspondence. It ensures consistency and traceability for all parties and improves the flow of communication.

In the Bus segment, the following online platforms are offered to customers:

Magbus. Web platform <https://www.magbus.global/> used by 100% of customers, with full documentation, instructions and full access to the parts catalogue and spare parts, with an online shop where the customer can place orders in a quick, easy and intuitive way.

eSNOTE. Platform created to facilitate daily cooperation with customers. It allows monitoring of the bus status, as well as reporting and visualisation of faults. It also informs about the necessary maintenance services and allows you to see the status of the requested repairs. It is used by customers, their external administrations and a large part of the component suppliers, to whom requests are redirected.

eCONNECT Online platform for bus fleet management and telediagnosis.

In addition, CAF continues to promote its presence at the main sector trade fairs, both rail and bus, where it promotes and communicates the Company's image and its range of products and services, being an important channel for contact with customers, suppliers and other actors related to the sector, as well as the ideal framework for carrying out important commercial work. The main fairs in which CAF has participated during 2022 have been:

Rolling stock segment:

- AUSRAIL PLUS, SYDNEY. Australia's most important rail fair (Feb22)
- GO MOBILITY BY MUBIL, IRUN. Fair on electromobility in collaboration with the Provincial Council of Guipuzcoa, the Basque Government and the Basque Energy Agency (April 22)
- MIDDLE EAST RAIL, ABU DABI. Fair focused on Middle East rail projects with Etihad Rail as a partner (May 22)

- EUROPEAN LIGHT RAIL CONGRESS, ZARAGOZA. Congress on urban transport in Spain (May 22)
- EUROPEAN MOBILITY EXPO, PARIS. Main public transport congress in France (June 22)
- INNOTRANS, BERLIN. Leading international trade fair for the railway industry (Sept 22)
- SITCE, SINGAPORE. Congress jointly organised by UITP and LTA (Land Transport Authority) (Nov 22)
- RAIL LIVE, MALAGA. Congress with institutional support from ADIF, RENFE, Junta de Andalucía, Malaga City Council and Malaga Metro (Nov 22)

#### Bus Segment:

- EUROPEAN MOBILITY EXPOSURE, PARIS: Fair focusing on public transport and sustainable mobility (Jun 22)
- NEXT MOBILITY EXHIBITION, MILAN: Exhibition focusing on public and collective transport, and in particular on low- and zero-emission solutions (Oct 22)
- FIAA, MADRID: One of Europe's largest trade fairs for the wide range of products, technologies and services available in the public transport market (Oct 22)
- PERSONTRAFIK, STOCKHOLM: Event for the public transport industry in Europe (Nov 22)

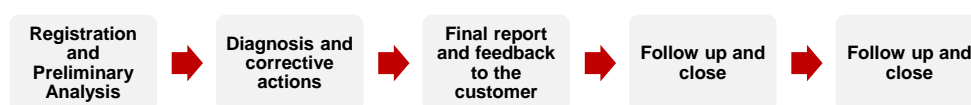
In accordance with the "General policy for communication of economic-financial, non-financial and corporate information, and contacts with shareholders, institutional investors and proxy advisors", CAF uses annual satisfaction surveys with its customers to assess the efficiency of its communication channels, as indicated in the section "1.2 Value creation and Stakeholders". In 2022, as well as expanding the coverage of the survey, the result was positive and sustained over time. The objective is to consolidate this position and further expand the coverage of the survey.

## Customer complaint management

To meet customer expectations throughout the entire life cycle and ensure compliance with the applicable legal requirements, a proprietary quality and safety management system has been implemented, which includes the assessment of all of the Group's significant product and service categories. This system defines the customer claim and complaint procedures, which describe the mechanisms for following up on and resolving such claims and complaints, and for monitoring specific indicators.

CAF understands a customer complaint to be any formal complaint received from the customer about contractual aspects that cannot be classified as any of the following: (i) deviation report, (ii) pending points or customer cautions, (iii) deviations from customer audits, or (iv) quality lists shared with customers, with open points derived from product or process quality inspections.

Once the complaint is received, CAF follows the procedure for managing customer complaints, which comprises the following phases:



- Preliminary analysis or pre-diagnosis: A preliminary analysis of the complaint is carried out, initiating the complaint process and recording the initial information.
- Diagnosis and corrective actions: The complaint is shared with the technical team, who analyse and discuss the information received and then prepare the diagnosis, jointly defining the following aspects:
  - The need or not for immediate or remedial action. If needed, immediate/remedial actions are established with those responsible and deadlines.
  - The root-cause analysis of the complaint, using different problem-solving techniques such as the "5 Whys", "Ishikawa", 4D, 8D, etc.
  - The definition of corrective actions, establishing those responsible and deadlines.

- Final report and feedback to the customer: Once the analysis has been carried out, the complaint report is drawn up and sent with initial feedback to the customer by the agreed deadline.
- Follow-up and closure of the complaint: Active customer complaints (pending closure) are regularly monitored, as well as the status of immediate/remedial actions and corrective actions derived from them. Once all the actions of a complaint have been carried out, the complaint is formally closed and the Non-Conformity Report (NCR) is prepared.

To evaluate the correct implementation of this process, in addition to the previously mentioned customer satisfaction indicator, CAF also has a Non Quality Costs indicator. Customer complaints form part of the Non Quality Costs, among other aspects.

Indicator	Measure	Scope	Change	Outlook
Non-Quality Costs	Internal	>74% sales	Positive. Above target	Scope extension. Stable result

## Product and service safety

In accordance with the provisions of the Sustainability Policy, in 2020 the Group defined the Safety Policy, which is corporate in scope, with the aim of establishing the basic principles that enable us to offer safe products and services for users, customers and other stakeholders.

For these purposes, product and service safety is considered to be everything that relates to the physical safety of individuals using our products and services, as well as the IT security of our products, services and facilities. The scope therefore excludes everything related to occupational health and safety, for which there is a separate policy.

As this policy addresses two distinct areas (Security and Cybersecurity), two corporate manuals have been deployed in 2022, (i) the first to deploy the principles of user security and (ii) the second to deploy the principles of Cybersecurity.

### Health and physical safety

During the current 2022 financial year, the newly defined Security Policy Development Manual was applied for the first time, thus beginning the practical deployment of the principles of user safety. In addition, continuity has been given to the Corporate Security Committee established to oversee (among other things) the deployment of the Policy.

The Technology Department is responsible for ensuring compliance with the Safety Policy. Failure to comply with the commitments regarding safety in the area in which CAF carries out its activities can have a direct impact on the health and physical safety of people. The risks that CAF faces in this area are, among others, and ordered by the time horizon of the impact: (i) stoppage of operations if a safety problem arises or is suspected, (ii) return of products and services suspected of not being safe, (iii) fines and/or lawsuits initiated by customers or other affected parties, and (iv) reputational damage impacting the Company's relationship with all the stakeholders. The management of these risks is integrated into the corporate risk control and management system described in the chapter "2.2 Risk management".

As stated in the Safety Policy, CAF's objective is to continuously promote and improve safety management to ensure compliance with legal and contractual obligations and to satisfy the needs and expectations of customers and other stakeholders.

The Group's Businesses each have their own safety management system, although these are integrated into the Group's management system. All systems have undergone mandatory (and, more usually, voluntary) certification process that certify their solvency and compliance with the

basic regulatory and legislative benchmarks on which they are based. The Corporate Security Committee, for its part, ensures that synergies are established to align these systems.

In general, therefore, the activities associated with the railway sector verify the conformity of their safety management systems with the EU 402/2013 and/or 779/2020 Regulations (and subsequent amendments), which refer respectively to the adoption of a common safety method for risk assessment and the mandatory certification of entities in charge of vehicle maintenance. Most of them comply with the provisions of the European reference standard on rail safety: EN 50126: 1999 (or its most recent version of 2017) "Railway Applications - Specification and Demonstration of Reliability, Availability, Maintainability and Safety (RAMS)".

In the current 2022 financial year, all existing mandatory certifications have been maintained, while voluntary certifications have been increased (and in some cases renewed).

Certificate	Field	Scope	Outlook
EU 779/2020 (Rail Europe)	Maintenance Safety Management	100% on certifiable activity	Unchanged
EU 402/2013 - EN 50126 (Rail)	Operational Safety Management	97% on certifiable activity	Unchanged

It should be noted that it is also common for customers and/or relevant authorities to require the assessment of all projects prepared for the railway sector according to processes regulated either legally or in accordance with the relevant prescribed regulations. These project conformity assessments require the additional participation of independent bodies to judge the degree to which the safety management systems apply specifically to the development of each product (or provision of each service).

In the bus sector, products are subject to international legally established approval processes which on their own guarantee safety. Even so, these are supplemented by the Group's commitment to establish its own safety management system (currently in the process of development), which is also based on compliance with the ISO 26262 standard "Road Vehicles – Functional Safety".

The CAF policy also establishes a commitment to protect people from both physical and IT accidents and incidents originating with or relating to our products and services.

As can be seen in the following indicators, the early identification of safety incidents is evidence that the safety system in place aims to achieve the objective of 0 accidents. The safety incident indicator shows a stable trend over time.

Any safety incident or accident requires immediate remedial actions, a root-cause analysis and definitive corrective actions.

Health and physical safety indicators	Measure	Scope	Change	Outlook
Security incidents	Safety incidents without personal injury per year caused by our products/services	Group	Unchanged.	Unchanged
Accidents	Accidents per year caused by our products/services, with bodily injuries	Group	0 accidents	Unchanged

Lastly, it should be noted that CAF is a member of UNIFE's "Safety Assurance Mirror Group". This group monitors the activities of the ERA, maintaining continuous contact with the ERA, in relation to the Railway Safety Directive (EU) 2016/798, which lays down provisions to ensure the development and improvement of the safety of the Union's rail system. It contributes to the development and application of the Common Safety Methods (CSM) and Entities in Charge of Maintenance (ECM) Regulations, as well as the activities of the ERA in Safety Culture and Human and Organisational Factors.

The Group also shares topics related to standardisation, such as railway safety standards EN50126, EN50128 and EN50129.

## Product cybersecurity

Digital transformation is bringing substantial benefits in the efficiency and reliability of operations in the transport sector, as well as a better experience for passengers, but it is also inevitably increasing the vulnerability to cyber threats. Systems are increasingly based on networks (signalling, passenger information, control centre, etc.) that use standard communications (IP-based) and other digital technologies (sensors, etc.)

Likewise, the standards and regulations regarding cybersecurity, such as the European NIS2 directive and other technical specifications such as TS50701 (IEC62443) for the railway sector, or the new UNECE R155/R156 regulation for the automotive industry, require compliance with current legislation as well as the organisation's adaptation to market trends and requirements.

CAF is also a member of the "IEC PT 63452" forum which aims to establish IEC 63452, the Railway Cybersecurity Standard based on TS50701.

Consequently, and based on the principles set out in the Security Policy, CAF has established a product cybersecurity management model that is being deployed through a "Master Plan" to ensure cybersecurity by design. To this end, work is being done on integrating cybersecurity throughout the life cycle of products and services, from design, manufacturing, testing to operation and maintenance.

## 3.2. Information security

[MA 418, 418-1]

The information security management model is based on the Security Policy and the international standard ISO27001. During the year, the "Cybersecurity Policy Development Manual" and the information security management regulations approved by the Executive Directorate were deployed.

In addition, the Group's information security governance model has been consolidated, with roles and responsibilities, and monitoring indicators both at corporate level and at the level of each of the Group's activities.

The Corporate Cybersecurity Committee, with the presence of executive management, oversees all cybersecurity activities together with the Corporate Cybersecurity Officer. All of this greatly reinforces information security management and its continuous improvement, guaranteeing the deployment an information security culture across the entire organisation and establishing all the necessary organisational and technical measures to guarantee the confidentiality, completeness and availability of information.

CAF adopts a zero-tolerance approach to security to guarantee compliance with legal and contractual obligations, in addition to satisfying the needs and expectations of our customers and other stakeholders.

CAF has an Information Security Management System based on and certified by the ISO27001 standard. The scope of the certificate and the future outlook are shown below:

Certificate	Field	Scope	Outlook
ISO 27001	Information security	40% on certifiable activity	Unchanged

Together with the Information Security Management System, the management model improves information security and privacy and establishes controls to identify, prevent, detect and respond to any information security incidents. All of this addresses the Group's digitisation process, the greatest existing threats and the increase in cyber attacks from outside the organisation.

Zero risk does not exist, which is why CAF continues to increase the necessary resources to deploy security measures that mitigate existing risks and reduce the possibility and impact of serious incidents. CAF does this by carrying out a risk analysis of its most significant assets and establishes an acceptable level of risk that maintains a balance between functionality and cybersecurity.

### ● Information security breaches

One of the main objectives of the information security management model implemented at CAF is to reduce the probability and impact of potential security breaches. To meet this objective, the Group has defined a series of processes and procedures to manage security breaches, from prevention and detection to mitigation and recovery.

CAF periodically carries out technical audits of systems and applications to detect vulnerabilities, prevent the generation of security breaches and, consequently, mitigate the risks they generate. In addition to these technical audits, CAF has established a SOC (Security Operations Centre) to monitor cybersecurity events generated by systems and applications. This central unit manages and coordinates the monitoring and detection of possible security incidents, alerting the relevant managers and reducing response and management times.

CAF understands the need to promote a culture of information security as a key process for detecting and reducing the impact of security breaches, and it therefore regularly carries out training actions and awareness plans for employees.



In 2022, the serious incident indicator remained positive:

Cybersecurity indicator	Measure	Scope	Change	Outlook
Serious cybersecurity incidents	Actual serious information security incidents per year (IT leaks or ransomware)	CAF	0 actual serious incidents In line with the target.	Unchanged

Any cybersecurity incident or accident requires immediate remedial actions, a root-cause analysis and definitive corrective actions.

## ● Security of personal data

CAF has created and deployed a personal data protection policy to guarantee compliance with current legislation in all the territories in which it operates. This policy and the accompanying manual set out the organisational and technical measures necessary to guarantee the correct management of personal data processed by CAF staff and third parties that engage with any Group company.

The organisational measures adopted this year include the creation of a Privacy Compliance Committee aimed at ensuring the correct management and deployment of the policy and manual across the CAF Group. A Data Protection Officer (DPO) was also appointed to guide CAF on compliance with the applicable regulations, supervise general compliance with these regulations, advise employees, and cooperate with and act as a point of contact for the supervisory authority.

Each CAF company ensures correct compliance with local regulations on the protection of personal data. In any case, the CAF regulatory framework on data protection places special emphasis on European privacy regulations, specifically on Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, repealing Directive 95/46/CE ("GDPR"). In recent years, the GDPR has become a worldwide benchmark for data protection, setting global standards and serving as the basis for the development of local privacy regulations worldwide.

In 2022, the indicator for the number of serious data protection incidents was 0:

Cybersecurity indicator	Measure	Scope	Change	Outlook
Serious incidents related to personal data protection	Actual serious security incidents related to the protection of personal data	CAF	0 actual serious incidents	Unchanged

CAF has established the necessary mechanisms to ensure coordination with the information security area in the event of information breaches affecting personal data.

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## ● Security of confidential and sensitive information

The information security management model establishes the guidelines that define the correct classification of information, as well as the necessary measures for its handling and management. The Group carries out a risk analysis of the organisation's most important assets, which could lead to the introduction of new security measures to reduce the probability and impact of a possible information leak.

As mentioned above, raising awareness and training CAF staff in information security is one of the commitments made in the policy. As part of this culture, staff are trained in the correct use of confidential and sensitive information, as well as in the measures to be taken to manage it.

### 3.3 Innovation and technology

In recent decades innovation has become a key process for CAF, enabling the Company to grow and supply products at the forefront of technology. This growth has occurred both by developing proprietary components for critical vehicle subsystems such as electric traction, energy storage systems and an electronic control and diagnostic system for trains, and by developing new products and services to complete a range of global transport systems that includes feasibility studies, civil works, electrification, signalling, maintenance and operation.

Aware that the key to innovation lies in knowledge and in the people who develop it, CAF remains committed to increasing internal technological development capabilities.

#### ● Innovation in products and services

CAF attaches great importance to continuous innovation in its product and service offerings to respond to the global trend of increased mobility, the limitation of fossil fuels and climate change, which directly influence the sustainability of the transport sector.

This determination is materialised in activities to generate new knowledge and develop new technologies and products aimed at offering more advanced transport solutions, considering both the needs currently perceived as well as the global mega-trends and the visions of future passenger transport that will lead to more efficient, accessible and ecological solutions.

The CAF Group channels and coordinates its product and service innovation activities through its corporate innovation strategy. The innovation strategy is designed and reviewed annually following an established process that aligns the technological and product/service development activities with the Company's main strategic challenges identified by the management, aimed at developing sustainable solutions for our customers while simultaneously guaranteeing our competitiveness.

The key lines of action in the CAF Group's innovation strategy are:

- **Zero emissions:** This line of action encompasses activities aimed primarily at the development of alternative propulsion systems to diesel and the reduction of consumption and emissions of its products and services.
- **Connected and automated mobility:** This line of action is focused on the development of vehicles that operate in an automated manner and increase the safety and efficiency of transport systems.
- **Passengers and operator:** The activities of this axis aim to provide the market with better products and services for both CAF's customers and end users.
- **Competitiveness:** This axis encompasses several activities aimed at reducing the life cycle cost of the CAF Group's products and services, as well as their delivery times. In this area, digitalisation is a major enabler of developments that increase the Group's competitiveness and that of its customers.

The CAF Group's innovation strategy is materialised in an annual innovation plan.

The CAF Group's Innovation Plan combines activities for the development and advancement of products and services, as well as activities for the generation of the Group's own knowledge and technology, which allow it to differentiate itself from its competitors and supply products with high added value in sustainable mobility.

Within the variety of activities and lines of work included in the Innovation Plan, we highlight the following that are particularly aligned with the current and future priorities of society.

#### Zero emissions

Within the framework of a coordinated strategy aimed at reducing environmental impact, the Group pursues several areas of work:

- Development of new vehicles with propulsion systems based on batteries and hydrogen. Both solutions have applications in the circulation of vehicles on infrastructures without continuous electrical power supply, as an alternative to hydrocarbon-based mobility. These vehicle types reduce direct CO<sub>2</sub> emissions to zero on lines currently operated by

diesel vehicles. In this area, Solaris has the most complete range of low and zero emission buses on the market, with more actual experience and market share than its competitors. As far as rail vehicles are concerned, CAF has been awarded the world's largest contract for battery-powered vehicles and in mid-2022 it has put on track one of the first hydrogen-powered trains that can also operate by capturing electricity from the catenary on electrified sections.

- Optimisation of on-board energy accumulation systems based on batteries. Approximately every two years a new generation of batteries appears with clearly superior performance to that of its predecessor. For example, in high-capacity energy storage batteries, the energy density per kg of battery has increased by 77% between 2014 and 2020. The performance improvement of batteries providing high power is also significant, with major advances seen in increasing charging power, which allows for shorter battery charging times and recovering more energy from braking. All these improvements have a crucial impact on the performance of vehicles and considerably increase their autonomy.
- Development of specific technologies aimed at reducing the energy consumption of vehicles by improving the energy efficiency of their components (e.g. power equipment based on new Silicon Carbide - SiC transistors) or by reducing drag and lightening the vehicle (e.g. new more aerodynamic geometries, new lighter materials, simplification of architectures, lighter components, reduction of wiring, etc.). CAF was the first train manufacturer to put a European metro into commercial service with SiC technology. This technology allows trains to reduce their consumption by between 8 and 10%. In addition, in recent years Solaris has achieved fuel consumption reductions of more than 20% in its 12 and 18-metre electric buses.
- Intelligent management of the energy consumed by the vehicle, including driving assistance systems, efficient automatic driving systems and intelligent systems for managing the operation and consumption of the different systems that make up the vehicles. The driving assistance systems developed by CAF provide reductions in consumption of around 15% and a target has been set to reduce train consumption by 30% through efficient automatic driving systems.
- Reduction of both exterior and interior noise levels and reduction of vibrations transmitted to the ground, as well as electromagnetic emissions (EMI/EMC). As an example, Solaris has achieved interior noise reductions of around 5 dB in its 9-metre electric bus model due to innovations in this field in recent years.

In this area, it is worth highlighting the European collaboration projects FINE, PINTA, X2RAIL, PIVOT, IN2STEMPO, IN2SMART, FR8RAIL, FCH2RAIL, ASSURED, TRUSTONOMY, VIRTUAL-FCS and STASHH described in the following section.

### Connected and automated mobility

Smart mobility delivers significant benefits to operators and increases safety and comfort for passengers. The development of automatic and autonomous vehicles is also a key element for increasing transport capacity, energy efficiency, punctuality and the fluidity of door-to-door travel.

In this field, the CAF Group is carrying out activities in the following work areas:

- Cybersecurity
- 5G communications and the future railway mobile communication system (FRMCS)
- Interior and exterior perception of vehicles through vision and artificial intelligence developments.
- Safe positioning of vehicles without the need for infrastructure equipment.
- On-board control and diagnostic system capable of performing critical safety functions.
- Automatic train protection systems: ERTMS Baseline 3.
- Automatic train operation systems: ATO on ERTMS and ATO on Class B signalling systems.
- Communications-based train control (CBTC) system.
- Advanced driving assistance systems (ADAS).

In this area, we should highlight the European and national collaboration projects CONNECTA, X2RAIL, LINX4RAIL, TAURO, 5GRAIL, UP2DATE, SELENE, CBTC-2020 and ADAS, described in the following section.

### Digitalisation

CAF is aware of the immense importance of the digital transformation process that is currently taking place in all areas of society, and it, therefore, dedicates a significant part of its R&D efforts to developing its own vision of digitisation for rail and bus transport, focused on the following work lines:

- Development of technology to provide an infrastructure for capturing and transmitting data throughout the entire transport system, including aspects such as sensorisation and communications between the vehicle and the infrastructure.
- Management and analysis of large amounts of information using big data techniques.
- Application of advanced data analysis techniques (Artificial Intelligence, Machine Learning, Deep Learning, etc.).
- Use of these technologies for the development of applications in areas of particular relevance such as diagnostics, maintenance, energy consumption and operation.
- On-board real-time vehicle monitoring systems (LeadMind Platform) and infrastructure-installed vehicle monitoring systems (Wayside LeadMind).
- Model-based systems engineering (MBSE) to support system requirements, design, analysis, verification and validation activities, beginning in the conceptual design phase and continuing through development and later phases of the cycle of life.
- Development of BIM (building information modelling) to centralise all the construction project data in a digital information model created by all the agents involved.

In this area, we should highlight the European collaboration projects CONNECTA, X2RAIL, LINX4RAIL, IN2STEMPO and IN2SMART, described in the following section.

## ● Featured innovation projects underway or completed in 2022

The CAF Group participates in the main collaborative R&D initiatives in the sector and is therefore playing an active role in evolving the entire mobility sector.

Listed below are some of the key projects carried out in 2022 within technology and product/service innovation activities and that have an impact on all CAF Group's activities.

Of particular importance in this area is the European Shift2Rail initiative, one of the main agents for change in the railway sector. This is a major European initiative, within the Horizon 2020 Framework Programme, dedicated to collaborative research and innovation between the different agents in the sector (operators, infrastructure managers, manufacturers, technology centres, etc.) aimed at accelerating the integration of new technologies in the railway sector. Shift2Rail brings together the major players in the European railway sector. CAF is playing a key role as one of the eight founding members of the initiative, and it also responsible for the coordination of the "Innovation Programme 1: Rolling Stock", which includes all developments related to vehicles. The key Shift2Rail projects are indicated below:





### European project FINE-2

[FINE-2](#) was launched within the framework of Shift2Rail and aims to develop improvements in the areas of noise and energy. Specifically, experts will explore innovative technology solutions to **reduce the noise and energy consumption** of railway systems.

CAF is playing a key role in the project.



### European Project CONNECTA -3

CONNECTA was launched within the Shift2Rail initiative with the aim of overhauling the train control, diagnosis and monitoring system (TCMS). It will incorporate advanced capabilities such as wireless communication in the train network, the ability to execute high safety functions (SIL4), and the validation of the system's performance before it is deployed. These developments are in line with the trends towards **digitalisation** and **automation** in the railway sector.

In addition to being one of the main technical contributors, CAF coordinated the CONNECTA-2 project for the entire consortium. In 2021, the [CONNECTA-3](#) project was launched aimed at validating the developments of previous projects in an urban demonstrator vehicle.



## PINTA 3

### European project PINTA-3

The PINTA projects were launched within the framework of Shift2Rail with the aim of developing the next generation of railway traction systems. Teams of experts are working on new technologies for power electronics components (Silicon Carbide – SiC) aimed at **reducing their volume and weight while increasing their energy efficiency**. Methods are also being developed to increase the reliability and availability of traction equipment, as well as to reduce the time and cost of validation and certification processes. The [PINTA-3](#) project was launched in 2020 and will end in 2023.

CAF Power & Automation is playing a key role in the consortium as one of the members with the highest volume of activities. Thanks to this project, CAF Power & Automation has put the first European metro into commercial service with SiC technology.

X2RAIL 4

X2RAIL 5

### European Projects X2RAIL-4 and X2RAIL-5

X2RAIL-1, X2RAIL-2, X2RAIL-3, [X2RAIL-4](#) and [X2RAIL-5](#) were launched within the framework of Shift2Rail with the aim of developing a control, command and communication **system which rather than simply contributing to the control and safe separation of trains will become a smart and flexible real-time traffic management and automation system**. Work is currently underway to overcome the limitations of existing communication systems, improve usable track capacity, create innovative signalling architectures to transition to less centralised and less expensive systems, **minimise energy consumption** and develop **new cybersecurity systems**.

CAF Signalling is playing a key role in the project.



### European project PIVOT-2

The PIVOT projects launched within the framework of Shift2Rail focus on the development of new technological concepts for the next generation of rolling stock, applied to key sub-systems such as structure, bogie, brakes, doors, modular interiors and HVAC.

The aim of the [PIVOT-2](#) project is to create **lighter and more energy-efficient passenger trains** that are more comfortable and have less impact on the track to **reduce the life cycle cost** of the entire railway system.

CAF Signalling is playing a key role in the project.



### European project IN2STEMPO

The [IN2STEMPO](#) project launched within the framework of Shift2Rail aims to reduce life cycle costs and improve reliability and punctuality while increasing capacity, improving interoperability and enhancing the passenger experience.

The activities of IN2STEMPO Smart Power Supply will contribute to the development of a smart railway network based on a single **more efficient rail power grid** in an interconnected system.

CAF Turnkey & Engineering is playing a key role in the project related to energy measurement and the energy efficiency of railway infrastructure. Infrastructure monitoring systems and Big Data analysis techniques were developed to improve energy efficiency and define condition-based maintenance (CBM) criteria.



### European project IN2SMART2

The management of rail sector assets needs to improve considerably to ensure their sustainability, which can be done through innovative technologies, new economic possibilities and legislative improvements. With this in mind, the EU-funded [IN2SMART2](#) project within the framework of Shift2Rail has developed a multi-action plan called the Intelligent Asset Maintenance Pillar to deliver **innovative asset management**. The project team aims to achieve this by creating new and optimised strategies, tools, products and systems for holistic, prescriptive and risk-based asset management. By focusing primarily on the tactical and operational plane, **the project will contribute to the increased efficiency of the railway sector**.

CAF Turnkey & Engineering is heavily involved in the project with significant activity around the development of a sustainable tramway depot in BIM.



### European projects FR8RAIL-II, FR8RAIL-III and FR8RAIL-IV

The key aim of the [FR8RAIL](#) project proposal, launched within the framework of Shift2Rail, is to develop the functional requirements for **attractive and sustainable European rail freight transport**.

The objectives of FR8RAIL are a 10% reduction in the cost of freight transport measured in tonnes per km, a 20% reduction in time variations during freight transport, and the increased attractiveness of logistics chains by making all information on rail freight transport available to the information systems of the logistics chain.

CAF is playing a key role in the project, for example by developing a thermostable wheel design that helps to **reduce noise** in freight transport.



### European Projects LINX4RAIL and LINX4RAIL2

The [LINX4RAIL](#) and [LINX4RAIL2](#) project, launched within the framework of Shift2Rail, is to develop a common advanced functional rail system architecture for the sector supported by a conceptual data model (CDM). The project will also create a standard to ensure **sustainable interoperability** between systems. CAF Signalling is playing a key role in the project.



### European project TAURO

The [TAURO](#) project, launched within the framework of Shift2Rail, will shape the future of European rail transport by developing the **technologies to make autonomous rail transport** a reality. This will be achieved by working on state-of-the-art systems for environmental perception, remote operation, automatic monitoring and diagnostics, and easing the transition to these new autonomous control systems. CAF is playing a key role as coordinator of the project.

In November 2021 the [Europe's Rail](#) EU-Rail Partnership, successor to Shift2Rail, was established within the Horizon Europe programme (2020-2027). The partnership aims to accelerate the research and development of innovative technologies and operational solutions to lead the transformation of the rail sector, working towards the dual green and digital transition of Europe.



As with Shift2Rail, CAF is playing a key role as one of the founding members of the initiative.

Throughout 2022, CAF has outlined its participation in the programme and has submitted 5 collaborative project proposals that have been approved. These projects will start in 2023 and will run until 2026. The objectives of the projects are briefly described below:

### European Project MOTIONAL

Through the development of functional requirements, associated specifications and operational or technological solutions, and by exploiting the potential of digitalisation, the [MOTIONAL](#) project is paving the way towards the implementation of the **future European Rail Traffic Management System** to make rail the backbone of a sustainable multimodal transport system for passengers and freight. CAF Signalling is playing a key role in the project.

### European project R2DATO

The goal of [R2DATO](#) is to take advantage of the great opportunity offered by the digitisation and automation of rail operations and develop the **next generation of ATC (Automatic Train Control) and rail operations**, up to the GoA4 target (no personnel on board) by 2030, with the in order to improve infrastructure capacity on existing rail networks.

CAF Signalling has played an important role in the project by developing, among others, an ATO (Automatic Train Operation) and ETCS (European Train Control System) Hybrid Level 3 prototype.



### European project IAM4RAIL

The [IAM4RAIL](#) project aims to provide requirements techniques, regulations, methods, solutions and innovative services based on the latest cutting-edge technologies to **minimise life cycle costs** of assets and **extend their useful life**, while meeting safety requirements and improving the reliability, availability and capacity of the rail system. Both infrastructure and rolling stock are addressed.

CAF Rail Services, Cetest and CAF Turnkey & Engineering have an important participation in the project.

### Rail4EARTH European Project

The scope of the four-year [Rail4EARTH](#) project consists of **improving the sustainability of railways**, creating a more attractive and resilient mode of transport and **contributing to the objectives of a climate neutral Europe by 2050**.

The activities cover complete railway systems, including rolling stock, infrastructure, stations and all related subsystems (traction, bogies, brakes, energy storage systems, HVAC, etc.).

CAF has a leading role in the project, mainly developing technologies to improve the energy efficiency of trains and a new generation of trains to replace diesel fleets with battery-electric trains. One of the main objectives of this project is to increase the catenary-free range of these trains from the current 80 km to 200 km.

### European project FutuRe

The FutuRe project aims to provide new technical requirements, regulations, methods, solutions, developments and innovative services based on the latest cutting-edge technologies to make the **regional rail profitable**, while meeting safety standards and improving the reliability, availability and capacity of the rail system.

This provides an opportunity to revitalise regional lines by addressing infrastructure, rolling stock and services.

CAF Signalling is heavily involved in the project focusing on the development of an optimised signalling solution for regional lines.

CAF is also involved in a number of other innovation projects at European and national level in collaboration with external business partners:



### European project FCH2RAIL

The FCH JU, an agency of the European Commission engaged in promoting the development of hydrogen and fuel cells, selected the [FCH2RAIL](#) project, for which CAF is the technical lead, to **develop a prototype railway powered by hydrogen**.

The main objective of the FCH2RAIL project is to design, prototype and standardise the next generation of hydrogen trains based on a new concept of dual-mode electric-hydrogen traction. These trains will be able to operate with the electricity provided by the catenary and, in non-electrified sections, with the energy obtained from the hydrogen cells and the hydrogen on board. The train also uses batteries, which will significantly reduce consumption.

Another key objective of the project is to collaborate in the definition of the regulatory framework to put this type of vehicle into service.



### European project 5GRAIL

The global 5G standard for railway operational communications will be the future railway mobile communication system (FRMCS). This means that the European Railway Agency will need to update the interoperability technical specifications of the control-command and signalling system by the end of 2022. In order to meet this challenge, the EU-funded [5GRAIL](#) project aims to **develop and test prototypes of the FRMCS ecosystem**. The project will verify the first set of FRMCS specifications and standards, as well as potentially updating the FRMCS V1 specifications and identifying technical limitations related to application issues. CAF is playing a key role in the project.



### European project UP2DATE

The computer systems of cars and trains contain mixed criticality cyber-physical systems (MCCPS) which, along with the wireless delivery of new software or data for their routine functions, need constant updates and repairs. Over-the-air software updates (OTASU) provide improvements in functionality and resolution of bugs and threats; however, update processes cause security problems for user data, or are impractical. The aim of the EU-funded [UP2DATE](#) project is to develop a new security update model (SASE) for software in MCCPS systems. The consortium of knowledge generators (IKL, BSC, OFFIS) and technology integrators (IAV, TTA), as well as end users in the automotive and railway sectors (MM, CAF), will test two examples of this new architecture. CAF Signalling is playing a key role in the project.



### European project SELENE

High-performance computing using off-the-shelf components offers an alternative path to increasing the computational capacity of critical security applications. Despite their potential in various fields, the use of these systems is limited due to the lack of certified and reliable hardware platforms. The EU-funded [SELENE](#) project aims to change this by creating a safety-critical cognitive computing platform (CCP) with self-aware and self-adaptive capabilities. SELENE's CCP uses artificial intelligence techniques to maximise the effectiveness of the critical safety system and adapt its behaviour in different fields such as automotive, space, avionics, robotics and factory automation. CAF Signalling is playing a key role in the project.



### European Project FRACTAL

The goal of [FRACTAL](#) is to create a reliable computing platform node, making the so-called Cognitive Edge a reality under industrial standards. This computing platform node will be the building block of a decentralised and scalable Internet of Things (from low-power intelligent computing systems to high-performance computing edge nodes). CAF Signalling is one of the project partners.



### European project VALU3S

[VALU3S](#) will investigate and refine several state-of-the-art V&V (Verification and Validation) methods, as well as implement new ones aimed at reducing the time and cost required to perform V&V of automated systems. The investigated V&V methods will be used to design improved workflows for the V&V process of automated systems. Several tools will be implemented to support the improved processes, which will be evaluated through the qualification and quantification of security, safety and privacy, as well as other evaluation criteria, using demonstrators. VALU3S will also influence the development of safety, security and privacy standards through active participation in related standardisation groups. VALU3S will provide guidance to the testing community, including engineers and researchers, on how the V&V of automated systems could be improved taking into account the cost, time and effort involved in testing.

CAF Signalling is one of the project partners.



### European Project ASSURED

[ASSURED](#) research and innovation project aimed at **boosting the electrification of urban commercial vehicles** and their integration with high-power fast-charging infrastructures, evaluating various infrastructures in different cities throughout Europe. The key objective of the project is for each of these solutions to be capable of charging different types of vehicles and supplying power to an entire fleet of buses.

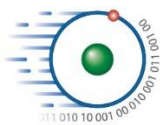
Solaris is involved in the research on the stability, safety, reliability and standardisation of the electrical grid by contributing vehicle data.



### European project TRUSTONOMY

The [TRUSTONOMY](#) project was launched under the Horizon 2020 Framework Programme. Its key objective is **to maximise the safety, trust and acceptance of autonomous vehicles**. Trustonomy investigates different relevant technologies and approaches, such as the driver condition monitoring system, HMI design, risk models and driver training methodologies, from the perspective of performance, ethics, acceptability and trust.

Solaris is playing a key role in the consortium as the partner responsible for testing the Trustonomy system on the test track. It is also helping to create test procedures and define the guides for integrating the system into the vehicle.



### European project VIRTUAL-FCS

The general objective of the [VIRTUAL-FCS](#) project is to develop an open-source software-hardware tool that can be adopted as a global standard for the **design of hydrogen fuel cells for the transport sector**. The platform will give the integrator confidence that the system will meet the required performance, reliability and durability requirements.

Solaris is contributing its experience in the field of hydrogen buses.



### European project StasHH

The [StasHH](#) project is developing an **open standard for hydrogen fuel cell modules** in terms of size, interfaces and control and testing protocols, with the aim of promoting the use of hydrogen fuel cells in the heavy mobility sector when battery electrification is not feasible.

Solaris is contributing its experience in the field of hydrogen buses.



### Innovative Train Leger project

The ambition of this project is to re-launch low-traffic regional lines by using state-of-the-art technologies to develop an innovative vehicle to offer a service with a controlled life-cycle cost. The [Train Léger innovant](#) project led by the SNCF has numerous industrial partners, including CAF.

### AVOGRADRO project

In 2022, a research project was launched called [AVOGADRO](#), about hydrogen refuelling stations. Several partners are carrying out research activities on different components of the refuelling station. CAF Turnkey & Engineering is developing a model for the thermodynamic and functional simulation of the operation of a hydrogen refuelling station. This model will be used to optimise the design of hydrogen refuelling stations: storage capacity, pressure, refuelling sequence, etc.



### Second Life ESS project

The Second Life ESS project in which Solaris is participating aims to create a prototype for **an electrical energy storage system based on used bus batteries**. The key goal is to use lithium-ion cells whose parameters are no longer optimal for powering vehicles but can still serve as energy storage. The project is co-funded by the [NCBiR](#) (Polish National Centre for Research and Development).



### Hybrid Beams project

The [Hybrid Beams](#) project focuses on a new concept of bus structure based on the addition of layers of carbon fibre and foam padding, used as local reinforcement of the entire structure. This makes the new lightweight structure more useful and effective for buses with added masses (electric, hydrogen and CNG buses). The key objective of the project, in which Solaris is participating, is to investigate the suitability of these hybrid joints in the construction of buses (hybrid beams and structural nodes). The advantages of these solutions are: - **reduce vehicle weight** - **reduce energy demand** - **increase the stiffness of the structure against overturning**, and - maintain or **increase the fatigue behaviour** of the structural nodes. The project is co-funded by TA ČR Starfos (Czech National Centre for Research and Development).



### ADAS project

Devised jointly by engineers at Solaris and Poznań University of Technology, the system will not only make it easier to perform simple and complex manoeuvres, such as driving forward, reversing and parking, but will also be of invaluable support when performing more precise movements, such as connecting the pantograph at the charging point, which can be particularly difficult in the case of articulated vehicles. The objective of the [ADAS](#) project is **to improve the safety of bus passengers and drivers** in urban traffic. It will also help operators to perform manoeuvres bus depots. The new system will also guarantee **optimal energy consumption** by vehicles.



### CBTC-2020 project

Collaborative consortium of five companies, including CAF Signalling, for the development of a CBTC GoA2 system aimed at increasing the **safety and sustainability of rail transport**. This is a project within the CIEN Strategic Programme funded by the [Centre for the Development of Industrial Technology \(CDTI\)](#).

## ● Innovation in processes

The CAF Group constantly works to optimise its processes to achieve the excellence required by its stakeholders. Two key initiatives developed for this purpose are the global transformation programmes and the lean manufacturing methodologies adopted by several Group companies.

In 2018, CAF launched a global transformation programme called MOVE within the vehicle activity with the aim of encouraging all areas to think about how to improve their efficiency in terms of cost, quality and time. This programme has continued in 2022 with a focus on improving competitiveness, ensuring continuous innovation in business processes. All MOVE initiatives are grouped along various workflows covering Operations, Quality and Contract Management, from the bidding phase to guarantees.



The programme has generated more than 1,000 improvement initiatives that have subsequently been implemented. Within this list of initiatives, many of the organisation's processes have been innovated, for example:

- Performance management of the engineering area, innovating the task management system and governance and reaching productivity improvements of up to 5%.
- Development of electronic equipment validation benches for URBOS platforms and other product lines with an improvement of up to 0.5% in project costs.
- Automation of wiring continuity ("ringing") and vehicle stiffness tests online, obtaining up to 0.2% cost reduction for a project.
- Standardisation of TCMS variables and alarms with a cost reduction of up to 0.1% in a project.
- Quality door reinforcement and project rework procedures with up to 0.5% savings for projects.
- Definition of ideation processes to ensure continuous improvement with a 2% annual improvement in competitiveness.

Cost reduction was not the only reason for the improvements implemented in the processes during this period. The following additional factors were also taken into account during the transformation: product quality, customer satisfaction, digitalisation of processes, improvement of technical capacity and technical specialisation, increase in both production capacity and engineering, and improvements in deadlines. The fact of having several workflows covering the entire activity was what made it possible to include all these factors, which are essential for process innovation.

Meanwhile, the lean manufacturing concept applied in the CAF Group's production facilities focused on the layout of those facilities and adaptation of the manufacturing processes to the lean manufacturing methodology. Lean manufacturing is a management model focused on minimising losses in manufacturing systems while maximising value creation for the end customer. It therefore uses the minimum amount of resources, i.e. only the ones strictly necessary for growth. The main objectives for applying this methodology were to reduce manufacturing costs, improve product quality, reduce delivery times, increase manufacturing capacity, improve working conditions (safety and ergonomics), reduce the emission of harmful substances (VOC), and reduce environmental impact by reducing waste. The use of this methodology has led to changes in multiple production processes and the introduction of new generation solutions which have made it possible to improve and reduce the cost of these processes.

CAF has also automated several activities in its production process in recent years, most notable of which is the automation carried out in the manufacturing process of railway axles, leading to the implementation of the following stations:

- Automatic station for axle forging.
- Station for the laser geometric measurement of axle forging performs.
- Cold rolling station for axles.

## Digitalisation

The development and growth of CAF Group in recent years has led to a digital transformation in terms of processes, technology and management aimed at improving efficiency, robustness and flexibility, therefore laying the foundations for meeting the challenges defined in the strategic plan for the different areas and activities of the Group.

As part of the digital transformation currently underway in terms of product, production and management, the adoption of a new ERP is enabling the transformation of all management tools. The implementation of a new resource planning system or ERP will facilitate global, corporate, integrated, flexible and evolving management. This digital transformation supports other transformation initiatives that are being carried out at CAF and is the technological benchmark for accommodating new needs.

The implementation of the new ERP will be key to the development of existing services, processes and communications, as well as integrated relationships with digital continuity between the different functions and activities of the Group. It will also deliver greater agility and flexibility in the monitoring and management of the CAF Group's end-to-end projects. The implementation of the new ERP will involve changes from the point of view of the integration and standardisation of many business processes, improving information management and the centralised real-time control of the entire budget of an end-to-end project.

This change will also improve the harmonisation, standardisation and visibility of all activities related to supplier management, for both direct and indirect purchases, with the consequent optimisation of costs in this area.

Another far-reaching implication, but which due to its complexity will be gradually rolled out over the course of several years, is the digital continuity between design tools (PLM) and operations management tools (ERP), with all the processes that carried out in that environment (purchasing, quality, manufacturing and testing).

The new system should enable us to achieve solid data governance, resulting in both a unified coding of materials and suppliers (single data) as well as more accurate and reliable analytical reports in the new business intelligence tool.

The ERP adopted, a leading tool in the market, offers the possibility of incorporating the best practices of leading companies as well as permitting the development of a global map of applications with total connectivity and integration.

The project to implement the new ERP called Ziaboga started in 2019 with the selection and signing of the contract with the ERP supplier. During 2021, the Correction and Exploration phases were carried out, reviewing and completing the processes and sub-processes to be implemented in the tool, as well as working on the detailed design of the ERP based on its functional specification, specifying aspects related to configuration and user experience. During 2022, design aspects were optimised until the optimal configuration was found and the unit and integrated testing phase was started, as well as the training of trainers. All of this will come together in a start-up during 2023.



In addition to the adoption of different computer programs to digitalise and automate multiple Group processes, the CAF Group launched the following digitalisation measures to improve the Company's processes:

- Virtual validation and approval processes to limit the dependence on physical tests to test, approve and certify different properties of the products supplied by the Group.
- Automated test and validation environments that drastically reduce the time and personnel required to test and validate safety-critical software (SIL4).

- Systems and tools for digitising logistics, manufacturing, quality and maintenance documentation.
- Developments aimed at digital continuity between different IT systems.
- Graphical programming languages to simplify code generation activities.

In addition, CAF Rail Services has launched a transformation programme to develop a new operating model called SOM (Smart Operation Management) that leverages digitalisation. Its main objective is to improve the profitability of contracts by improving the efficiency of operations.

The SOM project has 6 domain-driven work streams:

- 1) Integration of LeadMind (Tren Digital Platform) in the execution of maintenance.
- 2) Optimisation of the Maintenance Plan
- 3) Boosting Productivity.
- 4) Efficiency in Purchasing.
- 5) Centres of Excellence.
- 6) Data Governance and Reporting.

## ● Open innovation

For more than a decade, CAF has been collaborating with various suppliers, business partners, technology companies and research centres to accelerate the Group's innovation capabilities. European and national R&D funding programmes, such as Shift2Rail and EU-Rail mentioned above, also value and promote this type of collaboration.

As an example of the multiple collaborations with research centres, in recent decades CAF has been working closely with the [Ikerlan](#) Technology Centre. The relationship began in 2006 with the development of CAF's own traction inverters. Ikerlan's contribution has covered the development of traction systems for all catenary voltages, different topologies, cooling technologies, control strategies and semiconductors. Ikerlan has also participated in the development of CAF's onboard energy storage system (OESS) and its evolution in recent years. However, in addition to the field of electric traction, the collaboration with Ikerlan has covered activities related to signalling and railway infrastructure.

CAF has set up several subsidiaries to market the products developed after several years of R&D. Early examples are Traintic (2002) and Trainelec (2007). Traintic and Trainelec, now CAF Power & Automation, were created to supply traction equipment and Train Control and Monitoring Systems (TCMS) developed by CAF's R&D Department. These CAF Group subsidiaries have since improved and increased their range of products, and today they are benchmarks in their sector, again thanks to significant investments in innovation.

The most recent example of a subsidiary created by CAF is [CAF Digital Services](#). Founded in 2020, the company markets LeadMind, CAF's data-based digital platform. This product was the result of several years of R&D projects for the digitalisation of trains (Digital Train). The Digital Train projects were focused on data acquisition, data management (big data, data transmission and storage) and data analysis.



The CAF Group's collaborations also extend to the startup ecosystem. In 2015 CAF launched CAF Ventures as a corporate investment initiative, and in 2020 it launched the Venture Client [CAF Startup Station](#).

CAF Startup Station is designed to partner with top-tier startups working on relevant and innovative solutions for the rail and bus sectors. The key objective is to build and consolidate customer-supplier relationships between the different startups and the CAF Group.



CAF Startup Station follows the Venture Client model, which focuses on achieving a real impact on the business. This model allows the Group to acquire and test the startup's solutions through a pilot project. As a result of the success cases, a long-term customer-supplier relationship is established with the startups, which could ultimately lead to an eventual purchase. A CAF Startup Station success story is to implement software for the management and reporting of non-financial information in an agile and accurate way by collaborating with a local startup.



The CAF Group also collaborates through technological licences, both by giving access to developments carried out by the Company to other companies (e.g. the licensing of interlocking technology for TEXMACO, India), and by adopting development licences from other companies to incorporate them into its own processes and products, such as Straton's Graphical Programming Environment. These collaborations permit faster product development and commercialisation with proven solutions and proven reliability levels.



### 3.4 Responsible and sustainable supply chain

[2-6, 2-26, MA 204, MA 308, 308-2, MA 414, 414-2]

The sustainable management of CAF Group's supply chain covers environmental, social and governance aspects. The Group monitors sustainability risks to avoid negative impacts derived from the supply chain and encourages suppliers to comply with all the legal requirements of the sector and country in which they operate and to incorporate sustainability into all their operations.

This management approach is based on the Corporate Procurement Policy, the Environmental Policy, the Safety Policy, the Occupational Health and Safety Policy and the Supplier Code of Conduct all of which incorporate the principles of the United Nations Global Compact on Human Rights, the Environment and the Fight Against Corruption and provide guidance for the organisation and its suppliers.

In 2022 the CAF Group spent approximately 1,829 million euros on nearly 8,000 Tier-1 suppliers (i.e. suppliers that deal directly with and invoice the CAF Group directly) located in more than 60 countries, although most of the suppliers are located in the European Union.

Most of the products and services provided by CAF's suppliers have a predominantly technological component, while the labour component is concentrated in subcontractors, maintenance service providers and civil works.

The following risks relating to social, ethical and environmental matters have been identified in this area: (i) violation by suppliers of business ethics; (ii) breach by supplier of laws and regulations; (iii) disregard for the protection of Human Rights; and (iv) involvement in acts of corruption (bribery).

The impacts arising from these risks could result in loss of suppliers and penalties/breaches of contract with customers and damage to the image or reputation of the CAF brand. These impacts have a direct short-term effect; however, they may extend to the medium term due to the search for replacement suppliers.

These risks are covered by the corporate risk control and management system described in Chapter 2 which includes a series of activities aimed exclusively at managing such risks.

Meanwhile, sustainability management in the supply chain has provided the following opportunities: (i) participation in the RAILSRESPONSIBLE sector initiative, where the main operators and manufacturers in the sector collaborate to develop sustainable practices and share best practices throughout the value chain of the railway industry; and (ii) continuous improvement of suppliers in matters of sustainability also improves their resilience and competitiveness.

The CAF Group is aware of the seriousness of the potential economic and reputational impacts of these risks. To mitigate them, the Sustainability Committee and the Corporate Purchasing Committee have established the strategy described below.



#### ● Supply chain strategy and objectives

The CAF Group is committed to promoting and supervising sustainability in its supply chain. The Sustainability Committee has established the following objectives for the Responsible Purchasing Programme in 2022:

- More than 90% of the suppliers identified in the risk map as risk suppliers must have been evaluated or audited.
- Spending on suppliers assessed as medium or high risk must be less than 1.8% of total spending.

In 2022 the Corporate Purchasing Committee continued to implement the Purchasing Policy in the Group's main activities. In 2022, the main activities transferred to their respective processes the requirements for due diligence and supervision of the sustainability of the supply chain established by the Purchasing Policy.

Within the framework of the Purchasing Committee's Sustainability Plan for 2022, the Responsible Purchasing Programme has been extended to the Railway Services activity, as well as to the Power and Automation Equipment activity. The Bus segment has also laid the foundations for its own programme through 2022 thank to the collaboration within the Purchasing Committee.

Another of the pillars of the Sustainability Plan that has made significant progress during 2022 is the implementation of a supplier risk qualification and monitoring process that integrates due diligence requirements in terms of solvency and sustainability and facilitates real-time monitoring of alerts from different sources of information. It is planned to extend this process to the Bus segment during 2023.

### ● Communication with suppliers

CAF is aware that good communication and sharing of information between the Company and its suppliers are key to maintaining efficient processes and long-term business relationships, and it has opted to ensure this two-way dialogue through supplier satisfaction surveys. The result of this survey showed a remarkable level of satisfaction (8.3/10) as well as a remarkable (8/10) evaluation of the communication with CAF Group professionals. However, the identified improvement opportunities will be analysed and addressed during 2023.

Additionally, all suppliers have a specific separate communication channel for raising any questions regarding the General Code of Conduct and the Supplier Code of Conduct, [procurement@caf.net](mailto:procurement@caf.net), as well as another channel to report to the CAF Compliance Committee any current or potential conflict of interest or breaches of the principles of business ethics by CAF professionals: [whistleblowerchannel.suppliers@caf.net](mailto:whistleblowerchannel.suppliers@caf.net). In 2022 no conflicts of interest or breaches of the principles of business ethics were received through this reporting channel.

### ● Supplier Code of Conduct

The CAF Group requires all suppliers to comply with the ethical principles set out in the CAF Code of Conduct published on the corporate website, including social, ethical and environmental commitments.

In addition, the commitments to comply with the general principles of the Code of Conduct, working conditions, health and safety, the environment, commercial ethics and confidentiality are implemented in the Corporate Supplier Code of Conduct available on the corporate website and via the usual means of internal communication. The Supplier Code of Conduct, or a supplier code approved by CAF's Compliance Department, must be subscribed by all Group suppliers without exception and establishes the requirement that CAF's suppliers transfer the same sustainability requirements to their own supply chain.

CAF reserves the right to verify compliance by its direct suppliers. This verification may be through assessments conducted by ESG rating agencies, self-assessment questionnaires or audits at supplier facilities. If a supplier's behaviour does not comply with the principles of the general Code of Conduct or the Supplier Code of Conduct, either in its activity with CAF or in the market with third parties, CAF is entitled to take the appropriate measures and may refuse to collaborate with the supplier in the future, or even terminate the current relationship depending on the circumstances.

### ● Sustainability in supplier management

The supplier qualification processes guarantee that our suppliers contractually commit to the Supplier Code of Conduct and incorporate sustainability checks of the following aspects:

- Sustainability, Environment and Occupational Health and Safety management certifications, among others<sup>15</sup>
- Product Quality Management related to IRIS certification<sup>16</sup>
- Compliance with the CAF Code of Conduct

<sup>15</sup> SA8000 Social Responsibility Certification, ISO 14001 Environmental Management System Certification, OSHAS 18001 Occupational Health and Safety Management System Certification, ISO 22301 Business Continuity Management Systems Certification, etc.

<sup>16</sup> Risk analyses, quality certificates and supplier management are evaluated, among others.

– Compliance with the Sustainability Policy

During 2022, it should be noted that in the Rolling Stock activity, the company continued to check sustainability aspects in 46 on-site approval audits of equipment, material and subcontractor suppliers. In the Rail Services activity, environmental management assessments were carried out on 12 suppliers, and in the Bus segment, a life cycle assessment was carried out on suppliers with the greatest environmental impact, including a Life Cycle Analysis of their products.

Meanwhile, quality inspections at origin make it possible to identify any deviations from the principles of the Supplier Code of Conduct.

● **Supply chain monitoring methodology**

In the monitoring of sustainability criteria in the supply chain, the evaluation effort prioritises those that represent the greatest environmental, social and ethical risks, whether due to the potential environmental, social or governance impact of the product/service or because they are located in countries with a higher level of exposure to such risks.

During 2022, the Rolling Stock business has maintained the focus of its Responsible Procurement Programme on the supervision of suppliers of railway equipment and material, subcontractors and suppliers of legal and consultancy services.

Based on these criteria, the evaluation effort focuses on 349 target suppliers out of a total of approximately 6,000 suppliers. The evaluations are carried out by Ecovadis, the world leader in this field. Ecovadis adapts the evaluation questionnaire to each supplier based on the locations in which it operates, its sector and its size to evaluate 21 aspects of sustainability aligned with the most demanding international norms, regulations and standards, including those of the Global Reporting Initiative (GRI), the International Labour Organisation (ILO), the UN Global Compact and ISO 26000. Suppliers' responses are evaluated by specialised analysts who check whether the documentary evidence is consistent, recent and evidences a dynamic review of the policies, actions and results in the different subjects. This analysis results in a general rating with a maximum score of 100 points, which represents excellent sustainability management.

If the result of an evaluation does not meet the requirements established by CAF (a general score of 45 out of 100 in sustainability management), the supplier is required to implement an action plan to improve the weaknesses identified. If the supplier does not raise its assessment to acceptable levels or does not show a commitment to improve, it is audited by experts in the field. In this regard, the first specialised sustainability audit was carried out in 2022, thereby mitigating the risk detected by the Ecovadis indicators.

**21 Sustainability Criteria**

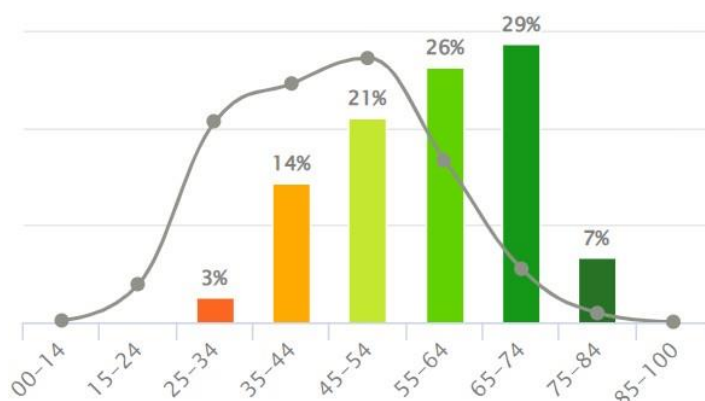
ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
<p><b>Operations</b></p> <ul style="list-style-type: none"> <li>• Energy Consumption &amp; GHGs</li> <li>• Water</li> <li>• Biodiversity</li> <li>• Local &amp; Accidental Pollution</li> <li>• Materials, Chemicals &amp; Waste</li> </ul> <p><b>Products</b></p> <ul style="list-style-type: none"> <li>• Product Use</li> <li>• Product End-of-Life</li> <li>• Customer Health &amp; Safety</li> <li>• Environmental Services &amp; Advocacy</li> </ul>	<p><b>Human Resources</b></p> <ul style="list-style-type: none"> <li>• Employee Health &amp; Safety</li> <li>• Working Conditions</li> <li>• Social Dialogue</li> <li>• Career Management &amp; Training</li> </ul> <p><b>Human Rights</b></p> <ul style="list-style-type: none"> <li>• Child Labor, Forced Labor &amp; Human Trafficking</li> <li>• Diversity, Discrimination &amp; Harassment</li> <li>• External Stakeholder Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>• Corruption</li> <li>• Anticompetitive Practices</li> <li>• Responsible Information Management</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier Environmental Practices</li> <li>• Supplier Social Practices</li> </ul>

## ● Results of the responsible purchasing programme

By the end of 2022, the activities of Rolling Stock, Rail Services and Power & Automation Equipment have assessed in terms of their sustainability management, i.e. their environmental, social and governance management, 78% of the prioritised suppliers (118 business groups<sup>17</sup>) which represents the 75% of the spend of these activities.

The assessed suppliers have an average overall rating of 58.6 out of 100, representing a medium-high level of sustainability management, which is 13 percentage points higher than the average of all suppliers assessed by Ecovadis worldwide (45/100). In addition, 71% of CAF suppliers reassessed in the last year improved their general rating.

The following graph shows the distribution of the overall rating of the suppliers assessed by the CAF Group in the columns and the grey line shows the distribution of the overall rating of all companies assessed by Ecovadis:



	2022	2021	2020	
General Sustainability indicator <sup>18</sup>	Of CAF Group suppliers	58.6/100	58/100	56/100
	Of all suppliers evaluated by Ecovadis at worldwide level	45/100	44/100	43/100
Change in the Sustainability indicator of CAF's suppliers	Improved	71%	61%	65%
	Unchanged	10%	16%	19%

As a result of these assessments it has also been identified that 2% of the Group's total purchases are made from suppliers with average or lower sustainability management and an improvement plan has been agreed with all of them. Furthermore, no relevant negative impacts on the supply chain have been identified and no sustainability audit has been required during 2022 for this reason.

<sup>17</sup> Comprising a total of 271 companies.

<sup>18</sup> Assessment scale: 0 – 25: Low; 25-45: Medium/low; 45-65: Medium/high; 65-100: High

The following table summarises the results of the 2022 supplier assessment campaign:

	2022	2021	2020
Number of business groups assessed in terms of their sustainability/ESG management	118	67	46
Coverage of sustainability assessments on the amount of expenditure covered by the Responsible Purchasing Programme	75%	56%	57%
Purchases from high or medium risk suppliers: Total Group volume of expenditure on suppliers with a medium or lower sustainability management rating	2%	4%	2%
The percentage of suppliers with an average or lower management evaluation with whom improvements have been agreed as a result of an evaluation.	100%	100%	100%
Number of suppliers identified as suppliers with significant negative environmental, social or governance impacts	0	0	0

# 4

## THE EXCELLENCE OF OUR TEAM

*"CAF is committed to promoting the professional development of its employees and using the necessary means to eliminate or reduce occupational risks, encouraging a preventive culture among all the people who carry out their professional activities at CAF. Furthermore, CAF is committed to respecting diversity, the right to equal treatment and opportunities in access, training, promotion and working conditions, and the inclusion of people with disabilities."*

CAF Sustainability Policy  
17 December 2020

### 4.1

Talent development

### 4.2

Diversity and equal opportunities

### 4.3

Respect for Human Rights

### 4.4

Occupational health and safety

## 4.1 Talent development

[2-7, 2-30, MA 401, 401-1, 401-2, MA 402, MA 404, 404-1, 404-3]

The people who make up the CAF Group are key to developing a sustainable project, as reflected in the Sustainability Policy and Code of Conduct.

These commitments are rolled out as part of the Corporate People Management Process, which defines a proprietary standard common to all the Group companies. The standard's comprehensive nature endows it with a broad scope, from ensuring organisational adequacy, through hiring and internal mobility, and the assessment and qualification of its professionals, to their training and development. It also includes policies on remuneration and labour relations.

The main activities in 2022 were the definition and deployment of the initiatives included in the corporate people plan with the aim of improving talent management in all Group activities and on every work front: Within this framework, actions have been deployed to ensure legal compliance and corporate policies, the promotion of values within the Group, progress in the measurement of organisational health, improvements in talent recruitment and development activities and the deployment of occupational health and safety commitments.

Furthermore, in 2022, special attention continues to be paid to the deployment of organisational health studies and the monitoring of the organisational health index as one of the key management elements in the area of people within the Group. Since 2018 and at least every two years, studies have been systematically launched in all relevant Group activities. In 2022, results accounting for more than 90% of the scope of consolidation are in force. Based on the results, specific action plans are defined that promote cultural dimensions and elements that are helpful in the execution of business activities. The trend of the organisational health index has been positive in the previous year overall. This measurement makes it possible to evaluate the action plans put in place and adjust them for further improvement. This area, together with other actions, contributes to the generation of a shared culture within the Group, which should be one of the cornerstones of these initiatives.

In this area, the following risks relating to both occupational risk prevention and adequate professional development of employees have been identified: (i) staff turnover; (ii) insufficient training and professional development; (iii) lack of diversity and equal opportunities; (iv) accidents and the effects on health.

The impacts arising from these risks may result in reduced employee productivity, accidents, impairment of employee health and motivation, and fines relating to employee occupational safety. Since these risks and their impacts materialise gradually over time, this will occur in the medium term.

The aforementioned policies, Code of Conduct and procedure constitute the main corporate principles, procedures and controls required in order to address matters relating to personnel.

The corporate risk control and management system covers the risks described above and provides a series of activities aimed exclusively at managing them. This process meets the risk and opportunity analysis of the frame of reference.

## Talent attraction

In 2022 the Group's average workforce totalled 13,769, and at 31 December 2022, the workforce was 14,526 people.<sup>19</sup> In this respect, the average workforce of the CAF Group has increased. The workforce at the end of the period increased by 1,242 people, thus adapting to the Group's needs in its various activities and geographies. This increase is largely due to the incorporation of Alstom's Reichshoffen plant into the Group, which had 700 employees at the end of the year.

Provided below there is a breakdown of employees by the following diversity criteria: gender, age, occupational group, country of enterprise and country of origin of the worker.

CAF Group headcount (At year-end)						
	2022		2021		2020	
	Number	%	Number	%	Number	%
<b>By gender</b>						
Male	12,159	84%	11,235	85%	11,080	85%
Female	2,367	16%	2,049	15%	1,977	15%
<b>By age</b>						
Under 30 years of age	1,982	14%	1,746	13%	1,785	14%
Between 30 and 50 years of age	9,833	68%	9,219	70%	9,050	69%
Over 50 years of age	2,711	19%	2,319	17%	2,222	17%
<b>By professional group</b>						
Employee	7,958	55%	6,794	51%	6,386	49%
Operators	6,568	45%	6,490	49%	6,671	51%
<b>By company country</b>						
Europe	13,033	90%	11,699	88%	11,460	88%
Spain	6,960	48%	6,572	49%	6,483	50%
Poland	2,546	18%	2,641	20%	2,451	19%
Sweden	974	7%	1,015	8%	996	8%
United Kingdom	949	7%	784	6%	672	5%
Rest of Europe	1,604 <sup>20</sup>	11%	687	5%	858	7%
America	976	7%	1,113	9%	1,157	9%
Mexico	436	3%	504	4%	423	3%
Brazil	209	1%	220	2%	250	2%
US	126	1%	203	2%	301	2%
Rest of America	205	1%	186	1%	183	1%
Rest of the world	517	3%	472	3%	440	3%
<b>By country of origin</b>						
Europe	12,940	89%				
Spain	7,100	49%				
Poland	2,514	17%				
France	905	6%				
Sweden	852	6%				

<sup>19</sup> The data were obtained from the information systems of each company, and employees involved in furlough-type arrangements on a full working day and full year basis were included in the calculation since the impact thereof was not generally considered to be significant. In order to perform the activities that the company considers it is necessary for outsourced personnel to carry out at its facilities, CAF enters into service contracts, which define the type of activity to be performed. CAF monitors outsourcing activities carried out and maintains statistics on outsourced personnel, where this is considered significant.

<sup>20</sup> Among the workforce located in the rest of Europe, France stands out with 865 employees at the end of the year.



Rest of Europe	1,569	11%
America	1,024	7%
Mexico	441	3%
Brazil	223	2%
Chile	124	1%
Rest of America	236	2%
Rest of the world	562	4%
<b>Total</b>		
	14,526	13,284
		13,057

At CAF, talent management is a key factor in the organisation's success. The attraction, development and retention of talent are therefore critical phases for the Company. As a global company, CAF has a specific recruitment activity, included in the people management process, which defines the common corporate framework for recruitment and internal mobility made up of a first phase consisting of approval of the appointments plan, a selection process that can be both internal and external, recruitment and, lastly, the onboarding plan. This process guarantees equal opportunities as regards access.

CAF is currently carrying out a series of activities to provide adequate resources to the different activities in the different geographical areas, of which the main ones are: presence at national and international job fairs, open days, and the publication of vacancies on various employment platforms, social media and the corporate portal.

During 2022, 2,731 recruitment processes were carried out in the Group's different activities. It is worth noting that growth has occurred mainly in Europe due to the incorporation of the Reichshoffen plant, which has led to 700 people being hired. The details of this process are shown below:

New hires				
	2022		2021	
	Number	Rate <sup>21</sup>	Number	Rate
<b>By gender</b>				
Male	2,207	18%	1,412	13%
Female	524	22%	289	14%
<b>By age</b>				
Under 30 years of age	864	44%	627	36%
Between 30 and 50 years of age	1476	15%	934	10%
Over 50 years of age	391	14%	140	6%
<b>By company region</b>				
Europe	2,383	18%	1,155	10%
America	187	19%	439	39%
Rest of the world	161	31%	107	23%
<b>By region of origin</b>				
Europe	2,325	85%		
America	226	8%		
Rest of the world	180	7%		
<b>Total</b>				
	2,731	19%	1,701	13%

<sup>21</sup> New hires/workforce at the end of the period.

In terms of turnover, the following is a breakdown between voluntary and non-voluntary turnover.

	Turnover %
Voluntary	6%
Non - voluntary	4%
<b>Total</b>	10%

Within non-voluntary turnover, dismissals are the main reason for departures as shown in the table below. Such non-voluntary departures account for 3% of the workforce (in 2021 they accounted for 2%). In relative terms, the rate is higher in men than in women, in terms of age, the rate has increased compared to the previous year in the group up to 50 years of age, but has decreased in the case of workers over 50 years of age, and in terms of professional group, the rate for employees has remained the same, while in the case of operators, it has increased by three percentage points. The matching of capacity to the needs of ongoing projects is the main reason for this type of non-voluntary disengagement.

	2022		2021	
	Number	Rate <sup>22</sup>	Number	Rate
<b>By gender</b>				
Male	396	3%	211	2%
Female	43	2%	41	2%
<b>By age</b>				
Under 30 years of age	88	4%	39	2%
Between 30 and 50 years of age	262	3%	117	1%
Over 50 years of age	89	3%	96	4%
<b>By professional group</b>				
Employee	127	2%	132	2%
Operators	312	5%	120	2%
<b>Total</b>	439	3%	252	2%

<sup>22</sup> Non-voluntary terminations/employees at the end of the period.

## Quality employment

CAF is committed to quality, stable employment. Employee experience and knowledge constitute one of the cornerstones of CAF's competitive position in all its current activities. The percentage of permanent employees at the end of the period in the CAF Group stood at 93%, an increase over the previous year (91%). Looking at the distribution by gender, age, occupational group and region, the percentage of permanent contracts has increased in all groups<sup>23</sup>. In terms of gender, the increase in the percentage of permanent contracts among men was one percentage point higher than among women. In terms of age, the group under 30 years of age was the group with the highest percentage increase in permanent contracts, in terms of occupational group the blue-collar workers and in terms of region the workers located in the Americas.

### Workforce by type of contract (At year-end)

	2022				2021				2020			
	Permanent		Temporary		Permanent		Temporary		Permanent		Temporary	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>By gender</b>												
Male	11,384	94%	775	6%	10,316	92%	919	8%	10,291	93%	789	7%
Female	2,143	91%	224	9%	1,836	90%	213	10%	1,783	90%	194	10%
<b>By age</b>												
Under 30 years of age	1,545	78%	437	22%	1,284	74%	462	26%	1,366	77%	419	23%
Between 30 and 50 years of age	9,365	95%	468	5%	8,631	94%	588	6%	8,560	95%	490	5%
Over 50 years of age	2,617	97%	94	3%	2,237	96%	82	4%	2,148	97%	74	3%
<b>By professional group</b>												
Employee	7,384	93%	574	7%	6,219	92%	575	8%	5,850	92%	536	8%
Operators	6,143	94%	425	6%	5,933	91%	557	9%	6,224	93%	447	7%
<b>By company region</b>												
Europe	12,341	95%	691	5%	10,950	94%	749	6%	10,601	93%	859	7%
America	764	78%	213	22%	826	74%	287	26%	1,127	97%	30	3%
Rest of the world	422	82%	95	18%	376	80%	96	20%	346	79%	94	21%
<b>Total</b>												
	13,527	93%	999	7%	12,152	91%	1,132	9%	12,074	92%	983	8%

<sup>23</sup> The annual average number of part-time contracts is not broken down by gender, age and professional classification, as they do not represent a significant proportion of the Group's workforce.

**Workforce by type of contract  
(Average workforce)**

	2022				2021				2020			
	Permanent		Temporary		Permanent		Temporary		Permanent		Temporary	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>By gender</b>												
Male	10,736	93%	816	7%	10,278	93%	824	7%	10,183	91%	957	9%
Female	1,989	90%	228	10%	1,813	90%	198	10%	1,724	89%	218	11%
<b>By age</b>												
Under 30 years of age	1,277	76%	407	24%	1,187	75%	406	25%	1,272	73%	466	27%
Between 30 and 50 years of age	8,915	94%	537	6%	8,616	94%	534	6%	8,442	93%	634	7%
Over 50 years of age	2,533	96%	100	4%	2,288	97%	82	3%	2,193	97%	75	3%
<b>By professional group</b>												
Employee	6,778	92%	592	8%	6,065	96%	548	4%	5,716	91%	578	9%
Operators	5,947	93%	452	7%	6,026	96%	474	4%	6,191	91%	597	9%
<b>By company region</b>												
Europe	11,562	94%	722	6%	10,742	94%	745	6%	10,434	91%	1050	9%
America	761	77%	224	23%	964	84%	181	16%	1,141	97%	35	3%
Rest of the world	402	80%	98	20%	385	80%	96	20%	332	79%	90	21%
<b>Total</b>												
	12,725	92%	1,044	8%	12,091	92%	1,022	8%	11,907	91%	1,175	9%

The generation of quality employment also implies the need to organise work in accordance with the labour legislation of each country and the applicable collective bargaining agreements. Each Group company therefore determines matters relating among other things to working hours, rest periods, work calendars, holidays, special leave and leave of absence, as well as social welfare benefits in accordance with market practices, such as contributions to pension funds and medical insurance. This is included in the defined labour relations policy applicable to the Group. Also, each company establishes measures aimed at facilitating the work-life balance, certain of which relate to the regulation of working hours, which are generally monitored by means of the clock-on/clock-off register.

The regulation of telecommuting is regulated in some of the most relevant legal entities. This new regulation allows for certain activities to be carried out from home, on a voluntary basis and to a greater or lesser degree depending on the situation, mainly related to work-life balance. It also includes measures concerning the right to digital disconnection.

In this chapter, progress has been significant in recent years. During 2022, practices in this area of remote working have been consolidated within the Group's activities. As well as consolidating previous practices, progress has been made in this area. At the moment there are regulations that facilitate the possibility of carrying out the activity remotely in a percentage that ranges between 20% and 60% of the working calendar. In some cases it links this possibility to the promotion of conciliation.

## ● The training and evaluation process as a cornerstone of professional development

The training process is a cornerstone of the training activities and this is evident both in the parent company and in all the national subsidiaries linked to its main activities.

In order to ensure that the training plan is efficient and effective, three main blocks of activity have been defined within the process, which are monitored regularly using a series of indicators. The

initial phase consists of carrying out a training needs assessment, integrating both the vertical perspective of each function, as well as the horizontal perspective in cross-cutting training subjects (for example: occupational health and safety, quality, product safety, regulatory compliance, etc.). Once this training plan has been approved and announced, it can begin to be implemented and assessed on three levels (satisfaction, effectiveness and annual review) so that it can be brought further into line with the activity's priorities and rendered more effective.

This process has been systematically reviewed over the years under a dynamic of continuous improvement, integrated into process management in some cases and always in response to the activity's needs.

In 2022, further progress has been made in the deployment of a more flexible learning model by combining different formats. The development of content on the "CAF E-learning" platform, launched in 2020, has been promoted. During 2022, face-to-face training coexisted with virtual training, complying with the health measures required at any given time as a result of the health crisis. Asynchronous access to training content has also been made possible.

At Group level, more than 190,000 training hours were received<sup>24</sup>, with each person having received an average of 18 hours of training, which was the same as the previous year. In terms of gender, women have received on average 2 hours more training than men. The average number of training hours for employees has been higher on average, receiving 19 hours of training, three hours more on average than operators.

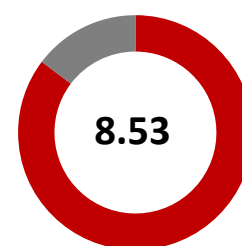
	2022		2021	2020
	Total hours	Average hours per person	Average hours per person	Average hours per person
<b>By gender</b>				
Male	159,410	17	17	-
Female	33,313	19	22	-
<b>By age</b>				
Under 30 years of age	21,891	18	-	-
Between 30 and 50 years of age	140,768	18	-	-
Over 50 years of age	30,064	14	-	-
<b>By professional group</b>				
Employee	102,650	19	22	14
Operators	90,073	16	14	12
<b>Total</b>	<b>192,723</b>	<b>18</b>	<b>18</b>	<b>13</b>

Similarly, the results of satisfaction and the effectiveness of all training activities exceed the objectives set for in the people process for the 2022 period, standing at 8.53 and 8.49 points, respectively<sup>25</sup>.

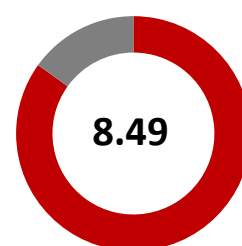
Integrated in the same process is the performance evaluation as one of the elements that stimulate the development of the people in the organisation. Eighty-six percent of people from both the parent company and all national and international companies<sup>26</sup> have received an evaluation, following the defined systematic approach (85% by 2021). The distribution of assessed workers according to gender and occupational groups, 78% of women have received an assessment and 87% of men. In addition, 92% of the operators have been assessed by 2022, as well as 80% of the employees.

The corporate people management process defines a model for assessing both general and technical competencies associated with each person's position. In addition, university graduates and middle management are included in an evaluation system through which individual objectives are set for them. Throughout 2022, evaluation processes have been launched in all of the Group's

Training Satisfaction



Training Effectiveness



<sup>24</sup> Data representative of 80% of the CAF Group workforce.

<sup>25</sup> Data relating to those sites where the system of evaluation of the training received is implemented.

<sup>26</sup> Data relating to those sites where the performance appraisal system is in place.

main activities and will continue to be rolled out in the following period. The evaluation processes launched have been adapted to the needs of the different activities and groups.

It highlights the new evaluation process deployed in the activity linked to railway rolling stock. The new model aims to align all people with the values by deploying specific behaviours according to the type of responsibility in the organisation. It also aims to clarify what is expected of people and what their contribution to the objectives is.

In this chapter and in different activities of the Group, we have continued to develop actions to promote leadership for those responsible for people and projects or programmes. The programmes aim to clarify the role as a leader and improve communication or team management, among others. Linked to these activities is the progress in some of the main activities in the teams' perception of the type of leadership in CAF. There is a growing need for leadership that focuses on meeting business challenges while supporting teams. The improvement in the results on the perception of the communication and information received has also been relevant in the period. Lastly, and in this chapter, the use of tools to promote the development of people such as coaching and mentoring has been consolidated.

In addition, as in the previous period, various training actions were carried out this year to align the people management systems required by the Group's activities in the transformation programmes being undertaken and in the integration processes underway.

### ● Internal mobility as a development tool

In addition to providing flexibility to respond to the needs of ongoing projects, internal mobility is regarded as a fundamental tool for the development of employees during their working lives. Mobility is facilitated through training programmes included in the training plans as well as through ad-hoc training activities designed to provide people with the skills they need to take on new responsibilities. All the main activities of the CAF Group include internal mobility processes.

In this area, and with a medium-term vision, the defined development activities derived from the exercises to identify talent with potential carried out in previous years have been deployed. The aim of these actions is to have people prepared for the challenges of the different activities. During 2022, the basis for the processes to be implemented in the following periods has been defined.

In 2022, the dynamic started in 2021 has been continued with the publication of internal vacancies in some of the Group's main activities and the definition of career plans associated with the evaluation processes. In this chapter, in addition to the deployment of development plans, this dynamic has been extended within the Group. It is worth remembering that career plans in CAF allow people to be directed towards one of these pathways: leadership of people and projects/programmes, functional versatility and technical specialisation.

### ● Social dialogue

With respect to the organisation of social dialogue, we should mention the permanent communication between employees, their representatives and the Company with a view to discovering their interests and expectations and reaching agreements that benefit all parties. The procedures for informing and consulting employees and negotiating vary across the Group, which provides greater flexibility to use the most appropriate routes based on the traditions and customs in each region and legal jurisdiction.

All the employees of the Parent Company and the Spanish subsidiaries of all the Group's business lines are covered by industry-specific or company-specific collective agreements, which together are generally applicable to all employees. At the international level, collective bargaining on different issues (pay, working time and working hours) is also noteworthy in different geographies. 68% of the CAF Group's workforce is subject to a collective bargaining agreement. The breakdown of this figure by geographical area is shown in the following table.

### Percentage of employees covered by collective bargaining agreements by country

	2022	2021
<b>Europe</b>	72%	73%
Spain	100%	100%
Poland	0% <sup>27</sup>	0%
Sweden	100%	100%
United Kingdom	13%	32%
Rest of Europe	43%	19%
<b>America</b>	40%	41%
Mexico	12%	80%
Brazil	100%	100%
Rest of America	37%	29%
<b>Rest of the world</b>	14%	14%

Additionally, various initiatives were carried out in 2022 to promote extended, systematic and agile internal communication in line with current customs.

In 2022, the manual for the development of the general communication policy has been approved. The revised internal communication guidelines for all Group activities have been integrated into this manual. These general internal communication guidelines are intended to ensure consistency in internal communication, thus ensuring that all people have relevant up-to-date information and that there are smooth and constant interactions, both face-to-face and indirect, at all levels of the organisation.

Additionally in 2022, internal communication plans were deployed at different levels in conjunction with e-learning activities and the implementation of collaborative tools.

Furthermore, with the aim of facilitating channels and ways for fluid interaction to take place and ensure that each person in the organisation has constantly updated information, in 2022 the Group continued to make intensive use of the corporate internal communication application available to all CAF employees, providing remote access to relevant information at all times.

As in 2021, direct communication activities continued to be promoted both in virtual and face-to-face format. Employees' perceptions of communication matters are systematically collected.



<sup>27</sup> Working conditions in Poland are set out in what are called "Work Regulations" which are not considered collective agreements according to the GRI definition.

## 4.2 Diversity and equal opportunities

[MA 202, 202-1, MA 405, 405-1, MA 406, 406-1]

### ● Equal opportunities

One of the cornerstones of CAF's commitment to people, as indicated in CAF's Code of Conduct, Sustainability Policy and Diversity and Director Selection Policy, is respect for diversity and the right of men and women to equal treatment and opportunities. To this end, the Group does not tolerate any kind of harassment and actively rejects any direct or indirect discrimination, especially on the grounds of gender, and the defence and effective application of the principle of equality between men and women in the workplace, making progress in the establishment of measures that favour the reconciliation of work and family life.

The CAF, S.A. collective bargaining agreement (for the Beasain, Irún and Madrid centres) seeks to promote the access of women to employment and the effective implementation of the principle of equal treatment and non-discrimination in working conditions between men and women.

Recruitment and selection processes guarantee the same access opportunities, upholding non-discriminatory principles through recruitment drives open to everyone, the use of objective selection requirements and without taking into account situations not related to the job. In 2022, women represented 19% of new hires to the CAF Group, raising the overall presence of women in the Group's workforce that has increased slightly to 16%.

Likewise, equal access to training is guaranteed for men and women in order to promote career development and adaptability to job requirements, thus improving internal employability.

The Group is committed to promoting equal opportunities through internal policies and strategies, and to ensuring that employees have the same opportunities to develop their potential. Consequently, it adopts the appropriate measures and decisions in response to any action that might constitute or cause gender discrimination.

In order to maintain comprehensive control of these commitments and their respective initiatives, at year-end all Group companies comply with the legal regulations regarding the development of equality plans<sup>28</sup> and they have different management mechanisms such as the action protocol in case of sexual harassment or gender harassment and equality committees on which the Company and employees are represented, the aim of which is to prevent and, where applicable, resolve cases of sexual harassment and gender-based discrimination. Noteworthy due to its size at the Parent Company<sup>29</sup> is the existence of an equality commission that is responsible for the preparation, implementation and monitoring of equality plans and analysing possible measures and actions to contribute to the work-life balance. This commission analyses and monitors equality indicators each year, analysing issues such as periodic monitoring of selection processes, monitoring of staff who request and/or avail themselves of the work-life balance measures that apply to the headcount as a whole, broken down by gender, and monitoring of the promotion system for operators and employees.

Similarly, in recent years the Company has been taking steps to disseminate the equality plans and sexual and gender-based harassment protocols internally through the usual means and to promote the use of egalitarian and inclusive language both in internal and external communications.

The principles of non-discrimination and equal opportunities applied at the CAF Group are included in the Code of Conduct. Within this framework, in 2022, a gender-based harassment action has been initiated, which has been investigated internally, dealt with and resolved by applying the relevant labour measures. In the previous period, five cases were detected in this area.

<sup>28</sup> The companies affected have started adapting their equality plans to Royal Decrees 901/2020 and 902/2020.

<sup>29</sup> The parent company CAF, S.A. represents 28% of the total workforce at year-end 2022.



## ● Remuneration and gender pay gap

Remuneration is set and managed at the CAF Group on the basis of the remuneration management policy applicable to the Group. The purpose of this corporate regulation is to ensure that remuneration is addressed appropriately in terms of internal consistency while taking into account external competitiveness and the alignment of remuneration with the challenges and needs of the lines of business. The Group usually refers to information prepared by specialist consultants to establish salary levels on the basis of the market and role.

These general criteria have given risen to appropriate remuneration levels and in 2022 the average remuneration of employees<sup>30</sup> amounted to €41,127.71.

Average Remuneration (2020 <sup>31</sup> –2022)			
	2022	2021	2020
<b>Average remuneration</b>	41,127.71 €	38,353.28€	37,015.01€

The pay gap in all the Group's activities<sup>32</sup> is 1.4%. Changes in the configuration of the workforce with less male operators have had an impact on the average pay of this gender.

Average remuneration by gender, age and employee category					
	2022		2021		2020
	Average remuneration €	Gender pay gap <sup>33</sup>	Gender pay gap	Gender pay gap	Gender pay gap
<b>By gender</b>					
Female	40,647.41 €	1.4%	(0.5%)	(0.2%)	
Male	41,221.21 €				
<b>By age</b>					
Under 30 years of age	26,917.87 €	(7%)	(8%)	(8%)	
Between 30 and 50 years of age	41,922.15 €	(3%)	(5%)	(5%)	
Over 50 years of age	48,634.94 €	9%	7%	4%	
<b>Professional group</b>					
Employee	48,493.71 €	17%	16%	16%	
Operators	32,202.82 €	16%	10%	27%	

The average remuneration by age at the CAF Group reveals a correlation between age and remuneration earned, as shown in the table. Likewise, in terms of the gender pay gap, if we analyse the data by age group it is negative (-7%) in the under 30 years of age segment and the remuneration of women is higher than the remuneration of men. The gap is also negative in the 30–50 years-of-age segment (-3%). However, in the over 50 years of age segment women's remuneration is lower, with a positive gap of 9%.

Remuneration in the CAF Group for professional groups is organised into two broad categories: employees<sup>34</sup> and operators. The average remuneration for employees is €48,493.71 compared with €32,202.82 for operators. In both cases, the pay gap is positive, as in previous periods. In the employees' category, the pay gap is 17%, remaining stable compared to previous periods. The pay gap in the blue-collar sector has increased to 16%. This increase is due to changes in the

<sup>30</sup> All annual fixed remunerative items for full-time employees available to all the Group's employees were used. Variable concepts were not included since they are treated as non-material due to the amount they represent over the total. The average exchange rate for the year was used to translate the data to euros.

<sup>31</sup> The 2020 and 2021 pay gap data are as published in the Non-Financial Information Statement for 2021.

<sup>32</sup> The gender pay gap was calculated on the basis of all employees, including senior management and executive directors and senior managers.

<sup>33</sup>  $(\text{Average Remuneration of Men by Group} - \text{Average Remuneration of Women by Group}) / \text{Average Remuneration of Men by Group}$ .

<sup>34</sup> The Professional Group of Employees includes University Graduates, Middle Management and Administrative Staff.

configuration of the workforce due to the adaptation of capacity to ongoing projects and the acquisition of assets in France and Germany.

If we analyse the data by groups, length of service is a one of the factors affecting the gender pay gap. On average, men's length of service across all CAF activities is 24% higher among employees and 31% among operators.

#### General pay gap by gender, professional group and length of service

2022		
Professional group	Gender pay gap <sup>35</sup>	Difference in length of service <sup>36</sup>
Employee	17%	24%
Operators	16%	31%

The data relating to the pay gap are also influenced by the asymmetrical nature of the gender distribution of the various socio-demographic groups. Although the average remuneration of women as a whole is only 1.4% lower than the average total remuneration of men, when comparing the averages of both groups by professional category, the difference widens. This is because there are fewer women than men (women account for 16% of the total) and their distribution by professional group is asymmetrical.

#### Distribution of the workforce by professional group and gender (At year-end)

2022		
Professional group	Female	Male
Employee	89%	48%
Operators	11%	52%
Total	100%	100%

This is due to the fact that the majority of women belong to the employees' category (specifically 89%) and the average remuneration for this category is higher than that of the operators' category. Meanwhile, 52% of the men at CAF belong to the operators' category, the average remuneration of which is lower than that of the employee's category.

In any case, the collective agreements in force, together with the regulations relating to remuneration applicable at the CAF Group companies, nevertheless guarantee equal treatment by setting salary conditions without taking gender into account.

The treatment of remuneration of the Parent's directors responds to transparency criteria applicable to a listed company. In this regard, the details and individual breakdown of the conditions for the group of directors, which includes the only female senior executive, are reflected in the remuneration report prepared for this purpose and published in accordance with the regulations in force. In addition, the remuneration of the other members of senior management is included in the Annual Corporate Governance Report of Listed Companies.

## ● Universal accessibility

With a view to encouraging diversity, CAF respects universal accessibility by taking into account criteria that enable both its working environment and its manufactured products to respect human diversity and to be safe, healthy, functional, understandable and aesthetically pleasing.

CAF promotes physical access to its facilities by ensuring that all new investments in industrial buildings and services, and all refurbishments and fitting out of general service facilities are conducted pursuant to the accessibility regulations and standards of the location.

<sup>35</sup> (Average Remuneration of Men by Group – Average Remuneration of Women by Group)/Average Remuneration of Men by Group.

<sup>36</sup> (Average Length of Service of Men by Group – Average Length of Service of Women by Group) / Average Length of Service of Men by Group.

As regards the accessibility of its products and services, CAF's priority from the design stage is the accessibility of its products and services to guarantee universal use for the entire population. The designs must be usable, without special adaptations or modifications, by disabled and able-bodied people alike.

All products manufactured by CAF are designed to meet, and in some cases exceed, the accessibility requirements laid down in the legislation of each country in which tender processes are held, as well as the requirements of reference EU legislation.

Railway rolling stock manufactured by CAF meet the requirements set out in the 2014 EU technical specifications for interoperability relating to accessibility for persons with reduced mobility, while urban buses are built in accordance with the specifications indicated in Annex IV of Directive 2007/46, which creates a framework for the approval of motor vehicles, recently amended by EU Regulation 2017/2400. These provisions include the requirements of Regulation No. 107 of the Economic Commission for Europe of the United Nations (UNECE) on uniform provisions concerning the approval of category M2 or M3 vehicles with regard to their general construction and in particular their accessibility for passengers with reduced mobility.

CAF's extensive experience in the implementation of accessibility projects enables the Group to offer maximum quality in this regard, guaranteeing ease of use, since any passenger can use its transport without the need for prior experience, usability, as the vehicles' access points are perfectly signposted and there are mechanisms that ensure that all types of passengers can use them, and simplicity, since physical ability or disability does not affect the user experience.

In terms of information accessibility, CAF is firmly committed to the accessibility of its website and wants its contents to reach as many users as possible, regardless of their disability status. For this purpose, it uses standard technologies established by W3C and follows the WAI 1.0 Accessibility Guidelines. The use of web standards established by the W3C, such as XHTML 1.0 Transitional for valid semantic markup and cascading style sheets (CSS) for design, allows the website to be viewed on various devices and platforms and also enables its content to be printed properly.

Lastly, it should be noted that the CAF Group meets the requirements of the legislation relating to the rights of people with disabilities and their social inclusion in each country. This is achieved through the direct hiring of workers with a certified disability<sup>37</sup> and through the adoption of alternative measures envisaged in current legislation.

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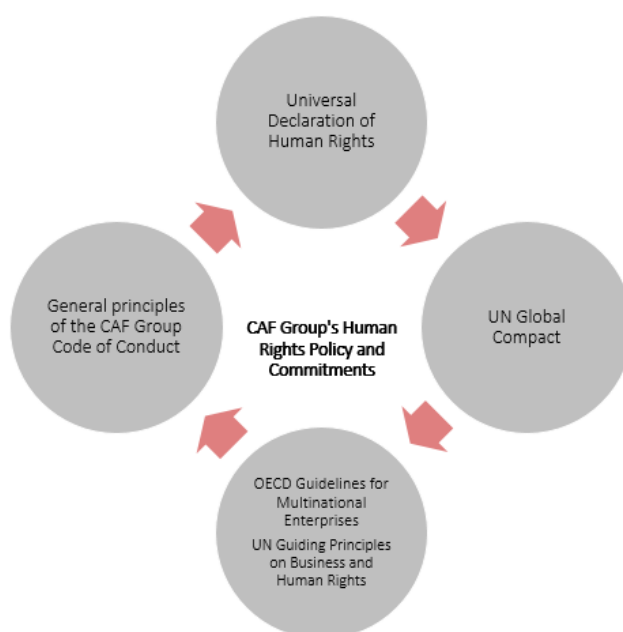
<sup>37</sup> The CAF Group employs 149 people with certified disabilities (85 in 2021).

## 4.3 Respect for Human Rights

[2-23, 2-24, 2-25, MA 407, MA 408, MA 409, MA 411, MA 412, 412-2]

### CAF Group's Human Rights Policy and Commitments

CAF, in addition to its commitment to the strictest respect for the legal system in force in all the territories in which it carries out its activities, includes in its Code of Conduct, Sustainability Policy and Crime Prevention Manual its commitment to adopt measures that guarantee scrupulous respect for fundamental rights, the principles of equal treatment and non-discrimination, as well as any other principles contained in the Universal Declaration of Human Rights, in the OECD Guidelines for Multinational Enterprises (whose content on Human Rights is identical to that of the United Nations Guiding Principles on Business and Human Rights) and in the United Nations Global Compact, which CAF, S.A. has joined.



Without prejudice to the management of Human Rights matters in every area and in accordance with the circumstances, CAF has adopted measures that are systematically applied in two ways: (i) due diligence in the field of business ethics, by implementing due diligence mechanisms that allow previous and early management of potential impacts linked to Human Rights in the context of each project or contract in which a CAF Group company participates and also with third parties with which it is involved; and (ii) people management, which is deployed through the corporate people management process, which incorporates labour and occupational risk prevention policies to ensure compliance with the commitments in this area in all the Group's activities.

#### Internal regulations

The requirement to comply with Human Rights is a priority issue in the CAF Group's activity and as a development of the CAF Group's Policy and commitments in this area, the CAF Group's Human Rights Due Diligence Procedure was approved by the Compliance Function, thus ensuring better management and control of the related risks.

In line with this corporate procedure, all potential projects (defined as any business activity) must be systematically evaluated in advance so that the CAF Group can ensure that its participation does not give rise to a breach of Human Rights, either through its own activities or as a direct result of its operations, or due to the sale of its products or the services provided. At the same time, the possible existence of international sanctions is checked on a general basis.

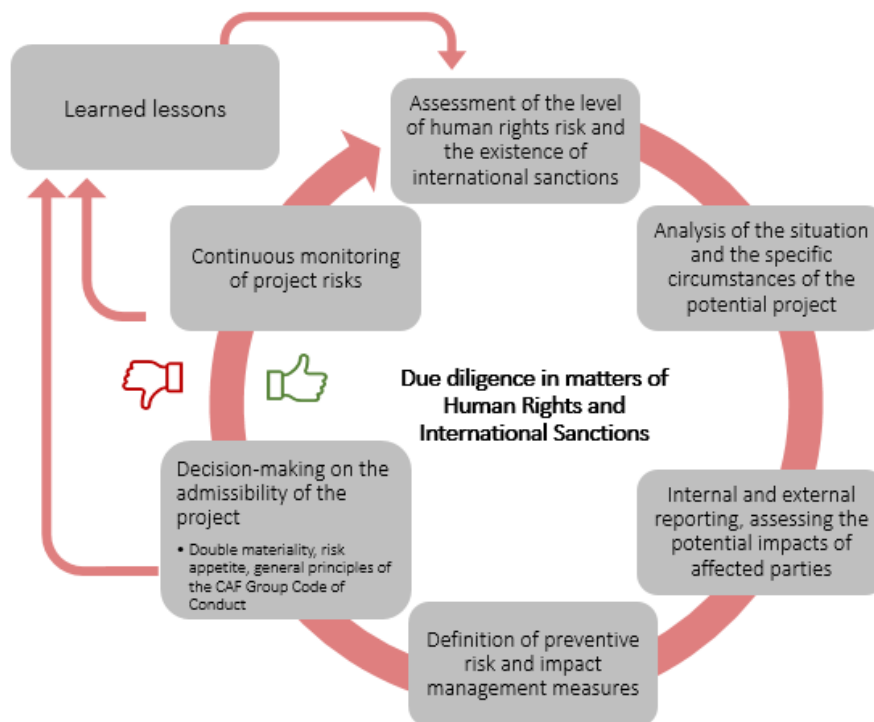
During 2022, in order to reinforce the aforementioned Procedure, the Compliance Function has approved a new Human Rights risk assessment questionnaire that allows identifying the specific

circumstances of each project in order to define measures to manage potential Human Rights impacts and/or to comply with the applicable international sanctions regime in various areas.

## ● Due Diligence on Human Rights

The CAF Group's Human Rights Due Diligence procedure is an example of the CAF Group's priorities and ethical approach in the way it conducts its business.

In this way, from the very outset of the business opportunity and prior to the presentation of the initial offer, an analysis of compliance with the United Nations Guiding Principles on Business and Human Rights is carried out, including the risk matrices that have been adjusted and updated over the years, ultimately giving rise to the continuous analysis of risks and impacts on Human Rights that, in summary form, is described below:



At the same time, all third parties that enter into contracts with CAF Group companies are required to, inter alia, scrupulously respect the law, Human Rights, public freedoms and fundamental rights, the principles of equal treatment and non-discrimination, protection against child labour and any other principles included in the Universal Declaration of Human Rights and in the UN Global Compact in relation to Human Rights.

### Training and dissemination

During 2022, the CAF Group continued to undertake training and dissemination activities on Human Rights Due Diligence commitments among the Group's employees as part of general Compliance training.

A new additional e-learning module has been launched to specifically train those employees in charge of carrying out Human Rights Due Diligence. As of the date of this report, 70% of the people included in the training plan have completed their training, which is equivalent to more than 283 people trained in this area and more than 140 hours of training.

### Human Rights risk management

Within the framework of the continuous development of the Corporate Risk Management and Control and Compliance Systems, the management and control of human rights risks is included specifically in accordance with the principle of dual materiality.

Since its initial approval, the above-mentioned CAF Group's Human Rights Due Diligence procedure has maintained a key difference in the approach to risk assessment in this area, which means that the risks analysed must necessarily take into account the interests of the affected parties, i.e. those of the holders of human rights (and not only those of the company itself).

To this end, the first step is to analyse whether the country, region or city in which the project is located, or the characteristics of the project, have a level of risk that a priori requires the adoption of special measures on potential associated impacts. In a second step, a tailor-made study of the specific circumstances of the case is carried out in order to determine the specific risks and, if necessary, the preventive risk and impact management measures to be adopted if the project is classified as admissible.

In terms of respect for human rights, the associated risks can manifest themselves in different areas, which is why a series of essential aspects have been defined for the initial analysis, such as the following: (i) the prevention of all forms of slavery or forced labour, (ii) the prevention of discrimination against women and vulnerable groups, (iii) the prohibition of undue restrictions on the movement of persons, (iv) the avoidance of forced evictions, (v) aspects of local recruitment, (vi) the prevention of severe environmental risks and (vii) the prevention of discrimination against minorities and indigenous peoples.

The impacts of such risks could result in sanctions related to human rights violations and/or international sanctions in addition to sector-specific regulations and reputational impact. Regulatory breaches are reflected in the short term, but the reputational impact has an impact in the medium term due to its more progressive materialisation.

Similarly, in human rights risk management, during the 2022 financial year:

- The country-risk list on human rights and international sanctions has again been updated.
- IT tools have been developed to introduce automatic and semi-automatic controls in Due Diligence with third parties, including the checking of sanction lists and watchlists for the detection of possible contingencies, among others, those related to Human Rights violations.
- In line with the above and in accordance with a criterion of prudence, work has been carried out to assess the risks arising from the international sanctions imposed against Russia and certain occupied territories because of the conflict in Ukraine, and the corresponding instructions have been issued to avoid potential breaches.

In application of the above, 100% of the CAF Group's projects and offers are analysed from a human rights perspective:

	2022	2021	2020	Target
Projects analysed from a Human Rights perspective (%)	100	100	100	100

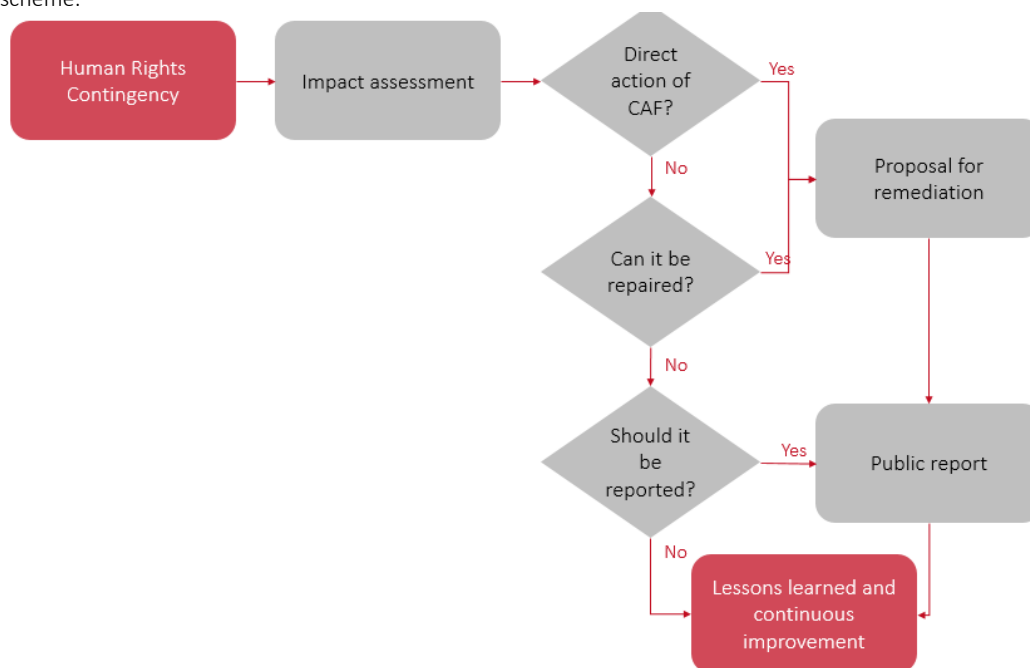
Thanks to the application of the internal procedures established, no Human Rights violations arising from the CAF Group's involvement in any project were detected in 2022.

## Remedial measures for potential impacts

The CAF Group assumes the provisions of the United Nations Guiding Principles and the OECD Guidelines for Multinational Enterprises regarding measures to remedy potential human rights impacts.

Therefore, if at any point in a project a human rights impact materialises, appropriate actions will be analysed and taken to remedy the negative consequences on human rights that have been caused or contributed to by the direct actions of the CAF Group. Depending on the circumstances, it may be possible for CAF Group to play a role in the remediation process even if it has not caused or contributed to the negative consequences of its activity.

The management of potential contingencies would be carried out in accordance with the following scheme:



### Handling of human rights complaints

No human rights complaints have been received in 2022.

The following table summarises the monitoring and progress of the complaints received regarding Human Rights within the CAF Group over the last few years:

	2022	2021	2020	Target
Number of complaints received	0	0	1	0
Cases of Human Rights violations detected	0	0	0	0

As a follow-up to what was reported in the Statement of Non-Financial Information - Sustainability Report in the previous two years, in reference to the complaint received in 2020 regarding a project developed in Jerusalem to the National Contact Point ("NCP") based on an alleged misapplication of the OECD Guidelines, in 2022 CAF has received the final report of the NCP.

The NCP report does not identify any regulatory or legal non-compliance with CAF's participation in the Project, nor any violation of any rights, nor any breach with the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises.

The NCP concludes its report with three recommendations, two of which have already been fulfilled by CAF (improvements in internal regulations and in aspects related to the disclosure of information) without prejudice to the commitment to maintain continuous improvement in all areas and, in particular, in relation to its Corporate Governance and Compliance Systems.

The third recommendation was related to request a social impact assessment of the project to an independent third-party, which was duly commissioned. For the preparation of the report, the independent consultant carried out an extensive analysis of the systems, processes and internal controls adopted by the company in relation to the Jerusalem project. It also carried out a first-hand verification of CAF's activities and the operation of the tramway through an on-site visit to Jerusalem. After all this, the independent expert has issued his final report with favourable conclusions, confirming the following:

*"CAF's activities in Jerusalem show a high level of compliance with the main international standards for corporate social responsibility and sustainability in its three dimensions (governance, social and environmental). All this suggests a positive social impact of CAF's activities in the city of Jerusalem."*

This report has been duly forwarded to the NCP, following its recommendation, and the procedure has been closed.

## ● Human Rights in people

In relation to the human rights aspect of people management, which is deployed through the aforementioned corporate people management process, and in addition to all that is applicable in the preceding section on due diligence, the Labour Relations Policy and the Guidelines that develop it establish minimum requirements that ensure internal coherence in aspects such as labour regulations, collective bargaining and legal representation of workers, fundamental rights, equality and non-discrimination and employment contracts and Social Security.

### Risk management of Human Rights in people

Risks that could potentially jeopardise the fulfilment of these commitments are identified: (i) violation of the principles of equality and/or non-discrimination in the workplace; (ii) a lack of freedom of association or the right to collective bargaining at own and/or third-party workplaces; (iii) child exploitation at own and/or third-party workplaces; (iv) forced labour at own and/or third-party workplaces; (v) violation of the rights of indigenous peoples; (vi) psychological harassment; (vii) insufficient integration of people with disabilities; and (viii) other risks that are analysed on a case-by-case basis depending on the particular features of the project in question.

The CAF Group adopts the measures it deems necessary to guarantee both in its own operations and among its suppliers, compliance with the provisions of the fundamental conventions of the International Labour Organization (ILO) relating to:

- The ability of workers to exercise their rights to freedom of association and collective bargaining in all the countries in which they carry out their activities;
- Avoidance of child labour, forced or compulsory labour, and the assignment of hazardous work to young people.
- Equality and non-discrimination in working conditions, prohibiting the adoption of decisions that may lead to direct or indirect discrimination of workers based on gender, origin, including racial or ethnic origin, marital status, social status, religion or convictions, political ideas, sexual orientation, union membership or not, family ties with people belonging to or related to the company, and language.
- Ensuring a safe and healthy working environment is one where risks are eliminated or where all reasonable and practicable practical measures are taken to reduce risks to an acceptable level and where prevention is integrated as part of the organisational culture.

In relation to this, two specific protocols are defined: (i) the Protocol for action in the event of sexual harassment or gender harassment, and (ii) the Psychological Harassment Prevention Protocol, included in the Occupational Risk Prevention Management System. Both Protocols include a statement by management in relation to these areas, are aimed at establishing the measures required in order to prevent and avoid the aforementioned situations, and establish procedures so that the Group's employees will know how to proceed in the event that such situations arise.

As in the previous section, the impacts of these risks could result in sanctions related to the violation of human rights and/or international sanctions in addition to sector-specific regulations, especially those related to occupational safety or social security, and reputational impact. Regulatory breaches are reflected in the short term, but the reputational impact has an impact in the medium term due to its more progressive materialisation.

In 2022 no case involving a breach of Human Rights was detected among the workers employed by the Group directly or through business relationships.

Matters relating to non-discrimination and equal opportunities are detailed in the chapter on the working environment.



- **Compliance with Modern Slavery Act 2015 (UK) and Modern Slavery Act 2018 (Australia)**

For the purposes of the *Modern Slavery Act 2015 (UK)*, CAF is required to publish on its corporate website a report detailing the Slavery and Human Trafficking Policy, Slavery and Human Trafficking Due Diligence Processes in Business and Supply Chains and Slavery and Human Trafficking Training available to staff, together with the other content suggested by the Act and the Secretary of State's guidance.

In relation to the provisions of the *Modern Slavery Act 2018 (Australia)*, this statement is used by the Company in its capacity as the parent entity of the CAF Group operating in Australia, although it covers all the activities carried out by the various companies comprising the CAF Group in Australia and is therefore in the nature of a Joint Declaration. This is irrespective of whether the entity is a reporting entity or a voluntary one.

- **Compliance with the Transparency Act (Norway)**

For the purposes of the provisions of *Section 5 of Transparency Act (Norway)*, the content of the information to be reported on Human Rights and decent working conditions is detailed in this section 4.3, as well as in section 1.1 of this report.

Human Rights due diligence procedures apply to all CAF Group entities without exception. However, the entities referred to in *Section 2 of Transparency Act* will indicate so in their respective individual management reports.

## 4.4 Occupational Health and Safety

[MA 403, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9]

As a result of the activities carried out by the CAF Group in the field of integrated transport systems, the Group's own employees, as well as its subcontractors, are exposed to different occupational health and safety risks.

The activities carried out by the various companies of the Group can be undertaken in own facilities, in customer facilities, in the testing of supplied transport products (trains and buses), as well as in infrastructure and signalling projects. In other words, activities are carried out in different geographical areas and workplaces of different owners, with very different levels of Occupational Health and Safety culture, as well as on the part of clients, partners, subcontractors or the destination country itself.

This diversity of activities and locations means that the safety, ergonomic, hygiene and psychosociological risks to which workers and subcontractors are exposed vary in nature.

Given the current context of diversity of activities and locations in which they are carried out, and the Health and Safety of workers being one of the main challenges of the CAF Group, it has a corporate Occupational Health and Safety Policy and controls that aim to guarantee compliance with the applicable legislation in this area in the different geographies where it is present.

### Occupational Health and Safety Policy

The CAF Group is aware that its activities can generate risks for the safety and health of people, and it is therefore developing actions to build safety by promoting measures to protect people from occupational risks.

During 2022, the Corporate Occupational Health and Safety (OHS) Policy has been updated to specifically state that this policy applies to all persons, including both employees and subcontractors. The main objective of the policy is to guarantee the health and safety of people, highlighting its commitment to use the necessary means to eliminate or reduce occupational risks by promoting a preventive culture among all the people who carry out their professional duties at CAF. This Policy applies to all the companies that make up CAF and is applicable to all the Group's employees, both workers and subcontractors. Likewise, this Policy complies with international standards and regulations on Health and Safety at Work, taking as a reference international organisations such as the World Health Organisation and the International Labour Organization, among others.

Through the deployment of the Corporate Occupational Health and Safety Policy that is being implemented in the Group, we are responding to the commitments established in the Corporate Value of Occupational Health and Safety, as well as in the Vision of Occupational Health and Safety. In order to carry out this deployment, the basic principles of action set out in the Corporate Health and Safety Policy and developed in the Manual for the Development of the Corporate Health and Safety Policy are taken as a reference. The basic principles of Occupational Health and Safety defined in the Corporate Policy are as follows:

- Build a positive preventive culture through the leadership of management and the line of command, in consultation with and the participation of employees and workers.
- Establish or reinforce the occupational health and safety management systems that are focused on continuous improvement and that contribute to integrating the preventive culture into all activities.
- Respect current occupational risk prevention regulations in the countries where the Group operates and, as far as possible, anticipate the introduction of new regulations and comply with the occupational health and safety commitments voluntarily acquired by the Group.
- Continuously identify and evaluate the working conditions of the activities carried out to generate safe and healthy work environments.

- Report clearly on the results and actions in the area of occupational health and safety, maintaining the appropriate channels to promote communication with employees and workers and with stakeholders in general.

Both the Corporate Policy and the Development Manual have been developed within the Corporate Forum on Occupational Health and Safety, composed of the various people responsible for occupational health and safety management in the Group's main activities, and have subsequently been approved by CAF's Management. It is in this same forum that the Group's corporate policy is being driven.

Throughout 2022, improvement action plans have been implemented to achieve the objectives set to achieve alignment with the Policy. Through these action plans, significant progress has been made against the principles defined in the Policy in the Group's businesses. To give continuity to this process, at the end of the period, and within the framework of the Corporate Forum on Occupational Health and Safety, a new GAP analysis was carried out with respect to the Corporate Policy of each of the CAF Group's activities, and the objectives for 2023 were defined. Likewise, in 2023, the Reichshoffen vehicle manufacturing plant will carry out the GAP analysis and will define the improvement objectives to advance in the alignment of this site with respect to the Corporate Policy.

In addition, during 2022, the unified occupational health and safety risk management methodology for the CAF Group was updated and is expected to be deployed during 2023.

## ● OHS management systems

One of the principles of the occupational health and safety policy is to establish or reinforce the occupational health and safety management systems that are focused on continuous improvement and that contribute to integrating the preventive culture into all activities. These management systems identify and evaluate the applicable legal requirements and establish periodic controls to check compliance. The effectiveness of the measures adopted is also evaluated to ensure achievement of the stated objectives. Through the occupational health and safety policies defined in the management systems of the Group's activities, CAF management expressly declares its firm commitment to maintain and improve the systems in a way that guarantees compliance with current legislation, assuming the protection of workers against occupational risks. These policies integrate prevention management into all Group activities and decisions, both in technical processes and in the organisation of the work and with respect to the conditions in which it is performed, boosting integration at all hierarchical levels: executive, management, employee and trade union representative. To this end, the human and material resources necessary to achieve these objectives are made available.

With the aim of achieving zero accidents and improving occupational health and safety conditions, and in accordance with the principles of the occupational health and safety policy, CAF has implemented and promotes the extension of occupational health and safety management systems.

In the field of occupational health and safety, the Group has certifications and assessment and monitoring mechanisms exceeding the legal requirements in each of the countries in which it is present. Along these lines, in 2022 the target was achieved, with 68% of the Group's total workforce covered by an occupational health and safety management system certified under the requirements of the ISO 45001:2018 standard (in 2021 the workforce covered was 52%). The achievement of this goal is largely due to the certification obtained at the Solaris Bus & Coach manufacturing plant in Poland and at a subsidiary in Mexico.

By 2023, the aim is to extend this certification to other subsidiaries with manufacturing activities, such as CAF Reichshoffen, CAF France and CAF Rolling Stock UK, as well as other international subsidiaries of the Group.

Certificate	Field	Scope 2022	Scope 2021	Scope 2020	Scope target 2022	Scope target 2023 <sup>38</sup>
ISO 45001:2018	Occupational Health and Safety Management	68% of the workforce	52% of the workforce	45% of the workforce	>60% of the workforce	75% of the workforce

Internal audits are conducted every year at all the plants in order to perform an internal follow-up of the management system implemented, or in the process of being implemented, pursuant to the requirements of the ISO 45001:2018 standard, and of the legal requirements applicable according to the legislation in force in each country. Likewise, the list of qualified internal auditors evaluates the effectiveness of the management system and, in particular, the correct application of CAF policies. The results of the internal audits give rise to corrective measures to rectify any non-conformities that might have been identified and measures to improve the management system.

In addition, beyond the audits of the management systems that are carried out, legal audits are carried out in those companies in which they are applicable, in compliance with the legal requirements applicable in those countries.

The occupational health and safety management system is structured to facilitate the development, implementation and monitoring of a series of activities which, together, constitute a system for the prevention of occupational accidents, occupational illness and material damage. This management system establishes the management principles and the system procedures and processes that implement the prevention activities.

The management system implemented at CAF not only ensures the health and safety of employees but addresses issues aimed at preventing or mitigating the risks of workers from other companies who carry out activities at CAF facilities, as well as those who visit these facilities. The management system, therefore, establishes the measures and means of coordination with these companies as regards the application of the regulations on the prevention of occupational risks and the coordination of business activities with them. It also includes procedures for managing visits to CAF facilities in terms of information on the risks and prevention measures to be adopted.

## ● Preventive activities and prevention plans

### Risk assessment

One of the main activities of the management system is risk assessment, a process aimed at estimating the magnitude of risks that could not be avoided and obtaining the necessary information to adopt preventive measures. Risks for workplaces, job positions and activities, whether related to health, safety, ergonomics or psychosociology, are identified and then assessed. Among others, these risks are the ones that can cause a work-related injury with significant consequences<sup>39</sup>. Risk assessment is carried out in all workplaces where activities are carried out, both in the company's own facilities and in those of third parties, such as activities carried out at the destination. This process includes the activities carried out by the company's own workers as well as those of subcontracted companies, the latter being managed through the coordination of business activities.

If the outcome of an assessment reveals situations of risk, preventive and corrective measures are proposed. The measures adopted aim to eliminate or reduce the risk through actions at source, at the organisational level, for collective and/or individual protection, and training and information for workers, or a combination of all or some of these measures. The hierarchy for proposing control measures is as follows, in this order: elimination, replacement, engineering controls, signalling/warning and/or administrative controls and finally the provision of PPE.

<sup>38</sup> The target for 2023 is based on the current workforce for 2022.

<sup>39</sup> Work-related injury with significant consequences: work-related injury resulting in death or injury such that the worker cannot or does not fully recover their pre-accident health, or the worker is not expected to fully recover their pre-accident health within six months.

Once the risk assessment has been carried out, both employees and workers who are not employees but whose work or workplace is controlled by CAF are informed of the risks arising from the risk assessment, as well as of the safety, prevention, protection and emergency measures to adopt.

The people who carry out the risk assessment process are people all have the necessary training and skills based on the provisions of the relevant legislation in each case. The procedures related to this process designate the team entrusted with the task and describe the methodology and frequency of the process and how to document it.

### Occupational health services

CAF has occupational health services in the Group's companies in compliance with the legal requirements applicable in each of the corresponding countries.

In particular, the parent company has its own prevention service for its Beasain and Irun plants, offering the specialities of occupational safety, industrial health and health monitoring, as well as its own prevention service at the Zaragoza plant, where the specialities of occupational safety, industrial hygiene, ergonomics and applied psychosociology are undertaken, the rest of the specialities being contracted out to external prevention services. These services have competent and qualified personnel to carry out the relevant functions, as well as health services authorised by the competent authority in each case to guarantee the provision of a quality service for workers.

The annual Occupational Risk Prevention Plans of the Group companies set out the guidelines to be followed with regard to health surveillance, both individual and collective, health promotion, as well as other activities such as emergency management and the management of training and information activities. The annual plans include lines of action and specific actions to be carried out to ensure health surveillance that covers all workers and complies with all applicable legal requirements.

The occupational health services of each of the Group companies are responsible for the development of health surveillance of workers, in compliance with the corresponding legislation applicable in each country. This surveillance is carried out by means of a set of activities whose objective is the early detection of health alterations, mainly related to work, both at individual and collective level, derived from exposure to risk factors (physical, chemical, biological, ergophysical or psychosocial) to which the different groups of professionals are exposed, depending on the activity they carry out and the place where they work. All identified risk factors can lead to some health damage, illness or injury that can be detected by different diagnostic methods. For each professional group exposed to certain risk factors, a periodicity is established for the application of diagnostic methods, and as a conclusion, the aptitude or non-aptitude of the workers is established. The basis of these activities is "programmed health screening"; "health consultations on demand" and "epidemiological studies" among others.

For scheduled health examinations and taking into account the results of the risk assessment carried out by the competent personnel in each case, protocols are defined to monitor the health of workers, which are set out in specific procedures or documents. They set out all the details of its development and cover all the factors involved in the health surveillance of workers. These documents take into account the legislation in force in each case, as well as the guides and protocols published by the health authorities of each country, and serve as a reference for carrying out periodic health check-ups as an essential tool for health monitoring.

These Protocols are reviewed and updated periodically, adapting them to the new working conditions of the different professional groups.

Likewise, and within the health monitoring activities carried out in the Group companies, as an example to be highlighted, there are procedures for action in situations of pregnancy and breastfeeding, which have the general purpose of adopting a set of measures aimed at protecting women and their children at work during pregnancy and breastfeeding situations. Specifically, the risk for pregnancy or breastfeeding to which the worker is exposed is determined, a medical certificate is drawn up stating whether the conditions of the job position have a negative influence or not on the health of the worker, foetus or infant, and recommendations are established

regarding the adaptation, limitation, change of job position or application of the risk allowance during pregnancy.

There are also procedures for handling situations where workers are especially sensitive to risk factors in the workplace or have psycho-physical limitations in order to assign them to jobs that are suitable to preserve their health and/or safety and that of third parties.

Annually, in the Occupational Risk Prevention Plans or planning of the preventive activity of each head office, the objectives to be met in this area are defined, in the terms considered appropriate, as well as the specific content and manner of carrying out the examinations to achieve them.

Regarding health promotion activities, the objective is to collaborate with the national health system in promoting healthy lifestyles that improve the physical and mental well-being of workers. The parent company includes these activities in the annual occupational risk prevention plan and reports on them through the meetings of the Occupational Health and Safety Committees. The activities promoted focus on encouraging a healthy diet and physical exercise, the prevention of infectious diseases, medical check-up, and training and information in the area of first aid, health and ergonomics. Of particular note is a new pilot initiative that has been launched in the course of 2022 at the parent company's head office. This is an individualised programme of prevention and rehabilitation of the musculoskeletal system based on the DAVID methodology, which is fundamentally aimed at improving mobility and strength, and reducing back pain, specifically in the cervical and lumbar area. The experience has been very well appreciated by the participants, and the data extracted from the measurements taken of different factors related to mobility, outside and pain perception have been very positive. This experience will continue throughout 2023.

With regard to health promotion, the rest of the Group's subsidiaries are also undertaking health promotion activities with campaigns to promote and provide guidelines for employees to acquire healthy habits both at work and in their personal lives.

Regarding the management of the pandemic caused by the SARS-CoV-2 coronavirus (COVID-19), and maintaining the objective of first and foremost protecting workers from the risk of exposure to this agent, in 2022 the Group monitored the epidemiological situation and the incidence of cases at each plant and location to adopt and implement the necessary preventive measures at all times, updating and communicating the action protocols when necessary to reduce the risk of infection among workers.

Making an assessment of 2022, bearing in mind the effect of COVID-19 on the CAF Group's main activities, the preventive measures implemented in managing the pandemic could be considered to have been effective as they have allowed the Group to continue with its activity while ensuring compliance with the minimum health and safety conditions established in the work places.

#### OHS Social Dialogue and Communication

In the field of occupational health and safety there is a social dialogue managed through formal worker/company committees. All Vehicle and Bus manufacturing plants as well as CAF Turnkey & Engineering, CAF Signalling and CAF Rail Services has an occupational health and safety committee made up of representatives from management, prevention officers, the prevention service and the managers of the activity in question. These committees gather information from the various operating levels and approve the occupational risk prevention plans, with input from workers regarding the definition of the plans. These committees also adopt the appropriate decisions and follow up on the proposed actions, pursuing achievement of the objectives set.

In other Group companies, there are defined forums for employee consultation and participation that serve as a channel of communication with interested parties, through which proposals and relevant issues of interest are collected.

All these mechanisms together make it possible to represent 92%<sup>40</sup> of the Group's total employees in the field of occupational health and safety.

In addition, within the framework of the occupational health and safety management system, there are tools and communication channels that are used to notify situations of danger and/or incidents, and to propose measures and actions to reduce risks and prevent incidents or accidents from occurring and causing damage to people's health. These are specific working and management forums where issues relating to health and safety at work are discussed, where workers can report dangerous situations, both directly and through workers' representatives in the various consultation and participation bodies available. In these same forums and through existing communication channels, informative campaigns are carried out on the need to report this type of incident as part of a process of continuous improvement, and to prevent damage to people's health.

### Prevention Plans

Based on collaboration with social agents and social dialogue in matters of health and safety aimed at reducing accidents and improve working conditions at the different plants, every year different lines of action are drawn up for inclusion in the occupational risk prevention plan, which constitutes the planning of the preventive activities to be carried out in each of the Group's companies.

This planning of the preventive activity includes specific objectives, with dates for their achievement and periodic evaluation of the fulfilment of these objectives. The Annual Occupational Risk Prevention Plan is presented for consultation in the Occupational Health and Safety Committees, which is the body that carries out the monitoring and adopts the decisions in each case, for the best fulfilment of the objectives set. Where there is no Occupational Health and Safety Committee, it is carried out through the forums defined for the consultation and participation of workers.

### Preventive risk control activities

In addition to risk assessment or health monitoring, there are other preventive risk control activities such as safety inspections, work observations, safety walks, management of personal protective equipment, development of safety procedures and instructions, emergency preparedness and response, and mechanisms to control risks arising from the supply of equipment or materials that may be integrated into CAF's manufacturing processes, among others. All these activities are included in the annual Occupational Risk Prevention Plans.

With regard to safety inspections of working conditions or workplaces, this is a tool that allows for the dynamic and effective evaluation, control and elimination of occupational hazards in the different work areas. They are carried out periodically, in accordance with the annual plans and the planning of preventive activities, and subsequently, the corrective measures and anomalies identified in them are monitored.

As a complement to safety inspections and in order to complete an effective control of the risks present in the workplaces, work observations are carried out. The objective of this activity is to observe the performance of tasks for the detection and notification of unsafe situations or behaviour in the processes, which may result in damage to people or things. Analogous to safety inspections, task analysis is carried out periodically, with the aim of verifying that the worker's way of doing things, the safety instructions or any specific instruction received by the workers, is being carried out correctly.

In addition, in several Group companies, safety walks are being carried out by managers at workplaces to observe tasks and identify the improvements needed to perform work safely, to encourage participation and communication with workers, and to demonstrate management's commitment to prevention and improve its relationship with workers. This type of activity is one of the levers that favour the generation of a positive preventive culture.

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<sup>40</sup>In 92% of the total employees of the Group are included the companies that have productive activities and the most representative companies of the Group. The companies that are left out have office activities.

In addition, and within the framework of the annual prevention plans, personal protective equipment is managed. Based on the assessment of the risks at the workstations, both from a hygiene point of view (presence of contaminants) and from a safety point of view (situations that could lead to an accident), the degree of protection required is defined in order to be able to specify the necessary equipment. Once defined, the workers are trained and informed about the correct use and maintenance of these, and through the different preventive activities of the system, the use of these by the workers is monitored.

In addition, through devising and defining procedures and safety instructions, the preventive measures to be adopted in the work processes and operations that are considered critical are established. These specific documents are available together with the rest of the management system documentation, and the information on the risks and preventive measures contained in them is transmitted to the workers through the workers' information procedure.

With regard to action in emergency situations, at each of the Group's manufacturing sites and in the other companies where it is applicable, specific procedures are in place to identify the situations that could lead to an emergency, as well as the specific points or facilities where they could occur, and to develop the measures to be adopted in the different emergency situations. In order to train and inform the organisation's personnel in emergency preparedness and response, in addition to the emergency drills carried out on the basis of the annual Drill Plan included in the annual Occupational Risk Prevention Plan at each headquarters, training actions are carried out both in the environmental awareness talks and in the training given on Health and Safety at Work, fire extinction and first aid.

Regarding the risks derived from the supply of equipment or materials for integration into CAF manufacturing processes, CAF's commercial relations with its suppliers include control mechanisms and procedures to identify and assess these risks and define prevention and protective measures to reduce or eliminate them. In the specific case in which a chemical product or substance is to be incorporated into the production process, methodologies are established to control and manage the purchase and introduction of these, where the criteria for the technical definition and purchase of chemical products and substances are established. Furthermore, in the case of the incorporation of new work equipment, machinery or installations subject to industrial regulations, as well as their subsequent modifications, mechanisms are established to ensure that they comply with the minimum conditions required to guarantee the health and safety of both operators and other persons who may be affected by their operation. The development of this activity is defined in the specific procedures for the control of machinery and installations defined at each site. Similarly, there are specific procedures for the design of new workplaces which set out the considerations to be taken into account for the design of workplaces in order to eliminate or reduce occupational health and safety risks at source.

### OHS training

The training of workers in health and safety at work is derived from the risks identified in the risk assessment of the jobs and activities carried out, and from the corresponding sectoral regulations in each case. This training is part of CAF's annual training plan. The onboarding programme for new hires includes a training/information process on the risks, prevention measures, protection and emergency measures to be adopted in the workplace. In addition, depending on the tasks to be carried out by the worker and the risks to which he/she is exposed in his/her job, specific training in occupational risk prevention is given, and is updated in cases where new risks appear or there are changes that require the training to be updated.

At the same time, awareness-raising actions are carried out through training, awareness-raising talks, welcoming plans, workers' meetings, etc.

### Incident management

Another key activity of the management system is the investigation of any accidents and incidents that occur, the purpose of which is to adopt the necessary measures to prevent their recurrence by obtaining data to define the event, identify the hazards, assess the risks and establish the root causes that generated them. The investigation process is carried out in accordance with the criteria set out in the specific procedures defined for this process. Accidents and incidents are analysed as a whole to detect the organisation's critical points and repetitive root causes, and corrective actions are followed up. Regular statistical analyses of accidents that have occurred in Group companies



are carried out. Finally, the same hierarchy as indicated above is used to adopt the relevant measures and determine the necessary improvements to the occupational health and safety management system.

With regard to the reporting of incidents and in order to convey the importance of reporting such situations, information campaigns are carried out on the need to report this type of incident as part of a process of continuous improvement, and to prevent damage to people's health.

### Preventive culture

In line with one of the basic principles of action of the Corporate Occupational Health and Safety Policy, in relation to building a positive preventive culture, projects to improve the preventive culture have continued throughout 2022 in several Group companies. In the specific case of the parent company, and after carrying out a diagnosis and having defined a plan for the improvement and development of the preventive culture in previous years, in 2022 the implementation of the plan has continued, giving priority to the definition of the desired and shared model for Occupational Health and Safety in CAF, having resulted from this exercise, the drafting of a new version of the Corporate Occupational Health and Safety Policy, and the review of the Prevention Plan of the parent company, where a review of the functions and responsibilities of the different levels of the organisation has been carried out. The current systems were also reviewed to ensure that they are conducive to generating a preventive culture within the organisation. This action plan will be continued in 2023.

With respect to the rest of the Group's companies, and after having performed the GAP analysis with respect to the Corporate Occupational Health and Safety Policy, they have defined their objectives and have started to implement improvement action plans, which included actions aimed at improving their level of preventive culture, and which have been developed throughout 2022. To this end, several companies have implemented processes to diagnose the situation of the preventive culture, using the NOSACQ-50 questionnaire (Nordic Occupational Safety Climate Questionnaire), which is used to determine the preventive climate of an organisation. Through these processes, improvement plans are being developed and implemented.

## ● Occupational risk prevention in figures

The occupational risk prevention plans are implemented annually and define the annual programme of preventive activities and occupational health and safety objectives.

In relation to the accident rate objectives, three main indicators are measured: the frequency index, the severity index and the absolute frequency index. The table below shows these indicators for CAF Group employees, the most significant national and international CAF Group operations, and the number of occupational illness cases identified.

CAF Group (CAF workforce) <sup>41</sup>									
	2022			2021			2020		
	H	M	T	H	M	T	H	M	T
Frequency rate <sup>42</sup>	17.66	2.70	15.16	19.68	2.20	17.28	20.09	4.28	17.98
Severity rate <sup>43</sup>	0.41	0.09	0.35	0.46	0.05	0.40	0.50	0.06	0.44
Absolute frequency rate <sup>44</sup>	60.0	8.91	51.44	68.29	8.43	60.09	72.72	16.71	65.25
Occupational illness rate <sup>45</sup>	18.17	0.00	15.26	10.60	0.00	9.10	10.74	0.00	9.18

As can be seen in the table above, if we take into account the tendency over the last few years, there is a trend towards a reduction in the accident rate among employees at group level, both in terms of the frequency rate, the severity rate and the absolute frequency rate. In order to reduce the accident rate in the Group companies, action plans have been established with specific objectives and actions aimed at reducing risks and, consequently, the accident rate.

As for the rate of occupational diseases, last year there was an increase compared to previous years, as more cases of occupational diseases were recorded this year. No events or situations have been identified that have led to this increase, and this indicator is in line with comparative data for the sector.

The same indicators are also shown for workers not employed by CAF but whose jobs or workplaces are controlled by the organisation. In this case, there is a significant downward trend in all indicators, both accident rates and occupational illness rates. Compared to the previous year, the reduction has been considerable.

Workers who are not direct employees of CAF <sup>46</sup>						
	2022			2021		
	Male	Female	Total	Male	Female	Total
Frequency rate	9.53	7.40	9.09	21.74	17.36	20.50
Severity rate	0.20	0.49	0.26	0.47	0.11	0.37
Absolute frequency rate	14.76	12.95	14.39	48.06	26.04	41.82
Occupational illness rate	0	0	0	0	0	0

<sup>41</sup> This includes indicators for 95% of the CAF Group's total workforce representing the Group's main activities, excluding those companies whose activities are mainly branches and generate less risk. For the coming years, the intention is to continue to broaden the scope of the data reported. In 2021, the reported indicators were 91% of the Group's total workforce, so this scope has increased. The number of hours worked in the indicated scope amounted to 22,103,717. When segregated data by gender were not available, an estimate was made based on the distribution of the headcount.

<sup>42</sup>  $IF = \frac{\text{Número de accidentes con baja} * 1.000.000}{\text{Horas trabajadas}}$

<sup>43</sup>  $IG = \frac{\text{Número de días de trabajo perdidos} * 1.000}{\text{Horas trabajadas}}$

<sup>44</sup>  $F2 = \frac{\text{Número de accidentes totales} * 1.000.000}{\text{Horas trabajadas}}$

<sup>45</sup>  $EP = \frac{\text{Número de enfermedades profesionales} * 10.000}{\text{Número de trabajadores}}$

<sup>46</sup> The number of hours worked in the stated perimeter of workers not employed by CAF has risen to 2,640,306. With regard to external companies, data is available for 2 financial years, with the collection of information having commenced in 2021. In previous years, relevant incidents/accidents occurring at CAF facilities were reported and monitored, and it was not considered necessary to keep statistics on this group as there were no significant accidents in volume.

The work-related injuries for CAF employees recorded in the last three years are shown below.

		CAF Group (CAF workforce)								
		2022			2021			2020		
		H	M	T	H	M	T	H	M	T
Fatalities as a result of a work-related injury <sup>47</sup>	No.	0	0	0	0	0	0	0	0	0
	Rate	0	0	0	0	0	0	0	0	0
Serious work-related injuries (excluding fatalities) <sup>48</sup>	No.	0	0	0	0	0	0	3	0	3
	Rate	0	0	0	0	0	0	0.16	0	0.16
Recordable work-related Injuries <sup>49</sup>	No.	1,104	33	1,137	1,173	23	1,196	1,216	43	1,259
	Rate	60.0	8.91	51.44	68.29	8.43	60.09	72.72	16.71	65.25
Occupational illnesses <sup>50</sup>	No.	20	0	20	11	0	11	9	0	9
	Rate	18.17	0.00	15.26	10.60	0	9.10	10.74	0	9.18

With regard to the data reflected in the table above, there is also a trend towards a reduction in the accident rate among employees at group level, with fewer recordable work-related injuries recorded, and no serious work-related injuries recorded in 2022. In terms of occupational diseases, there was an increase in the number and rate compared to the previous year.

The same data are also shown for workers not employed by CAF but whose jobs or workplaces are controlled by the organisation.

		Workers who are not direct employees of CAF					
		2022			2021		
		Male	Female	Total	Male	Female	Total
Fatalities as a result of a work-related injury	No.	0	0	0	0	0	0
	Rate	0	0	0	0	0	0
Serious work-related injuries (excluding fatalities)	No.	0	0	0	0	0	0
	Rate	0	0	0	0	0	0
Recordable work-related Injuries	No.	31	7	38	42	9	51
	Rate	14.76	12.95	14.39	48.06	26.04	41.82 <sup>51</sup>
Occupational illnesses	No.	0	0	0	0	0	0
	Rate	0	0	0	0	0	0

Regarding the data reflected in the previous table on CAF's non-employee workers, there is also a trend towards a reduction in the accident rate among employees at group level, with fewer recordable work-related injuries recorded, and no serious work-related injuries recorded in 2022. The reduction in recordable work-related injuries, both in rate and total number, has been very significant in the last period. As for occupational diseases, just like last year, no occupational diseases were recorded.

The main types of work-related injuries that occurred in 2022 among CAF workers were due to overexertion of the musculoskeletal system, falls and trips, blows and cuts with tools, and particle projections, while the injuries of workers not employed by CAF were due to blows and cuts with

<sup>47</sup> N° de Muertes como resultado de una lesión relacionada con el trabajo\*1,000,000  
Horas trabajadas

<sup>48</sup> N° de Lesiones graves relacionadas con el trabajo (excluidas las muertes)\*1,000,000  
Horas trabajadas

<sup>49</sup> N° de Lesiones relacionadas con el trabajo registrables\*1,000,000  
Horas trabajadas

<sup>50</sup> N° de Enfermedades profesionales\*10,000  
Número de trabajadores

<sup>51</sup> 2021 data is adjusted.

tools, and particle projections. No work-related injuries with significant consequences were recorded in 2022.

Occupational illnesses recorded in 2022 were mainly due to musculoskeletal complaints and some hearing loss.

A common employee indicator at organisations is the absenteeism rate. This indicator measures the hours lost in relation to the theoretical hours. In 2022 this rate was 5.9%<sup>52</sup> at the corporate level (in 2021: 6.6%).

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<sup>52</sup> This absenteeism rate corresponds to 88% of the Group's average workforce and takes into account the hours lost due to accidents and illness, amounting to 1,285,398 hours lost. The 2021 data related to 89% of the Group's workforce.

# 5

## CONTRIBUTING TO THE CARE OF THE ENVIRONMENT

*"Define climate change strategies focused on reducing CO<sub>2</sub> emissions and promoting 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."*

CAF Sustainability Policy  
17 December 2020

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### 5.1

Environmental management

### 5.2

Climate strategy

### 5.3

Sustainable and efficient mobility

### 5.4

Circular economy and sustainable use of resources

## 5.1 Environmental management

CAF management is aware that the Group's industrial activities have an impact on the natural environment and that it operates in an increasingly challenging environment. In line with the provisions of the United Nations Global Compact for the 2030 Agenda for Sustainable Development, the Group has therefore established a commitment to undertake actions to mitigate the causes of global warming and adapt to climate change by implementing measures that contribute to environmental sustainability.

To this end, the CAF Group's Corporate Environmental Policy and its Development Manual, which were defined within the Corporate Environmental Forum and approved by CAF's Management, have been maintained in 2022. The main objective of the Corporate Policy is to define the general principles and criteria that should govern CAF at corporate level in environmental matters, and to project to stakeholders the environmental commitments established within CAF's Sustainability Policy, considering the environment as a main element of the concept of sustainability and in particular of the development of integral, more efficient and respectful sustainable mobility solutions. Accordingly, CAF adopts a transparent communication and information strategy to meet stakeholder expectations regarding environmental conservation, the increasingly demanding regulatory requirements and the constant analysis of management by analysts, evaluators and different agents of civil society. The purpose of the two documents is to unify policies, approaches and management tools and define and monitor environmental guidelines across the Group's various activities.

In addition, the principle of environmental care through the prevention of the environment impact of all activities is an integral part of the Group's Environmental Policy, and CAF therefore adopts the necessary and economically viable measures to control and, where applicable, minimise emissions into the atmosphere, waste generation and energy consumption to preserve natural resources.

Throughout 2022, improvement action plans have been implemented to achieve the objectives set to achieve alignment with the Policy. Through these action plans, significant progress has been made against the principles defined in the Policy in the Group's activities. To give continuity to this process, at the end of the period, and within the framework of the Corporate Environmental Forum, a new GAP analysis was carried out with respect to the Corporate Policy of each of the CAF Group's activities, and the objectives for the year 2023 were defined. Likewise, in 2023, the recently acquired Reichshoffen vehicle manufacturing plant will carry out the GAP analysis and will define the improvement objectives to advance in the alignment of this site with respect to the Corporate Policy.

Likewise, following the deployment of the unified environmental risk management methodology for the CAF Group, during 2022 progress was made in extending the scope of the organisation's environmental risks and work was carried out to improve the maturity of existing or new mitigation measures or controls.

In addition to the Corporate Environmental Forum, CAF has a Corporate Environmental Committee, made up of the parent company management and environmental managers, which coordinates and promotes all the actions considered necessary to ensure and improve environmental performance, as well as coordinating aspects related to the Group's environmental management.

Externally, CAF also maintains environmental communications channels open to the exterior in a fluid manner, with public authorities, communities and associations, among others.

One of the principles of the environmental policy is the implementation of environmental management systems the purpose of which is to minimise the environmental impact of operations. These management systems identify and evaluate the applicable legal requirements and establish periodic controls to check compliance. The effectiveness of the measures adopted is also evaluated to ensure achievement of the stated objectives.

In the field of environmental management, the Group has certifications and assessment and monitoring mechanisms exceeding the legal requirements in each of the countries in which it is present. Accordingly, in 2022 the Group achieved its target of 80% of the total workforce covered by an environmental management system certified under the requirements of the ISO 14001:2015

standard. The objective for 2023 is to continue to extend this certification to other manufacturing plants and international subsidiaries of the Group.

In all cases, annual internal audits are carried out through which the CAF Group's list of qualified auditors assesses progress in the implementation and certification of the environmental management system, the efficiency of the environmental management system and, in particular, the proper application of CAF's policies, as well as compliance with legal environmental requirements and the customer's environmental requirements, among others. The results of the internal audits give rise to corrective measures to rectify any non-conformities that might have been identified and measures to improve the management system.

In order to monitor and improve these management systems, environmental programmes are established with their respective targets, goals and actions. In this way, the centres specifically control the environmental aspects of their activity and minimise the impacts generated, with the aim of continuous improvement.

Likewise, continuing with the implementation of effective systems for the management and continuous improvement of environmental performance, during 2022, the Group's parent company has implemented and certified the environmental management model of excellence, based on the European Regulation EMAS "Eco-Management and Audit Scheme", fulfilling the objective set.



Performance,  
Credibility,  
Transparency

Certificate	Field	Scope 2021	Scope 2022	2023 target
ISO 14001:2015	Environmental management	70% of the workforce	80% of the workforce	81% of the workforce
EMAS	Environmental management	-	Group's parent company	Maintain

Likewise, as a result of the implementation of the environmental policy, the environmental risk management procedure for compliance was created. In the process of identifying environmental risks, all significant impacts for the Group are considered. As a result of this identification, the following environmental risks associated with both the products and services offered and the industrial activities carried out by the Company are identified. That is, environmental risks with an effect on the environment: (i) use of polluting materials; (ii) non-optimisation of energy consumption and natural resources (electricity, fuel, water, etc.); (iii) pollution of water and soil; (iv) impact on biodiversity; (v) air pollution and global warming; (vi) impact on natural resources due to inadequate waste management; (vii) environmental impact of products and services on technological development; (viii) noise pollution; (ix) non-compliance with the requirements established by customer specifications; (x) extreme weather conditions related to climate change; (xi) other environmental impacts related to incorrect management of waste and products in production and/or from machinery.

In relation to the environmental risks of climate change that may affect the CAF Group, both physical and transitional risks, these are analysed in section 5.2 below entitled "Climate strategy".

The impacts arising from such risks can focus on irreversible damage to the ecosystem and its effect on society, resulting from environmental mismanagement, as well as fines and inspections related to non-compliance with environmental laws. Although these impacts have a direct short-term effect, the first impact mentioned may have a medium-term effect since environmental impacts are lasting. In this regard, it is worth noting that, as in 2021, no provisions or guarantees were recognised for environmental risks, since there have been no legal proceedings or contingencies relating to environmental protection or improvement, or environmental pollution incidents.

The corporate risk control and management system covers environmental risks and provides a series of activities aimed exclusively at managing these risks.

## 5.2 Climate strategy

[201-2, MA 305, 305-1, 305-2, 305-3, 305-4, 305-5]

### ● Risks and opportunities derived from climate change

#### Context

CAF, aware that it is in an increasingly demanding environment and in accordance with the United Nations Global Compact for Sustainable Development 2030, is committed through the Sustainability Policy and the Environmental Policy to develop actions in relation to the mitigation of the causes of global warming and adaptation to Climate Change, promoting measures that contribute to environmental sustainability.

During the 2022 and 2021 financial years, and with the aim of responding to the development of actions to mitigate the risks and opportunities of climate change, work has been carried out to implement the corporate framework for the Management of Risks and Opportunities derived from the emerging risk of Climate Change. In doing so, the organisation has drawn on the recommendations of the Task Force on Climate related Financial Disclosures (TCFD), as well as other guidelines/supplements related to non-financial reporting of the European Commission.

#### Climate Change Risks and Opportunities Methodology

The new Climate Change Risks and Opportunities methodology is part of the CAF Group's Integrated Risk Control and Management System. This system is underpinned by its General Risk Control and Management Policy and is grounded in the Risk Control and Management Procedure. If you wish to go more deeply into this system and its principles, these are detailed in section 2.2 of this document.

The main focus of the new methodology has been to make an initial identification of the risks and opportunities arising from climate change for CAF's areas of activity based on the expected trends, in order to prevent and reduce the impacts of the risks and take advantage of the opportunities that this phenomenon will entail, defining how to address them.

For CAF's risk identification and management process, the following categories of risks, opportunities and their corresponding analysis are considered:

##### 2.1 Physical Hazards

The organisation has identified the following physical hazards:

- Acute threats: whose impact is sudden and rapidly evolving, as is its resolution. It includes: extreme precipitation and hurricanes/monsoons
- Chronic threats: whose impact grows gradually over time and lasts for several periods. It includes: rising temperatures, rising sea levels (ANM) and decreasing precipitation.

These risks have been identified on the basis of projections from scientific institutions such as IPCC reports, environment ministries or national meteorological agencies.

In order to assess the physical risks, the (i) degree of exposure and (ii) degree of vulnerability have been analysed. Firstly, (i) the degree of exposure identifies the elements of the company exposed to these climate hazards in each country. Exposure elements should be identified for each region in which the company operates in order to subsequently relate these elements to the identified hazards (next step), thereby establishing the associated physical impacts and risks. The selected items include: (i) offices and headquarters; (ii) railway works and infrastructure and personnel employed.

Secondly, (ii) the degree of vulnerability includes the sensitivity or susceptibility to harm and the lack of capacity to cope and adapt to these physical hazards. That is, the conditions in which the exposed elements are found, and their predisposition to be adversely affected by physical hazards in each country where they are active, have been taken into account. In addition, aspects related



to the state of the country's infrastructure have been taken into account, as well as the vulnerability of the population or the socio-economic situation of the country in which the exposed element is located, as these external vulnerabilities could have a direct impact on the organisation.

The combination of the result of the degree of exposure and degree of vulnerability generates an overall assessment of the degree of threat in each country and for each physical hazard. In developing the risk treatment, however, the organisation has focused the results by encompassing the overall impact of the degree of threat by physical hazard.

## 2.2 Transition risk

The organisation has identified the following transition risks in the following families:

- Current and emerging regulation: refers to policy or legislative/regulatory actions that seek to limit actions or activities that contribute to the adverse effects of climate change or that seek to promote climate adaptation.
- Technology: refers to the development and use of technologies such as renewable energy sources, battery storage, energy efficiency, among others, which will affect the competitiveness of organisations, their production and taxation costs, and even the demand for their products and services.
- Market: refers to changes in the supply and demand for certain products and services, as well as in the availability of sufficient inputs and raw materials.
- Reputation: these are linked to the perceptions of customers and other stakeholders about an organisation's contribution to exacerbating climate change through climate inaction or detracting from the transition to a low or carbon neutral economy.

The assessment of the transition risks detailed above has been carried out using a qualitative method in which the organisation has used external references such as i) analysis of rail sector peers and (ii) subject-specific studies.

## 2.3 Opportunity

Efforts to mitigate and adapt to climate change also create opportunities for organisations, for example through resource efficiency and cost savings, adoption of low-emission energy sources, development of new products and services, access to new markets and building resilience along the supply chain. Climate-related opportunities vary depending on the region, market and sector in which the organisation operates.

In the case of CAF, climate change opportunities were identified based on the opportunities described by the TCFD and on the definition of the risks identified for the organisation. In addition, after analysing the actions of the competition and identifying trends in the sector, those that could have the greatest impact on the organisation were contextualised.

The most relevant climate opportunities for CAF's areas of activity are presented below:

- Resource efficiency: In the transport sector and its production, where CAF designs, manufactures and maintains rolling stock and vehicles, there is great potential for efficiency improvements at both production and consumption levels, favouring greater efficiency and quality of customer service.
- Power source: There are several opportunities for CAF to increase the sustainability of its processes and operations mainly by reducing emissions on the production line, and using its products with renewable electricity generation.
- Products and services: Innovation and the development of new low-carbon products and services represent opportunities for CAF mainly related to the reduction of its environmental impact (through the reduction of its carbon footprint), adaptation to new market needs and its reputation.
- Markets: The new markets arising from the diversification of fossil fuels and the promotion of sustainable transport represent various opportunities for the business at a cross-cutting level, such as increasing its production and therefore maintenance activities, as well as improving its positioning as a company at national and international level.

- Resilience: adaptive capacity to respond to climate change presents CAF with several opportunities related to innovation and creation of new products, increasing after-sales maintenance services, and working more closely with its value chain stakeholders to reduce vulnerability to climate change.

## Impacts and response plans for Climate Change risks and opportunities

Once the analysis of risks and opportunities has been carried out, the most relevant ones for CAF have been identified, taking into account the time horizon and impact, and specific response plans have been defined for each of them.

### Greenhouse gas (GHG) emissions

#### Decarbonisation strategy

CAF continues on the path towards the challenge of decarbonisation as one of the main axes of its strategy, with a commitment to sustainable growth focused on the environment, and leading the transition towards zero net emissions mobility.

After adhering in 2021 to the alignment initiatives against climate change and with the Paris Agreement, SBTi (Science Based Targets Initiative) and Race to Zero, in 2022 the company has ratified this commitment in the new 2026 Strategic Plan it has presented. To this end, firstly, it has incorporated the decarbonisation of its products within the main milestones of the Innovation strategic axis and, secondly, it has maintained Sustainability as one of its 4 strategic axes.

During 2022, the CAF Group has defined short and long-term emission reduction targets, taking into account the SBTi methodology and using the carbon footprint calculations of previous years as a reference. In this definition, it has stated its commitment to achieve "Net Zero" by 2045. During 2023, these objectives will be rolled out across the Group's activities.

In defining the reduction targets, the company's main sources of Greenhouse Gases (GHG) have been taken into account, which are included in the emissions generated during the life cycle of the products, associated with energy consumption in their use phase, as well as emissions from the energy consumption of the activities carried out in the Group. The Group is therefore concentrating its efforts on gradually reducing its greenhouse gas (GHG) emissions intensity by the following means: improving energy efficiency in productive activities and facilities, increasing the consumption of renewable energies and research and development of sustainable zero-emission transport solutions.

In this last line, the product life cycle impact analysis is carried out for both bus and train, reflected in the Environmental Product Declarations (EPD) indicated in section "5.3. Sustainable and efficient mobility".

The reduction targets indicated above<sup>53</sup> have been included in the CAF Group's 2026 Strategic Plan, and are presented below:

	<b>Scopes 1&amp;2</b> (reduction rate % of absolute emissions)	<b>Scope 3</b> (% per passenger-km)
<b>FY26E</b>	30%	40%
<b>FY30E</b>	50%	55%
<b>FY45E</b>	Net Zero	Net Zero

<sup>53</sup> During 2023, these reduction targets will be sent to SBTi for validation.

The reduction targets for Scope 1 and 2 are set taking into account the absolute contraction method, with an absolute emission reduction target derived from the two scopes. In addition, the reduction targets for scope 3 are set taking into account the physical intensity method, in relation to the emissions derived from the use of the product during its useful life, due to the relevance that this chapter has in scope 3. The base year or reference year for the reduction targets is set as 2019.

In response to the reduction targets set and in order to promote strategies against Climate Change focused on reducing Greenhouse Gas (GHG) emissions and promoting renewable energies, the Group has carried out various activities during 2022 within the "Zero Net Emissions" Initiative, within the scope of the Sustainability Committee.

The main activities carried out during 2022 include the following:

- Calculation and external verification of the carbon footprint of the entire CAF Group Organisation, including Scope 1, 2 and 3, and corresponding to 2021 and 2022. For this purpose, the guidelines and approach of the GHG Protocol and the IPCC have been followed, and the requirements developed in the ISO 14064:2018 standard have been met.
- Completion of the CAF Group's first CDP (Carbon Disclosure Project) climate change report, achieving a B score on the CDP scale, which is the target score for this first report.
- Definition of the CAF Group's short- and long-term reduction targets for the three scopes.

In addition, throughout 2022, the following actions have been carried out with the aim of reducing GHG emissions in the Group:

- Development of the sustainable mobility plan in the Group's parent company and implementation of car-sharing schemes.
- Promotion of sustainable mobility (cycling, public transport, walking) through participation in an inter-company challenge and improvement of bicycle parking facilities.
- Expansion of the scope of sites consuming 100% renewable electricity with guarantee of origin (e.g. Solaris Bus & Coach and Euromaint Rail AB).
- Development of engineering and construction (EPC) of photovoltaic plants in Chile and Italy, with 141 MWp of installed solar power capacity and avoiding emissions of around 10,000 tCO<sub>2</sub>equivalents.
- Start on mitigation of emissions from the business travel chapter in Scope 3, by Sustainable Aviation Fuel (SAF) reserve, collaboration with airline.

Likewise, during 2023, the activities included in the CAF Group's "Net Zero Emissions" initiative will continue to be addressed, which will be mainly aimed at the deployment of the business reduction plans, in order to comply with the reduction targets set. In particular, work will focus on the following aspects:

- Plans to reduce the energy consumption of production facilities (investment in more efficient facilities).
- Purchase of electricity with a guarantee of origin, extending the scope of national companies with guarantees of origin for electricity.
- Product innovation plan - zero emissions.
- Start-up of the installation of charging points for electric vehicles at the headquarters of the parent company.
- Continue to calculate the CAF Group's carbon footprint and to produce the CDP report.

The resources allocated to achieving the reduction targets will be defined in the relevant management plans of the Group's activities.

## Emissions results and trend

The calculation of the carbon footprint has been carried out following the criteria of the ISO 14064:2018 standard and the GHG Protocol, having previously carried out a materiality analysis of the activities carried out by the Group. As a result of this analysis, the following are taken into consideration:

- Direct emissions (Scope1): emissions from fuel consumption in stationary and mobile installations, as well as fugitive emissions from the recharging of fluorinated gases.
- Indirect emissions (Scope 2): derived from electricity consumption and thermal energy consumption.
- Other indirect emissions (Scope 3): product use, production and transport of materials to the Group's sites, transport of the product to the customer, waste management and transport, water consumption, in itinere transport of employees and business trips.

The greenhouse gases (GHG) included in the calculations are expressed in equivalent tonnes of CO<sub>2</sub> and refer to emissions of carbon dioxide, methane and nitrous oxide (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O, respectively), in addition to the hydrofluorocarbons (HFCs) associated with refrigerant gas leaks.

Below are the results of the calculation of the CAF Group's carbon footprint and its trend, verified by an external accreditation body and calculated using the methodology defined in the previous points. As an improvement in the information reported, for the first time information on all activities carried out by the Group is included.

The data presented are actual emissions data for the CAF Group's scope in each of the periods. In this regard, it should be noted that 2022 includes data for the Reichshoffen site since its acquisition in August 2022, which is not included in 2019.

In order to monitor the trend of the reduction targets and due to the modification of the scope considered in the base year 2019, these targets will be recalculated during 2023 and communicated to SBTi.

### Scope 1 and 2 emissions

Field	Scope	t CO <sub>2</sub> eq 2022	t CO <sub>2</sub> eq 2021	t CO <sub>2</sub> eq 2019
CAF Group <sup>54</sup>	Scope 1	28,115	28,665	31,463
	Scope 2 <sup>55</sup>	7,089	16,407	18,809
	<b>Total 1 + 2</b>	<b>35,205</b>	<b>45,072</b>	<b>50,272</b>
	<b>% Δ 2019</b>	<b>-30%</b>	<b>-10%</b>	<b>-</b>

As can be seen in the table above, emissions from Scopes 1 and 2 have generally been decreasing. Specifically, for the financial year 2022, the expected reduction target for Scopes 1 and 2 was 12.6%, and a reduction of 30%<sup>56</sup> has been achieved compared to the base year 2019, which is a much higher result than expected for the financial year. As for the 2021 financial year, the emissions reduction result obtained was also higher than the expected target for that period, for Scopes 1 and 2, which was 8.4%, with the result obtained being 10%<sup>57</sup>.

<sup>54</sup> Consolidation method: operational control. Data for 2020 is not included as it is not considered a representative year in terms of emissions for the company's actual activity.

<sup>55</sup> The calculation method used to calculate the carbon footprint has been a market approach, with the exception of foreign countries where no guarantees of origin are available, where a national/local approach has been used.

<sup>56</sup> Reduction obtained without taking into account the recalculation of the base year, resulting from the acquisition of Reichshoffen.

<sup>57</sup> Calculated without taking into account the recalculation of the base year due to the acquisition of Reichshoffen.

With the aim of reducing GHG emissions and specifically indirect emissions (Scope 2) derived from electricity consumption, the main companies of the Vehicles, Bus and Services activities consume 100% renewable electricity with a guarantee of origin, thus achieving a 61% reduction in Scope 2 emissions in 2022 compared to the base year (2019).

In this regard, it should be noted that 72% of the Group's electricity consumption currently comes from renewable sources, with guaranteed origin. This indicator has increased by 41% in 2022 compared to the previous year and is expected to continue to increase in the coming years, as the company has established an action plan aimed at increasing the percentage of companies that consume electricity from renewable sources, with the objective for 2023 being that 78% of the electricity consumed by the Group should come from renewable sources, with a guarantee of origin.

#### Emission Intensity Scope 1 and 2

In addition, in relative terms, the following table shows the emissions intensity ratio, which includes the Scope 1 and 2 emissions of all the activities carried out by the Group:

Emission intensity (kg CO <sub>2</sub> eq. /MHW)	2022	2021	2019
Emissions intensity of the CAF Group	1.59	2.2	2.69

As can be seen in the table above, the trend of the emissions intensity ratio, taking into account the emissions derived from Scope 1 and 2, has been favourable, as there has been a considerable reduction in this ratio over the last 3 years, especially during the 2022 financial year. This is mainly due to the reduction in Scope 2 emissions that has taken place in the last year derived from the increase in renewable sources in the Group's electricity consumption, as well as the extension of the scope of the data provided in the hours worked, which currently accounts for 95% of the Group. The target for 2023 is set at 1.66 kgCO<sub>2</sub>eq/HHT because a relative increase in production activity is expected, which will lead to an increase in emissions.

#### Scope 3 emissions

In relation to Scope 3, the trend of the ratio (g eq CO<sub>2</sub> 2/passenger-km) of emissions generated in the product use phase of the vehicles delivered during 2022 (both Rail and Bus) is shown, taking the base year of 2019 as a reference.

The reduction of the ratio in 2022, compared to 2019, is presented.

Field	Scope	Real % Δ 2019-2022	2022 target
CAF Group	Scope 3, product use	-14.8% <sup>58</sup>	-19.6%

As can be seen in the table above, the ratio of emissions from product use in Scope 3 in 2022 has been reduced compared to 2019 by 14.8%, with an expected reduction target of 19.6%. This is due to the fact that more fossil-fuelled vehicles have been delivered during 2022 than projected in the reduction targets. For the coming years, a reduction in the delivery of fossil fuel vehicles is expected, accompanied by the zero emission initiatives of the Innovation Plan, which will result in a reduction of emissions to this extent.

Moreover, with regard to the emission of Volatile Organic Compounds (hereinafter VOCs), the CAF Group, in addition to complying with the regulations on the limitation of emissions of volatile organic compounds due to the use of solvents in certain activities<sup>59</sup>, has reduced its emissions by 30% in the last 10 years, which is equivalent to a reduction of 75 grams of Volatile Organic Compounds per square metre of surface area and in the bus painting activity it has reduced its

<sup>58</sup> Calculated without taking into account the recalculation of the base year due to the acquisition of Reichshoffen.

<sup>59</sup> Council Directive 1999/13/EC, of 11 March, the purpose of which is to prevent or reduce the harmful effects on human health and the environment arising from certain activities that use significant amounts of organic solvents in their manufacturing or working processes, and its transposition into Spanish legislation by means of Royal Decree 117/2003, of 31 January, on the limitation of emissions of volatile organic compounds due to the use of solvents in certain activities.

emissions by 25% in the last 2 years<sup>60</sup>. These results were achieved as a result of the replacement or reduction of the solvents used in the production process. Certain examples of this are the use of water-based paints for painting the trains, which do not contain solvent, and the replacement of glue by self-adhesive in the carpet gluing process.

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<sup>60</sup> Data relating to the report made on this matter to the administration up to the date of publication of this report.

## 5.3 Sustainable mobility and eco-efficient products

Between 1990 and 2017, greenhouse gas emissions from transport increased by around 28% in the European Union. Today, transport accounts for nearly 25% of global CO<sub>2</sub> emissions, with rail transport contributing a mere 0.5%.<sup>61</sup>

At the same time, due to current urban population growth trends, the collapse of mobility infrastructure has become even more of a problem and the quality of the air in cities has worsened significantly. In order to avoid these problems, the authorities are often taking measures to restrict the circulation of private vehicles.

Faced with this reality, the European Green Deal of the European Commission sets a target of 90% fewer CO<sub>2</sub> emissions from transport by 2050, which will require exceptional efforts in the coming years.

In this context, rail and bus transport, as environmentally friendly and high-capacity means of transport, offer tremendous potential for contributing significantly to this fight against climate change and city congestion, thereby reducing the environmental impact, improving citizens' quality of life and contributing actively to the protection of the ecosystem.

CAF prioritises activities aimed at replacing fossil fuels and reducing the energy costs of transport by providing highly efficient mobility alternatives to point the way to a sustainable, clean, ecological and emissions-free future.

In this regard, as mentioned in section 5.2 Climate strategy, CAF has achieved a 14.8% reduction in the g eqCO<sub>2</sub>/km-passenger ratio of emissions generated in the product use phase (Scope 3) of the vehicles delivered (both Rail and Bus) during 2022 compared to the base year of 2019. A significant decrease in this ratio is expected in the coming years due to the reduction in sales of fossil fuel vehicles accompanied by the zero-emission initiatives of the Innovation Plan.

In addition, emissions from electric passenger transport solutions (buses, trolleybuses and rail vehicles) delivered in 2022 are equivalent to an average of 2.8 g eqCO<sub>2</sub>/passenger-km<sup>62</sup>, which confirms that CAF's solutions are among the most efficient in the transport sector for mobility.

### ● Sustainable solutions

The CAF Group offers fully customised vehicles to transport operators keen to transition to zero- and low-emission mobility. There is no single answer to the challenges of public transport in the future. The zero-emission portfolio includes electric vehicles and vehicles powered by hydrogen. These vehicles successfully meet the diverse needs of transport operators, passengers and drivers.

In this area, Solaris has the most complete range of low and zero emission buses on the market, with more actual experience and market share than its competitors. As far as rail vehicles are concerned, CAF has been awarded the world's largest contract for battery-powered vehicles and in mid-2022 it has put on track one of the first hydrogen-powered trains that can also operate by capturing electricity from the catenary on electrified sections.

The key solutions in the CAF Group's sustainable product portfolio are described below:

<sup>61</sup> European Environment Agency. Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions - the European Green Deal - Brussels, 11.12.2019 COM (2019) 640 final.

<sup>62</sup> For the calculation of this ratio, in the absence of specific sector regulations, CAF has established its own calculation methodology which has been validated by audit. This new methodology varies from the criteria used in 2018 to provide a more uniform and representative calculation in line with industry recommendations.

## ZERO EMISSIONS

**Urbos tram:** CAF's Urbos trams are electric propulsion vehicles that can be fitted with an EVODRIVE or FREEDRIVE accumulation system (ultracapacitors and/or batteries) to operate without external power supply (catenary) and/or recover braking energy. CAF is a pioneer in this type of solution with trams operating on non-electrified sections in passenger service since 2010 and the first tramway system in the world without any catenary sections (full catenary-less) operating since 2018.



Urbos

**Inneo metro:** CAF's metros are electric and have been adopted in Europe's main cities (London, Amsterdam, Brussels, Rome, Madrid, Barcelona, etc.) due to their competitive values in terms of capacity, consumption and reliability.



Inneo

**Civity regional trains:** Civity mainline trains are among the most efficient on the market. As with the other platforms, CAF has reduced the weight of these trains, optimised the efficiency of their equipment and simplified the architecture to minimise consumption. The more sustainable (zero-emission) Civity trains include electric, battery electric, and hydrogen powertrains (currently undergoing on-track testing).



Civity

In June 2021, CAF was awarded the world's largest contract for the supply of battery-powered electric trains for the delivery of 63 units for the German transport authorities ZV VRR (Zweckverband Verkehrsverbund Rhein-Ruhr) and NWL (Zweckverband Nahverkehr Westfalen-Lippe). These units are joined by another 10 units ordered by NWL in June 2022 and a further 28 battery-equipped electric trains awarded by Renfe in October 2022.

Moreover, CAF has started on-track testing of the hydrogen train prototype in mid-2022. CAF's hydrogen vehicles (both train and bus) use hydrogen fuel cells. The hydrogen is stored in gaseous form in several state-of-the-art tanks. This hydrogen is converted into electricity which, in turn, directly powers the powertrain consisting of inverters and electric motors. These vehicles are also equipped with batteries that act as an additional electrical energy storage facility. The only by-products generated during the operation of CAF hydrogen vehicles are heat and steam. These vehicles therefore do not generate any type of harmful substance.

**Urbino Electric:** Exceptionally quiet and emission-free bus distinguished by its modern design and low operating costs. Thanks to their innovative technical solutions, these electric buses can run for an unlimited time (up to 24 hours a day). Furthermore, their low noise and vibration levels make battery-powered buses particularly suitable for use in city centres. The vehicle is available in low-floor and low-entry versions.



U Electric

A wide range of possibilities in terms of vehicle length (9, 12, 15, 18 and 24 metres), engine, battery type, as well as battery charging methods, make Solaris electric buses perfectly suited to the specificities of different cities: climate, urban traffic characteristics, line occupancy and even orography. More than 1,300 such vehicles are currently in operation in more than 100 European cities.

**Urbino Hydrogen:** The hydrogen technology used for power generation allows hydrogen buses to travel even longer distances without emissions than electric models. Hydrogen-fuelled buses form a complementary zero-emission family of buses that enable Solaris to meet contemporary challenges and diverse customer needs regarding vehicle range, flexibility and operability. Currently, the Urbino family of hydrogen buses includes 2 models: 12 and 18 metres.



U. Hydrogen

Hydrogen buses have all the advantages of an electric bus - i.e. emission-free, silent and vibration-free driving - with an even longer range and extremely fast refuelling. These vehicles are particularly useful in areas of transport where a high degree of autonomy and flexibility of operation is required.

It should be stressed that hydrogen fuel cells complement electric vehicles, not compete with them. The synergy of the development of all pillars of electromobility will accelerate the transformation of public transport to zero emissions and ensure the effective decarbonisation of transport. This is the key to ensuring a favourable and safe urban space in the future.



**Trollino:** These low-floor vehicles are characterised by their quiet and emission-free operation. In addition to trolleybuses that work exclusively with an external power supply, Solaris also offers hybrid trolleybuses equipped with storage equipment and hydrogen fuel cells that operate without the need for traction lines (external power supply) for distances of up to 100 km.

Solaris trolleybuses are perfectly adapted to the specificities of different cities: climate, urban traffic characteristics, occupation of lines and even land, thanks to a wide range of possibilities in terms of vehicle length (12, 18 and 24 metres), engine, battery/hydrogen fuel cell capacity or type of catenary connection. The low environmental impact, proven technology, low infrastructure development costs, as well as quiet and comfortable driving, offered by the versatile usage possibilities of trolleybuses make them an important element in making urban transport more environmentally and resident-friendly.



## LOW EMISSIONS

**Urbino Hybrid:** Solaris Urbino hybrids are equipped with a driveline consisting of one or more electric motors and a conventional transmission system. The energy storage unit in Urbino hybrids can be either through batteries or supercapacitors. This solution reduces fuel consumption by between 20% and 30% on average, compared to a vehicle that runs on diesel. Solaris hybrid buses can also be adapted to cover a certain distance completely emission-free. The Solaris hybrid bus portfolio includes 12- and 18-metre models.

Mild-Hybrid solutions are also available to recover braking energy and reduce emissions beyond the strict EURO 6 emission standards for diesel engines.



**Urbino CNG:** Urbino low-floor urban buses are also supplied in the form of vehicles with compressed natural gas (CNG) propulsion. This solution has made it possible to significantly reduce the emission of harmful substances and provide more eco-friendly transport.



## An internationally recognised product portfolio

Solaris's portfolio of emissions-free products have effectively contributed to changing the image of public transport worldwide and in the last three years have received the following international awards:

- 2022 - Busplaner Innovation Award (International): The Solaris Urbino 9 LE electric won in the category "Electric bus: Interurbano" the award from one of the most influential industry magazines in Europe.
- 2022 - Kielce Trade Fair Medal (Poland): Award for the Solaris Urbino 18.75 electric bus.
- 2022 - Solaris has been awarded the Green Eagles of the "Rzeczpospolita" newspaper (Poland) in the Company category for its innovative green solutions on an industrial scale, in particular for its electric and hydrogen buses.
- 2022 – Polityka weekly (Poland): CSR Silver Leaf awarded to Solaris and Urbino 9 LE electric bus award for actions supporting the achievement of the Sustainable Development Goals by 2021.
- 2021 - Sustainable Bus Award (International): The Solaris Urbino 15 LE electric bus received the Sustainable Bus Award (International) in the Urban category. The main motivation of the Sustainable Bus Award is to popularise the idea of sustainability in public transport and build a positive image of public transport as an area that plays a key role in climate change action.
- 2021 - Busplaner Sustainability Award (Germany): Award for the Solaris Urbino 15 LE electric bus in the Electric Bus category.

- 2021 – Kielce Trade Fair Medal (Poland): Award for the Solaris Urbino 12 Hydrogen bus as the best product in the bus category.
- 2020 - E-mobility Leader (Poland): Award for its contribution to the development of zero-emissions transport worldwide.
- 2020 - Top Design Award (Poland): Award for the unique and innovative design of the Trollino 24 bi-articulated electric trolleybus.

In terms of rail vehicles, in 2020, CAF received a Highly Commended mention from the Global Light Rail Awards to recognise and reward the outstanding commitment of the workforce in a project related to sustainable mobility: renovation of the Birmingham tramway to incorporate an on-board energy storage solution. Moreover, in 2019 CAF won the Manufacturer of the Year and Project of the Year (in the under-50 million euros category under) prizes for the supply of six state-of-the-art vehicles for the first catenary-free light rail system in passenger operation in Oceania (Newcastle Light Rail in New South Wales, Australia).

Meanwhile, CAF Power & Automation won Supplier of the Year at the 2018 Global Light Rail Awards, thanks to its modular and flexible traction systems that can be integrated into both new trains and trams as well as vehicles already in service. In addition, CAF Power won The Technical Innovation of the Year (Rolling Stock) award for its ambitious Greentech on-board power initiative. Greentech products (EVODRIVE and FREEDRIVE) are the most efficient and environmentally friendly products optimising energy consumption and reducing the visual impact of trams in urban centres thanks to catenary-free propulsion technology.

## ● Main innovations adopted to improve the sustainability of products

At the design and development stage, CAF pays particular attention to innovative solutions to ensure that its products are environmentally friendly. CAF continuously implements modern solutions and expands its knowledge and competence, among other things by cooperating with research centres and educational institutions.

The main innovations aimed at improving the sustainability of CAF's products revolve around the following areas which are applicable, to a greater or lesser extent, to all its products (vehicles and their components, signalling systems, infrastructure, etc.) and services: 1) Eco-design methodology, 2) Improvements in energy efficiency, 3) Deployment of sustainable alternative fuels, 4) Increased useful life and recyclability, and 5) Reduction of noise and vibrations.



## Eco-design methodologies



CAF has played an active role in the development and implementation of methodologies aimed at transforming the sector from an ecological standpoint. For example, through its participation in the "Life Cycle Assessment Topical Group" of the rail industry association UNIFE, aimed at defining optimal ways to implement the legislative and regulatory aspects related to ecology in the various processes that define product life.

With the aim of offering more efficient and environmentally friendly means of transport, CAF is immersed in the implementation of the Product Sustainability Function, introducing eco-design methodologies in engineering processes to optimise and control the environmental impact of products throughout their life cycle from their conception: - energy efficiency; - use of environmentally friendly, recycled, recyclable or natural materials and minimise their use; - reduction of noise and vibrations; - reduction of atmospheric emissions and - circular economy.

## Making the ecological footprint visible

CAF determines the environmental footprint of its products using life cycle analyses (LCAs). Based on this information, CAF generates environmental product declarations (EPD) for its customers.

In 2011 CAF developed the world's first verified environmental product declaration (EPD) for a tram, according to the ISO 14025 standard, for the Urbos Tram in the city of Zaragoza. This environmental impact study was quantified by means of a life cycle analysis (LCA) in accordance with ISO 14040 and ISO 14044 standards. From this point onwards, CAF has continued to certify representative trains from practically its entire product portfolio (tram, metro and regional train), being one of the rolling stock manufacturers with the highest number of EPDs registered at present.

During 2022, CAF has systematised the life cycle analysis of new products developed in accordance with the principles and procedures of the ISO 14025:2006 standard to assess their environmental performance. It has also published the environmental product declaration (EPD) for the Oslo tramway and, in addition, has set a target of publishing at least one EPD for each of the vehicle families (tram, metro and regional train) by 2023. Also in 2022, Solaris has published its first EPDs for Urbino 18m Electric and Urbino 12m Hybrid buses.

As a responsible company, CAF is aware of its impact on the environment and complies with the European Regulation EC 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

### List of EPDs obtained by CAF's rolling stock and bus unit:

- [URBOS 100 tram for the city of Zaragoza](#)
- [URBOS AXL for Stockholm Lokaltrafik A35 Tram Units](#)
- [CIVITY EMU regional electric train for the Friuli-Venezia Giulia region](#)
- [URBOS AXL for Stockholm Lokaltrafik A36 Tram Units](#)
- [Metro Units M300 for Helsinki Metro Transport](#)
- [URBOS 100 tram for the city of Kaohsiung](#)
- [URBOS 100 tram for Oslo](#)
- [Urbino 18m Electric](#)
- [Urbino 12m Hybrid](#)

## Improvements in energy efficiency



Improving the energy efficiency of products and services is a priority challenge for CAF. Some of the measures adopted in its vehicles for this purpose are:

### REDUCTION OF TRACTION ENERGY CONSUMPTION

#### Energy recovery in braking

Energy recovery during braking is an essential component in the operation of railway and trolleybus networks because it helps to reduce consumption and achieve high rates of energy efficiency. CAF trains and trolleybuses are specifically designed so that regenerative braking has priority over rheostatic and friction braking. In this way, the energy recovered in the braking process, not used by the vehicle itself, is returned to the catenary so that it can be used by another train/trolleybus.

All CAF electric vehicles first use the energy regenerated during braking to power their auxiliary equipment or batteries.

#### High-efficiency traction equipment

CAF trains, electric buses and trolleybuses incorporate systems to obtain maximum performance from the energy consumed during operation, both in acceleration and braking. The use of highly efficient traction equipment makes it possible to minimise energy loss and optimise energy use.

CAF has developed advanced control strategies for variable flux in motors to minimise energy losses. These control strategies actively manage the motor flow according to the required operating conditions (torque, speed, drift, etc.), therefore reducing consumption when the flow required is lower.

Silicon carbide (SiC) transistor technology is another innovative technology to maximise the efficiency of the traction system and reduce energy losses that CAF is currently rolling out in both trains and buses. These transistors allow higher switching speeds, which reduces power losses. SiC technology can reduce the total energy consumed by a train by between 8 and 10%.

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**Modular & customisable accumulation systems**

CAF accumulation systems make it possible to: 1) operate vehicles on sections without electricity, and 2) store the energy generated during braking. The equipment is modular and customisable so the accumulation and loading solution can be optimised according to the needs of each customer, thus minimising life cycle costs.

CAF Group is a pioneer in energy storage vehicles and is continuously optimising its equipment by implementing optimal solutions at the forefront of technology.

**Smart BTMS in battery systems**

Operating batteries at temperatures that are either too high or too low has a critical impact on their capacity, the energy available for use and the useful life of the batteries. CAF uses a battery thermal management system (BTMS) in its vehicles for optimal control of battery temperature, therefore ensuring that they operate in optimal conditions and maximising performance and useful life.

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**Efficient energy management based on journey times**

The driving mode has a decisive influence on the vehicle's energy consumption. The vehicle control system calculates in real time the level of performance that minimises the vehicle's energy consumption based on the characteristics of the route and the target travel time. This information makes it possible to optimise driving from an energy point of view.

In addition, CAF vehicles adopt strategies to optimise energy consumption such as partial shutdown of the powertrain in situations of low power demand.

The solutions available to the CAF Group in the field of energy-optimised operations are: the DAS (Driver Advisory System) solution described in the previous paragraph and CAF Signalling's AURIGA solution that optimises energy consumption in automatic train operation (ATO). These solutions make it possible to reduce the energy consumed by vehicles by 15% to 30%.

**Reduction of journey times**

Several CAF technological developments have delivered new advantages for the general reduction of energy consumption in trains. Systems such as the SIBI smart tilting system allow for higher speed on the bends in a route without loss of comfort for passengers, reducing journey times by 30%. The ability to travel at higher speeds on bends also reduces the need to modify the speed of the trains (brake and accelerate), which contributes to greater energy efficiency.

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**Weight reduction**

The design of the vehicles is focused on their weight, which is an effective way of optimising energy demand. This objective applies both to the structural elements of the vehicle and to all of the equipment and components, while guaranteeing the highest quality and safety standards. During the vehicle manufacturing process, the mass of the components and of the vehicle itself is controlled to ensure that the planned weight is not exceeded.

**Reduced drag**

The CAF Group optimises the geometry of its vehicles to reduce drag by means of CFD (Computational Fluid Dynamics) simulations using models that have been correlated in tests.

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Maximum reduction of energy consumption can only be achieved through the adoption of global measures that also take into account the auxiliary equipment of trains and buses, the control of their operation and their state of conservation.

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## REDUCTION OF ENERGY CONSUMPTION OF AUXILIARY EQUIPMENT

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### Management of energy consumption while stationary

Different operating modes are defined to reduce the energy consumption of the stationary vehicle, cleaning, maintenance, parking, etc. These modes establish the optimal working conditions for the auxiliary equipment to reduce energy consumption. For example, carrying out an individual control per carriage rather than per train means that only the equipment of certain carriages is active at any given time, according to the needs in case. This measure achieves significant energy savings.

Likewise, the introduction of the "Start/Stop" system in buses significantly reduces fuel consumption and therefore CO<sub>2</sub> emissions.

### Management of energy consumption while in service

To reduce energy consumption while in service, CAF has introduced strategies that combine 1) the best use of internally generated energy flows and 2) the operation of the different systems at their optimal operating point (eco-mode). For example, these strategies make optimal use of the energy regenerated during braking by avoiding its dissipation in the form of heat.

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### Efficient air conditioning

Air conditioning equipment is the second largest consumer of energy in vehicles, second only to traction equipment. To reduce this consumption, CAF uses the high-performance refrigerants and adopts various measures to improve the energy efficiency of the air conditioning system: heat pump, external air intake adjustable according to CO<sub>2</sub> level, etc. At the same time, in order to reduce energy losses due to heat transfer between the interior and exterior of the train/bus, the design of the vehicles aims to maximise their thermal insulation.

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### Thermal insulation

To increase the thermal insulation of its vehicles, CAF installs insulating panels on the entire surface of the carbody and establishes maximum values for thermal transmission in components such as windows, doors and corridors. In some contracts, CAF has achieved very low thermal transmittance values (e.g. 1.1 W/m<sup>2</sup>K) substantially below the limits required in these contracts.

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### Equipment sizing based on real needs

Each project contains an equipment sizing process according to the specific project needs, therefore avoiding the construction of oversized equipment could lead to greater weight and higher consumption than necessary.

With these measures, the CAF Group has managed to substantially reduce the consumption of its vehicles. By way of example, between 2018 and 2022, the Urbino 12 Electric bus achieved a 23% saving in energy consumption, and between 2019 and 2022 the Urbino 18 Electric bus reduced its consumption by 24%. These values have been validated by testing according to the requirements of the UITP E-SORT2 standard.

But it is not only CAF vehicles that have evolved in recent years to reduce their consumption. With regard to buildings designed by CAF Turnkey & Engineering, the key example is the benchmark design of the tram depot, which includes the following measures to reduce its consumption:

- A green roof to improve the temperature regulation of the building. This improves energy efficiency due to its high water retention capacity (cooling in summer) and the contribution of thermal mass (heating in winter).
- A photovoltaic power plant on the roof.
- A sawtooth roof that creates skylights for natural light to enter the building, therefore reducing electricity consumption and providing a more comfortable and healthy space for workers.

CAF Signalling and CAF Turnkey & Engineering have also carried out a joint development to power track elements installed in remote locations via a photovoltaic energy system and controller

batteries. These systems are remotely monitored to guarantee correct operation and ensure their availability and safety in accordance with strict sector requirements.

## Deployment of sustainable alternative fuels



In recent years, the CAF Group has been working on the development of vehicles that run on environmentally friendly alternative fuels to diesel for non-electrified journeys. Offering customers environmentally friendly alternatives to diesel propulsion is a key challenge that the CAF Group has set itself.

Buses and trains with on-board energy storage systems (batteries) stand out in this respect. At present, more than 1,300 such Solaris buses are in operation in more than 100 European cities. Moreover, in 2021, CAF was awarded the world's largest contract for battery electric trains (BEMUs) for the German transport authorities ZV VRR (Zweckverband Verkehrsverbund Rhein-Ruhr) and NWL (Zweckverband Nahverkehr Westfalen-Lippe).

In addition, Solaris has put into service buses powered by Hydrogen and Compressed Natural Gas (CNG) in various European cities. Hydrogen-powered vehicles are considered zero-emission as they emit only water vapour into the atmosphere and CNG vehicles reduce the emission of harmful particulate matter.

Solaris has been a pioneer in offering these state-of-the-art solutions to the market and this has translated into results for the company. In 2020, Solaris became the European leader in the zero-emission bus segment and today, buses with alternative propulsion account for more than 50% of the company's deliveries.

As far as trains are concerned, CAF is developing a prototype train powered by hydrogen which is being tested on track since mid-2022. This project (FCH2RAIL) has been promoted by the FCH JU, the European Commission agency dedicated to promoting the development of hydrogen and fuel cells, and has significant funding from European funds (around 10 million euros) through the H2020 programme.

The CAF Group also supplies diesel vehicles equipped with batteries to reduce fuel consumption (hybrid solutions). This consumption reduction is generally around 20%-30%.

Furthermore, the diesel engines of the bi-mode trains (trains operating in electric mode when catenary is present and in diesel mode when catenary is not present) supplied for the Nordic market can operate on paraffinic diesel or B30 biodiesel.

But the development of alternatives to diesel has not been confined to cars alone. CAF Turnkey & Engineering has carried out several developments aimed at charging infrastructures for both battery electric and hydrogen vehicles.

During 2020, it developed a tool to simulate the impact of smart management of the charging process of an e-bus fleet.

During 2021, a tool was developed to simulate hydrogen dynamics during refuelling of heavy hydrogen-powered vehicles (buses and trains).

A research project (AVOGADRO) on hydrogen refuelling stations (HRS) was launched in 2022. This project is developing a thermodynamic and functional simulation model of the operation of a hydrogen refuelling station. This model will be used to define optimal H2 refuelling protocols that fit the operational needs of some predefined H2 train fleet scenarios. In addition, a generic safety analysis is being conducted for hydrogen refuelling stations that currently lack specific regulations.



## Increased useful life and recyclability

### Useful life

The CAF Group's trains and buses have been designed to meet the market's most demanding useful life requirements. Trains have a useful life of approximately 35 years compared with 15 years for buses. These useful lives are achieved through continuous improvement in the durability of the components since their conception.

The structural components of trains (carbody structure, frame and bogie axles) are designed, calculated, manufactured and tested to guarantee their useful life. All the other train systems (couplers, propulsion system, brakes, HVAC, APS, doors, TCMS, etc.) are subjected to shock and vibration tests based in line with the IEC 61373 standard (Shock and vibration tests) to ensure adequate durability in service.

As far as buses are concerned, new models or those that have undergone significant modifications are subjected to a 1 million km test; an endurance test on the road. The test is carried out in extremely difficult conditions on various road surfaces. Its objective is to perfect the vehicle to achieve the parameters expected by our engineers and customers and to ensure maximum safety with optimum energy consumption. The behaviour of the propulsion systems is also observed and adapted so that the buses can take full advantage of their capabilities.

The CAF Group also works continuously to improve the useful life of elements subject to wear and tear since these suffer unavoidable degradation during use: batteries, wheels, tyres, brake discs, brake linings, bearings, shock absorbers, floor coverings, rubber gaskets and elastic elements, filters, etc.

The useful lives of the vehicles indicated above are achieved by following the assigned maintenance plan. CAF has a department focused on improving the reliability, availability, maintainability (RAM) and life cycle costs (LCC) of its vehicles, which has launched more than 70 initiatives. Approximately half of these initiatives are aimed at extending the useful life of equipment and components in service: wheels, bearings, motors, brake cylinders, etc. For example, due to the knowledge acquired, the tools developed and the optimised processes defined within the Wheel Life Optimisation project of CAF's Innovation Plan, it has been possible to achieve improvements in wheel life of between 20 and 200% in several projects. The established monitoring system allows deviations to be identified quickly and effectively at very early stages of the projects in service, which, together with the knowledge generated through the different analytical studies on the data collected over the years, allows mitigating actions and optimised maintenance strategies to be established, resulting in the aforementioned improvements in the life of the wheels.

### Recyclability

CAF selects the materials during the design phase in line with ecodesign principles and recyclability rate while respecting the technical and functional requirements. Products are also designed for easy dismantling at the end of their useful life. Based on the experience accumulated in the supply and maintenance of its vehicles, CAF guarantees the optimisation of consumables (lubricants, sand, brake linings, etc.) and the factors that make it possible to reduce their consumption.

CAF trains have a high rate of recyclability and recoverability. According to the EPDs (Environmental Product Declaration) mentioned above, the recyclability rate ranges between 90.8 and 93.6 and the recoverability rate between 94.66 and 98.7.

The dismantling criteria of the VDI 2243 standard are followed in the design of the trains. Due to the maintainability criteria established for CAF products, the components of the vehicles are easy to replace and dismantle, in most cases using screw connections.

CAF also creates recycling/end-of-life manuals for customers on request. The purpose of the recycling or end-of-life manual is to provide instructions on how to proceed at the end of the vehicle's life and of the materials used in its operation and maintenance (consumables, spare parts, etc.). The manual includes instructions for the proper dismantling of every part of each item, in line



with the steps described in ISO 22628, the dismantling criteria of the VDI 2243 standard, and the appropriate end-of-life management applicable for the composition.

Each dismantled part that cannot be reused is identified with a waste code in accordance with the European Directive 2000/532/CE European Waste Catalogue (Order MAM/304/2002), proposing the appropriate end-of-life management for its disposal according to its composition (in accordance with European Commission Decision 96/350/CE). In order of preference, this end-of-life management can take the following form: a particular known and applicable recycling process, energy recovery, or final disposal in a landfill or with an authorised manager.

In addition, Solaris buses have a high rate of recyclability and recoverability. According to the EPDs (Environmental Product Declaration) mentioned above, the recyclability rate ranges between 94.9 and 95.1 and the recoverability rate between 95.9 and 96.1.

Solaris guarantees the recyclability of vehicle components by labelling the parts made of metals, plastics and elastomers in accordance with applicable legislation. The requirements of these standards have been transposed into company regulations and suppliers are required to comply with them. The marking of the materials allows their correct recycling at the end of the vehicle's life.

In the field of battery recycling, the CAF Group has signed an agreement with a partner that has the corresponding authorisations and expertise to manage battery and accumulator waste and carries out the entire recycling process in accordance with ISO 9001 and ISO 14001 (quality and environmental management standards, respectively) and the Batteries and Accumulators Act of 29 April 2009.

Processing batteries according to applicable standards permits the recover of metals (aluminium, zinc, cadmium, cobalt, lithium, copper, nickel, lead, manganese, brass, mercury, etc.), plastics and paper for the production of refuse-derived fuel (RDF). These materials can be reused in many industrial production processes, saving natural resources, fossil fuels, energy and water.

The second life of batteries used in vehicles is also take into account. For example, Solaris is currently implementing a second-life project with an energy holding company that will reuse the batteries previously installed in the Urbino electric buses.

## Reduction of noise and vibrations



Apart from the effects on humans, noise can also influence nature, altering the habitat of animals and ecosystems.

The noise is mainly generated by the equipment, rolling and friction with the wind.

CAF has a noise and vibration unit dedicated to reducing interior and exterior noise levels, as well as the transmission of vibrations from its vehicles to the ground. This unit is involved in a project from the outset to achieve an optimal design that complies with regulatory and contractual requirements while improving the noise and vibration aspects of CAF's product portfolio. The CAF's technical team has developed the knowledge, tools and methodologies for predicting the noise levels of the different vehicle solutions.

To reduce both interior and exterior noise levels, CAF's technical team examines the causes (through preliminary calculations and tests, studies on wheel-rail contact and interaction, etc.) and adopts the most effective mitigation measures: use of insulating and absorbing materials, construction solutions for the different train components, optimised rolling profile, optimised aerodynamic shapes, variable speed fans, etc. Specifically, two tools have been developed to minimise the rolling noise generated by trains and the vibrations they transmit to their surroundings: CRoNoS and DARDAR. The CRoNoS tool has become an international benchmark. CAF makes similar continuous improvements to the other prediction tools and methodologies it uses, such as the modelling of public address systems to guarantee the effective transmission of messages, especially for people with hearing impairment. In 2022, the development of the CAF Virtual Noise Suite, which brings together the various tools developed so far for the simulation of



exterior and interior noise, rolling noise, vibrations transmitted to the vehicle floor and interior, and speech intelligibility, has started.

Besides, once the trains have been manufactured they are subjected to noise tests while stationary and on the track to demonstrate compliance with contractual and regulatory requirements.

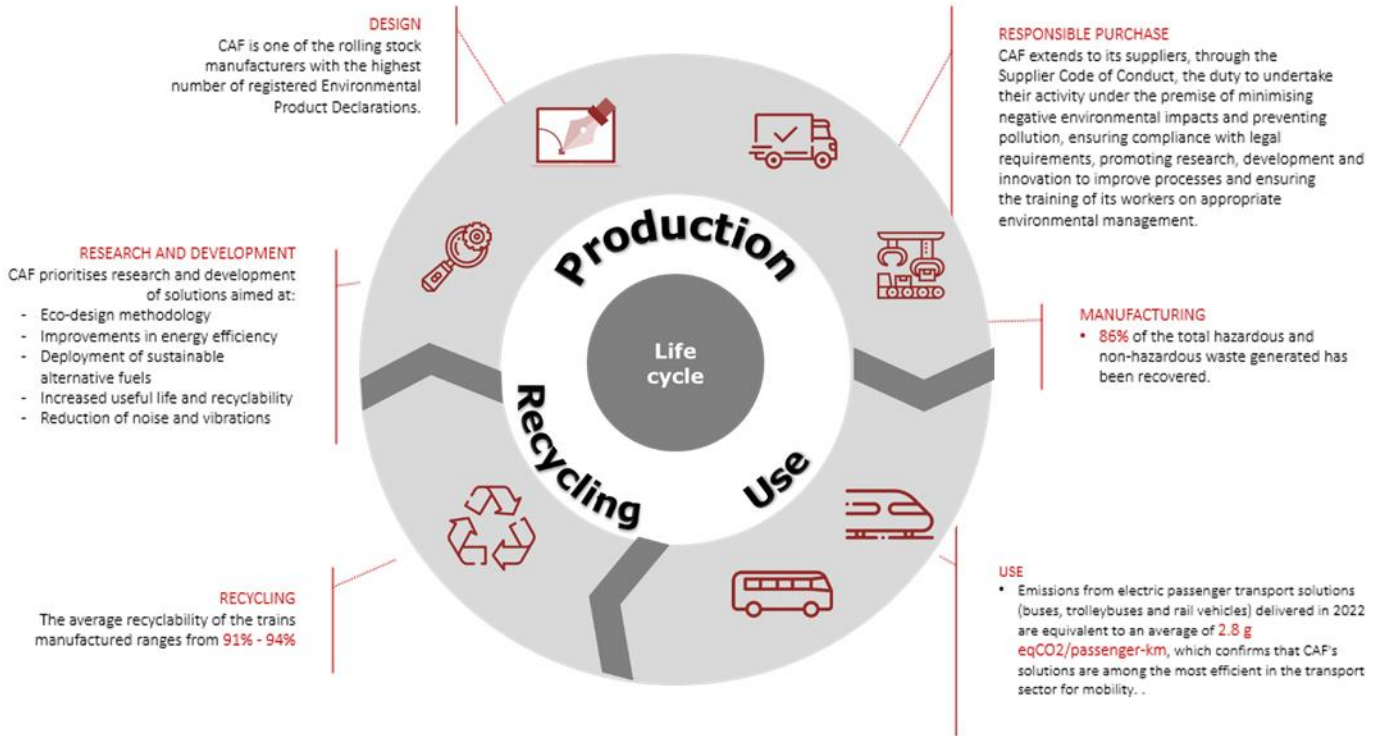
Buses undergo a "1 million kilometre test", i.e. the road endurance test that is carried out for each significant design modification. The test is carried out under extremely harsh conditions on different types of road surfaces to refine the vehicle design and meet the expectations of both the Company and its customers. The monitoring and optimisations carried out in these tests also serve to improve the driving dynamics of the vehicle and minimise the noise and vibrations. The main measures adopted between 2019 and 2021 to improve the noise levels of electric buses affected the cooling system and the battery thermal management system.

These tests also revealed that zero-emission buses equipped with an electric motor generate significantly less noise than their conventional counterparts.

## 5.4 Circular economy and sustainable use of resources

[MA 301, 301-1, MA 302, 302-1, 302-3, 302-4, MA 303, 303-1, 303-2, 303-3, MA 306, 306-1, 306-2, 306-3, 306-4, 306-5]

CAF is aware that its industrial activities have an impact on the natural environment and it therefore incorporates the life cycle approach into its management as a pillar of sustainability. The phases that make up this cycle are research and development, design, responsible purchasing, manufacturing, use and, lastly, recycling of the product. This approach demonstrates CAF's support for the transition to an efficient economy in the use of resources.



### ● Consumption of natural resources

Environmental criteria are taken into account when purchasing materials for manufacturing processes, with particular emphasis on the selection of reusable and recyclable materials. Most of the purchases made are of processed materials, i.e., components, with metal being the most common component. However, raw materials, all of which are recyclable, for manufacturing components are also acquired. Among these, metals stand out for their higher consumption, specifically steel and aluminium profiles and sheets and steel ingots consumed in the manufacture of rail vehicles and buses. These materials are classified as non-renewable.

Raw materials (t)	2022	2021	2020	2019
Steel and aluminium profiles and sheets	16,249	15,605	14,756	19,211
Steel ingots	54,965	46,014	47,964	57,086
Other <sup>63</sup>	939	994	1014	960

Apart from the acquisition of these materials, CAF, S.A. includes in its technical processes materials that contribute to environmental Sustainability. For example, recycled steel is used for manufacturing wheels and axles.

Likewise, a product recyclability analysis is carried out in accordance with the ISO 22628 standard. The trains and buses manufactured by the CAF Group have a high rate of recyclability and recoverability. As mentioned in section, "5.3. Sustainable and efficient mobility" according to the EPD (Environmental Product Declaration) carried out by the CAF Group, the recyclability rate for

<sup>63</sup> Wood consumption for floors and adhesives (Bus).

trains ranges between 90.8 and 93.6% and the recoverability rate between 94.66 and 98.7% and for buses the recyclability rate ranges between 94.9 and 95.1% and the recoverability rate between 95.9 and 96.1%.

With respect to the purchase and use of chemical substances, the CAF Group operates under the scope of the REACH Regulation and, in turn, requires its suppliers to comply therewith. On the one hand, train equipment suppliers are requested to comply with the requirements of UNIFE's Railway Industry Substance List (RISL) which lists the materials and substances that are prohibited by European and international legislation specifically for the railway industry. On the other hand, information has been transferred throughout the entire supply chain of substances, chemicals and articles subject to the REACH Regulation.

The main actions performed by the Group for a more sustainable use of raw materials consist of the reduction in the designed weight of products, the reuse of materials and packaging and the use of greener materials. Specifically, during 2022, the Group's parent company has managed to generalise the use of four alternative cleaning and degreasing products and has managed to replace the use of an anti-corrosive in aerosol format, thereby reducing the hazardous nature of the product as well as the consumption of raw materials and the generation of waste.

## ● Water and effluents

Most of the water used by CAF is for domestic consumption. As for the use of water in the manufacturing processes, it is mainly used in the cooling of equipment and in the installation to ensure the watertightness of the trains. To this end, both mains water and river water (only in the Group's matrix) are used, in accordance with local limitations and limiting the consumption of the latter to its use in closed circuits.

The Group is aware that water is a scarce natural resource that should be preserved and it has therefore carried out a series of actions to encourage a more sustainable use of water. The most notable of these actions are as follows: implementing and promoting the rational use of water by installing closed circuits and raising environmental awareness among staff; establishing and monitoring the consumption of all water resources by implementing procedures defined according to the particular government authorisations and permits; avoiding the collection of water in areas with water stress; and, lastly, checking leaks and the airtightness of facilities to reduce consumption and impact.

Aimed at encouraging the sustainable use of water by suppliers, the ECOVADIS tool evaluates the Group's key suppliers and the measures they implement in relation to water management. The tool also analyses the suppliers that have a potentially significant impact on water, such as suppliers of batteries and tyres.

The water consumption of the CAF Group is shown below, being for the first time information on all the activities carried out by the Group:

Water consumption (ML)	2022	2021	2020	2019
Third party consumption	105 <sup>64</sup>	86.75	76.94	93.17
Surface water consumption	51.89 <sup>65</sup>	45.58	30.33 <sup>66</sup>	54.12

All the water used by the Group is water with a concentration of dissolved solids  $\leq 1000$  mg/l and 99% of the water used is from areas without water stress.

With regard to discharges, CAF has the corresponding authorisations to discharge into sewers or watercourses (where applicable) and stores chemical products and materials in places fitted out

<sup>64</sup> Increased consumption by including the Group's global information. Broader scope than previous years (previous editions only included information from manufacturing plants).

<sup>65</sup> The increase in surface water consumption is due to increased production in the main water consumption area.

<sup>66</sup> The significant reduction in river water consumption is mainly due to the special impact generated by the COVID-19 pandemic in the production area where the highest consumption of river water takes place.

for this purpose in order to prevent pollution of rainwater. Likewise, the cleaning of the train units carried out during maintenance operations is carried out in appropriate facilities to guarantee the quality of the water discharged.

It also reviews and monitors the parameters of the discharged water, defining improvement objectives. The offices have fluid communication with the authorities that manage the discharged water in each location.

## ● Power systems

Within the Group's Sustainability Policy and the Corporate Environmental Policy that develops it, the Group is committed to "defining strategies against Climate Change focused on reducing CO<sub>2</sub> emissions and promoting renewable energies", the main objectives of this commitment: the promotion of renewable energies, savings in energy consumption generated by its activity and the promotion of environmental policies within the Group and at all the sites where it operates and collaborates.

In 2022, as a result of the action plans for the reduction of energy consumption in the CAF Group, several measures have been taken, which are developed below.

- In terms of lighting, presence detectors have been installed, natural light has been used as much as possible, luminaires have been replaced with more efficient ones, and timers and presence sensors have been installed.
- Environmental awareness days have been held for the rational use of energy in offices.
- New KPIs and energy targets have been defined in order to identify possible energy efficiency savings.
- Equipment temperatures and the use of heating have been adjusted.
- A new heat treatment line has been designed at the Group's headquarters, with a renovated layout, which will substantially improve the energy efficiency of the wheel forging workshop in the coming years.

Likewise, in order to improve the control and optimisation of energy consumption, energy meters (gas and electricity) have been installed, the operation of air conditioning equipment has been programmed, key elements in energy efficiency in production processes have been replaced (e.g. forklift trucks) and leak controls have been carried out in pneumatic installations.

## Promotion of renewable energies

During 2022, the CAF Group has maintained its environmental commitment beyond the manufacture and implementation of sustainable mobility solutions, supplying photovoltaic energy to cities and industries in different geographies throughout the world, through the Group's company, CAF Turnkey & Engineering (CAF TE). CAF TE develops engineering and construction (EPC) solutions for photovoltaic plants and provides operation and maintenance services. Specifically, during 2022, the company has developed several photovoltaic panel projects in Chile and Italy, increasing the installed solar power capacity, which now totals more than 200 MWp installed worldwide.

The CAF Group has also maintained systems for the generation of renewable energies at its facilities. Accordingly, in 2022, the headquarters of the parent company has enabled the generation of renewable energy, equivalent to 9% of the factory's annual electricity consumption, from the solar panels installed on the roof of the workshops and the hydroelectric plant belonging to the CAF Group. In addition, a photovoltaic installation (340 kWp) has been built at the Group's main bus manufacturing site and will be commissioned in the first quarter of 2023, which is expected to provide the equivalent of 2.5% of the site's annual electricity consumption. Similarly, a feasibility analysis of photovoltaic projects has begun at some of the Group's sites, which will be defined and consolidated in the coming months.

Below are the tables with the energy consumption of the CAF Group, being for the first time information on all the activities carried out by the Group:

Direct and indirect energy consumption (MWh)	2022	2021	2020	2019
<b>Renewable energy</b>				
Electricity	54,090	27,746	-	38,705
Thermal energy	766 <sup>67</sup>	-	-	-
Hydrogen	55	83	8	5
<b>Non-renewable energy</b>				
Natural gas <sup>68</sup>	122,438	122,972	114,390	134,681
Diesel <sup>69</sup>	8,283	8,168	8,204	10,097
LPG and Petrol	3,342	4,483	3,278	2,737
Electricity	16,851	60,678	87,038	52,082
Thermal energy	16,048	18,901	24,611	24,309
<b>Total electricity</b>	<b>70,941</b>	<b>88,424</b>	<b>87,038</b>	<b>90,787</b>

As mentioned above, 76% of the Group's electricity consumption comes from renewable sources, with a guarantee of origin. This indicator has increased by 45 percentage points in 2022 compared to the previous year and is expected to continue to increase in the coming years, with the objective for 2023 being that 78% of the electricity consumed by the Group will come from renewable sources, with a guarantee of origin.

Direct and indirect energy consumption (MWh)	2022	2021	2020	2019
Total electricity	70,941	88,424	87,038	90,787
Rest of energies	150,932	154,606	150,485	171,830
<b>Total energy consumption (MWh)</b>	<b>221,873</b>	<b>242,930</b>	<b>237,523</b>	<b>262,616</b>
<b>Energy intensity (kWh/MWh)</b>	<b>10</b>	<b>11.9</b>	<b>12.3</b>	<b>14.1</b>

The Group's overall electricity consumption, both renewable and non-renewable, has been reduced by 19% in the last year, as a result of the measures implemented to reduce energy consumption.

As can be seen in the table above, the trend of the energy intensity ratio, taking into account the total energy consumption, has decreased over the last 4 years. This is due to a reduction in energy consumption and a broadening of the scope of the data provided in the hours worked, which now accounts for 95% of the Group. The Group's energy intensity target for 2023 is established at 12.1 kWh/MWh, as production activity will increase and this will lead to an increase in energy consumption.

<sup>67</sup> Fourteen percent of thermal energy consumption comes from renewable sources, with a guarantee of origin.

<sup>68</sup> The consumption of natural gas to heat the facilities represents approximately 18% of the total consumption. This includes CNG consumption.

<sup>69</sup> Consumption related to material transport equipment.

## ● Waste

The Group aims to reduce, reuse and recycle the waste produced by the activities carried on, and to this end it has expressed its commitment to the circular economy by signing up to the Circular Economy Pact of the Spanish Ministry of Agriculture and Fisheries, Food and Environmental Affairs (MAPAMA) in 2017.

Waste is managed on the basis of the following premises: 1) Reducing waste generation at source, e.g. by the use of returnable tools and return of surplus material to the supplier; 2) Maximising the reuse, recycling and recovery of waste. Along these lines, by 2022, 86% of the total amount of hazardous and non-hazardous waste generated will have been recovered, with the aim of improving the amount of waste recovered. 3) Promoting awareness campaigns on waste segregation and minimisation and 4) Proper waste treatment and management, based on defined waste management procedures, with managers close to the facilities and evaluating our supply chain partners in terms of their environmental performance.

During 2022, it is worth highlighting the target for the reduction of expired materials defined and controlled at several of the Group's railway maintenance sites. Likewise, with the same objective, at the train manufacturing sites, a 78% reduction has been achieved in the indicator of expired glues and paints, in the last two years, by changing the adhesive supply method with a local supplier, in order to reduce stocks and expired adhesives. This indicator is monitored in the procurement process of the railway activity.

Below are the CAF Group's waste generation data, with information for the first time on all the activities carried out by the Group and with information on the type of waste generated from 2021 onwards:

Waste for recovery (t)	2022				2021			
	Reuse <sup>70</sup>	Recycling	Other operations	TOTAL	Reuse	Recycling	Other operations	TOTAL
<b>Non-hazardous waste</b>	<b>22</b>	<b>27,823</b>	<b>1,136</b>	<b>28,981</b>	<b>86</b>	<b>7,643</b>	<b>9,538</b>	<b>17,267</b>
Packaging waste (wood, paper, cardboard and plastic)	22	4,188	133		86	2,478	5,547	
Metal waste	0	23,207	175		0	4,151 <sup>71</sup>	3,701	
Other	0	427	828		1	219	290	
<b>Dangerous residues</b>	<b>0</b>	<b>1,468</b>	<b>427</b>	<b>1,895</b>	<b>32</b>	<b>391</b>	<b>649</b>	<b>1,072</b>
Paint residue	0	10	166		4	0.6	21	
Oily residues	0	142	111		21	72	138	-
Packaging waste	0	15	41		1	12	26	-
Batteries and batteries	0	1,114	1.7		0.1	90	3.5	-
Other	0	187	108		6	50	460	-

Waste for recovery (t)	2020				2019			
	Reuse	Recycling	Other operations	TOTAL	Reuse	Recycling	Other operations	TOTAL
<b>Non-hazardous waste</b>	<b>175</b>	<b>5,702</b>	<b>3,791</b>	<b>9,619</b>	<b>153</b>	<b>6,702</b>	<b>5,234</b>	<b>12,089</b>
<b>Dangerous residues</b>	<b>33</b>	<b>201</b>	<b>2,033</b>	<b>2,266</b>	<b>36</b>	<b>212</b>	<b>1,114</b>	<b>1,362</b>

<sup>70</sup> During 2022, the differentiation of waste reused on site from waste recycled by the waste manager has been improved.

<sup>71</sup> During 2021, the control and monitoring of metal waste in the matrix was improved through the implementation of an integrated scrap control system.

Waste destined for disposal (t)	2022				2021			
	Incineration	Landfill	Other operations	TOTAL	Incineration	Landfill	Other operations	TOTAL
<b>Non-hazardous waste</b>	<b>715</b>	<b>2,504</b>	<b>622</b>	<b>3,840</b>	<b>322</b>	<b>706</b>	<b>3,251</b>	<b>4,279</b>
Packaging waste (wood, paper, cardboard and plastic)	198	194	424		287	407	162	
Metal waste	0	1,929	21		0	0	2,019	
Other	518	381	178		34	299	1,070	
<b>Dangerous residues</b>	<b>370</b>	<b>244</b>	<b>603</b>	<b>1,216</b>	<b>204</b>	<b>172</b>	<b>1,070</b>	<b>1,445</b>
Paint residue	81	39	109		67	81	106	
Oily residues	95	60	234		0.5	0.1	400	
Packaging waste	6.4	16	17		5.3	3.3	33	
Batteries and batteries	0	0.02	110		0	1.2	0.4	
Other	188	128	133		131	86	530	

Waste destined for disposal (t)	2020				2019			
	Incineration	Landfill	Other operations	TOTAL	Incineration	Landfill	Other operations	TOTAL
<b>Non-hazardous waste</b>	<b>428</b>	<b>608</b>	<b>3,042</b>	<b>4,078</b>	<b>392</b>	<b>1,370</b>	<b>2,378</b>	<b>4,140</b>
<b>Dangerous residues</b>	<b>68</b>	<b>167</b>	<b>914</b>	<b>1,148</b>	<b>69</b>	<b>189</b>	<b>958</b>	<b>1,217</b>

### ● Protection of biodiversity:

With reference to the actions carried out by the CAF Group in relation to the protection of biodiversity, the Group is aware of its responsibility for biodiversity and the non-deforestation of the places in which it operates, and therefore controls this impact by carrying out environmental impact assessments (in the places/projects that require it) and developing products that respect the environment (for more information, see section "5.3 Sustainable mobility and eco-efficient products").

At present, the Group's sites are not located in protected areas where there may be a particular impact on biodiversity.

During 2023, the corporate environmental policy will be updated to include the CAF Group's commitment to the protection and restoration of biodiversity.

# 6

## THE SOCIAL VALUE OF OUR ACTIVITY

*"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 the products/services it offers, and the promotion of activities that contribute to economic development, knowledge generation, education and social promotion and culture"*

*CAF Sustainability Policy  
17 December 2020*

### 6.1

Economic promotion of the environment

### 6.2

Knowledge generation

### 6.3

Collaboration in the educational field

### 6.4

Collaboration with social and/or cultural initiatives



CAF is aware that its activities have a direct and indirect impact on the development of the local communities where it operates and on the well-being of society at large, through sustainable and environmentally friendly mobility solutions, as indicated throughout the report.

As established in its Sustainability Policy, the CAF Group 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.

This commitment is articulated through the Manual for the development of social commitments, which defines the areas of contribution of CAF's social commitments with the Stakeholder Company, and aims to ensure that CAF's collaboration activities that impact local communities in the area of social commitments are in accordance with the provisions of the Code of Conduct, Sustainability Policy, as well as with the measures set out in the Crime Prevention Manual.

In addition to respecting the social, economic, cultural and linguistic environments in which the Group carries on its activity, the following risks are associated with these commitments: (i) the adverse impact of its activities on local communities; (ii) lack of alignment between the corporate objectives of the CAF Group and respect for the various communities; (iii) the difficulty in establishing sustainable, enduring relationships with local communities; (iv) ineffective cooperation with the public authorities and local entities; and (v) lack of respect for social, economic, cultural and linguistic scenarios.

These risks are covered by the corporate risk control and management system described in Chapter 2 which includes a series of activities aimed exclusively at managing such risks. This process meets the risk and opportunity analysis of the frame of reference.

## 6.1 Economic promotion of the community

[2-28, MA 203, 203-2, MA 413]

There is a commitment to the local economy on three basic levels: the creation and maintenance of local employment, the contribution to the industrial transformation and competitiveness of the territory and the promotion of new business models.

### ● Creation and maintenance of local employment

CAF is committed to supporting quality employment wherever it carries on its activities, both in Spain and abroad. This commitment manifests itself in the creation and conservation of direct employment, through the encouragement of the recruitment of local staff in the geographical areas in which the CAF Group carries on its activities, and of indirect employment, through the contracting of products and services from local suppliers.

Evidence of the former is the fact that over the last five financial years more than 90% of the workers were local<sup>72</sup>, working under general conditions aligned with the Remuneration and Labour Relations Policies applicable at the Group companies. Along these lines, the CAF Group also guarantees equal conditions in starting salaries for men and women, through the application of the Remuneration and Labour Relations Policies in the Group's companies. For more details, see chapter "4. The excellence of our team".



"More than 90% of workers are local"

### ● Industrial transformation and territorial competitiveness

The CAF Group contributes to the promotion of industrial transformation and competitiveness in the area by collaborating with a different intensity and scope with specific initiatives and actions that can affect the economy of the localities in which it operates at domestic and international level.

Among these initiatives, it is worth highlighting the collaboration at regional level that began more than 10 years ago and which has led to the creation of Goierri Valley and CAF's participation in the project as a trailblazing company and member of the committee of driving companies. Created in 2017 with the vision of being the driving force behind the industrial transformation of the Goierri region, its aim is to promote the development of industry in the Goierri region by encouraging collaboration between companies and other public agents in areas that affect their competitiveness (diversification of markets and products, innovation and training).



With regard to the activities carried out by CAF in the Association during 2022, the following are noteworthy:

- Participation in the various forums organised by the Association (Driver Committee, Driver Forums, Multilevel Forums), sharing experiences and needs, to collaborate in solving common problems detected.
- Participation in several of the sessions of the Hydrogen Round Table, analysing the opportunities and possible collaborations that may result in the coming years between the companies of the Association.
- Participation in the Industry 4.0 project, sharing with the Association the best practices and technologies implemented in the production centres, so that the Association can have the support and knowledge of the trends in these technologies.

Furthermore, within the initiative promoted by the Regional Development Agency, GOIEKI, and led by the Lehendakari Agirre centre on the Future Governance Model for Goierri, CAF has participated in the working groups on ENERGY.

<sup>72</sup> This includes the available data relating to the Group's employees, understood as local when they are located in a Group company located in the same country of birth.

CAF continues to participate in the activities of economic entities with business or sectoral relevance to a different extent. The following are some of the entities in which it has participated throughout 2022.

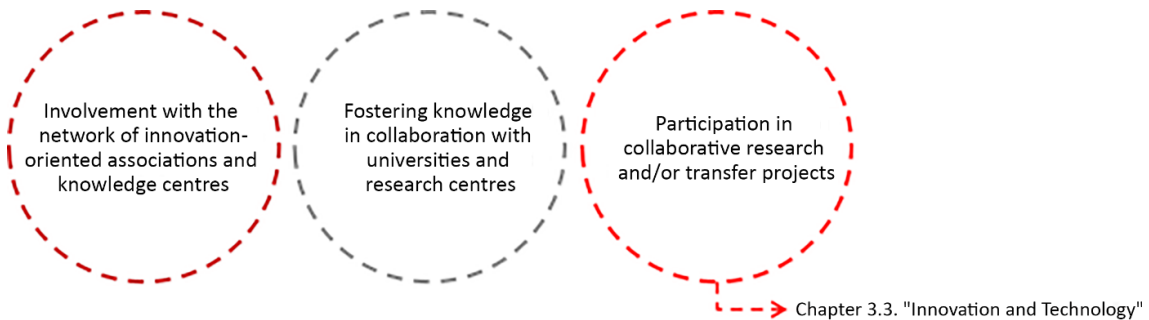
Gipuzkoa Business Association (ADEGI)	New Economy Forum
Spanish Confederation of Business Organisations	Chamber of Commerce
Entrepreneurs' Circle	MAFEX Spanish Railway Association
Exporters club	Union Internationale des Transports Publics - UITP
Asociación Progreso Dirección (APD)	European Railway Industry - UNIFE
Federation of Metal Companies of Zaragoza	Alamys (Latin American Association of Metros and Undergrounds)
UIMM (Union of Metallurgy Industries and Trades)	FEMEL (Metal Federation of Lleida)
RESILIAN (Réseau d'Industriels Innovants d'Alsace du Nord)	AECIM (Association of Metal Companies of the Community of Madrid)

In these entities, CAF has the vocation both to represent the company's interests and to contribute from its position and to draw attention to aspects that may be of general interest.

## 6.2 Knowledge generation

[2-28, MA 203, 203-2, MA 413]

In addition to participation in collaborative research and/or transfer projects, as described in section 3.3. Innovation, as in previous years, CAF continues to collaborate in generating knowledge in its operating environment through participation in the network of innovation-oriented associations and standardisation committees, as well as the promotion of knowledge in collaboration with technology centres and universities. Below is a list of some of the activities in this area.



### ● Involvement with the network of innovation-oriented partnerships

#### Europe's Rail Joint Undertaking EU-Rail JU

EU-Rail JU is the new European partnership in rail research and innovation established under the Horizon Europe programme (2020-2027) and successor to Shift2Rail. This partnership aims to accelerate research and development of innovative technologies and operational solutions.

CAF is a founding member of EU-Rail and sits on the board of directors.

#### European Rail Research Advisory Council (ERRAC)

ERRAC is the European technology platform for the rail sector. The European Commission participates in this platform, along with the Member States, the European Railway Agency (ERA) and all relevant actors in the railway sector, including industry, operators, infrastructure managers, technology centres and universities. ERRAC's main objective is to provide the European institutions with a common vision to guide R&D in the railway sector.

CAF actively participates in ERRAC working groups and is also a member of the initiative's steering committee.

#### KDT JU (formerly ECSEL JU)

KDT brings together stakeholders from the EU public sector, industry and academic institutions. It supports research, development and innovation in essential applications in electronics.

CAF is a member of this EU Joint Undertaking.

#### UNIFE

The UNIFE association represents European train manufacturers and railway equipment suppliers. The association advocates on behalf of more than 100 of Europe's leading rail supply companies, from SMEs to large enterprises, active in the design, manufacture, maintenance and renewal of rail transport systems, subsystems and related equipment. UNIFE also brings together national railway industry associations from 11 European countries.

CAF participates in the association's working groups and committees and is a member of the board of directors.

#### UNISIG

Under the umbrella of UNIFE, UNISIG actively contributes to the activities of the European Union Railway Agency in the field of ERTMS/ETCS technical specifications.

UNISIG is composed of nine UNIFE member companies, one of which is CAF Signalling.

### ERWA

Under the umbrella of UNIFE, ERWA (European Railway Wheels Association) aims to promote the benefits of use, the reduction of life cycle costs and the standardisation of railway wheels and axles. Its mission includes the development of standards and the promotion of safety and environmental innovation.

ERWA is composed of four UNIFE member companies, one of which is CAF.

### MAFEX

Mafex is the association that represents the Spanish railway industry and serves this industry by helping companies in their internationalisation processes, as well as by defending the general interests of the associated companies in order to achieve, in cooperation, the highest possible level of competitiveness for them.

CAF is a member of the General Assembly and the Innovation Committee.

### UITP

UITP (Union Internationale des Transports Publics) is the International Association of Public Transport promoting sustainable urban mobility. Founded in 1885, with more than 135 years of history, it is the only global network that brings together all public transport actors and all modes of sustainable transport.

CAF is a member of the R&D-oriented Mobility Innovation Committee and the standardisation-oriented Urban Rail Platform. As part of our activities in UITP, CAF has signed up to the Charter for Sustainable Development. One of the main areas of activity of the Charter signatories and UITP members is SDG Target 11.2: "by 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, in particular by expanding public transport, paying special attention to the needs of people in vulnerable situations, women, children, persons with disabilities and older persons".

### VDV

About 600 companies operating public passenger and rail freight transport in Germany are organised in the "Verband Deutscher Verkehrsunternehmen" (VDV = Association of German Transport Companies). The VDV advises and supports its member companies and politicians, supports the exchange of experience and knowledge between members and prepares technical, operational, legal and economic principles.

Solaris is a member of this association.

### Information Technology for Public Transport (ITxPT)

The non-profit ITxPT partnership enables open architecture, data accessibility and interoperability between IT systems. ITxPT members develop together IT architecture for public transport and other mobility services, based on standards and best practices.

Solaris is a member of the association.

### Clean Bus Deployment Initiative

The European Declaration is an initiative based on the following three pillars: (1) the commitment of cities and manufacturers to pursue a joint mission to advance the emission reduction process, (2) the creation of a platform for information exchange between municipal authorities, transport operators and financial organisations, and (3) the creation of a group of experts to provide professional analysis in the fields of technology, economics and logistics. The document was signed by the European Commission and the industry's largest manufacturers. It is an expression of support for the large-scale deployment of full zero emission buses with alternative propulsion systems.

Solaris has been a member since 2017.

### Hydrogen Europe (NEW – IG)

Leading association representing European industry, national associations and research centres active in the hydrogen and fuel cell sector, who work to accelerate the market introduction of this clean technology in the energy and transport sectors.

Solaris is a member of this association.

### European Clean Hydrogen Alliance

This alliance aims for an ambitious deployment of hydrogen technologies by 2030, bringing together renewable and low-carbon hydrogen production, demand in industry, mobility and other sectors, and hydrogen transmission and distribution. With the partnership, the EU aims to consolidate its global leadership in this area, in support of the EU's commitment to achieve carbon neutrality by 2050.

CAF Group has joined this alliance.

### BH2C: Basque Hydrogen Corridor

Association with the aim of advancing in the decarbonisation of the energy, industrial, residential and mobility sectors through the generation of a hydrogen ecosystem in the Basque Country based on specific projects and actions, with a public-private collaboration strategy.

CAF Group is a member of this association.

### Masovian Hydrogen Valley

The objective of the Mazovia Hydrogen Valley is to boost the hydrogen-based industry in the region and to establish a hydrogen centre in Mazovia by fostering cooperation between the participants in the initiative on innovative technologies enabling the deployment of hydrogen in transport, energy, utilities, agriculture and other sectors of the economy.

Solaris is a member of this association.

### Wielkopolska Hydrogen Valley

An initiative involving the development of the Wielkopolska Hydrogen Valley and the Polish national ecosystem based on hydrogen technologies. Signatories to the Wielkopolska Hydrogen Valley letter of intent include officials from the Wielkopolska region, mayors of its largest cities, university rectors and the business community. The synergy of the activities carried out by the parties involved will enable them to establish a coordinated and integrated system of relationships to foster the development of technology, expertise, enterprise and education. The objective of the signatories is to contribute to the decarbonisation of the economy with a view to achieving climate neutrality. The project also aims to strengthen the competitive position of the Wielkopolska Region.

Solaris is a member of this association.

### PTNSS

The main objective of the Polish Combustion Engine Scientific Society (PTNSS) is the promotion and development of scientific and technical activity in the field of combustion engines.

Solaris is a member of the association.

### RIH Railway Innovation Hub

Railway Innovation Centre with the mission of promoting technology and knowledge in the rail sector at an international level, through generating collaborative R&D projects, commercialising technology and know-how, promoting entrepreneurship and providing specialised services.

CAF is a member of the association.

### Cybersecurity Forums

CAF collaborates in various national and international forums related to cybersecurity. CAF is integrated in CENELEC WG23 for the creation of TS50701, a specific European standard for cybersecurity in the rail sector. It also participates in the UNIFE Cybersecurity Subgroup and in the National Rail Sector Cybersecurity Working Group coordinated by INCIBE, in which RENFE and ADIF also participate.

### Research and innovation committees

CAF is a member of various research and innovation committees such as, for example, the committee organised by the Confederation of Employers and Industries of Spain (CEOE) or that promoted by the Chamber of Commerce, in which discussions are held on the research, development and innovation situation and talks are held with the public authorities and various bodies and entities in relation to R&D&I activities and policies.

### Participation in standardisation committees

#### AENOR/UNE

The Spanish Association for Standardisation and Certification (AENOR) is an organisation engaged in developing standardisation and certification in all industrial and service sectors.

CAF is well represented in this key standard-setting body.

#### CEN/CENELEC/IEC

European (CEN, CENELEC) and International (IEC) Standardisation Organisations.

CAF has representatives in several working groups.

#### PKN

The Polish Committee for Standardisation (Polski Komitet Normalizacyjny - PKN) is a national body responsible for the organisation of standardisation activities.

Solaris is a member of Technical Committee 17 on Vehicles and Road Transport.

### Promoting knowledge in collaboration with technology centres

#### BAIC

BAIC is a public-private collaboration space for the promotion of Artificial Intelligence in the Basque Country. CAF is one of the organisations promoting this centre.

#### CEIT

CAF collaborates with this technology centre, engaged in research applied to the service of industry. CAF is a member of CEIT's Board of Trustees and participates in its governing bodies as a member of its Strategic Council.

#### CiC Nanogune

CAF collaborates with CiC Nanogune, a centre for research excellence in nanoscience and nanotechnology, by serving as a member of its board of directors.

#### CITEF

The Centre for Research in Railway Technologies (CITEF) was created for the purposes of research, innovation, experimentation, study and teaching in the area of railway knowledge. All of this on a non-profit basis and in pursuit of general interest purposes within any technological area of rail transport. CAF Signalling has collaborated with this centre in the development of training and simulation systems for the CBTC system.

#### DLR

DLR is the aeronautics and space research centre of the Federal Republic of Germany. This centre carries out research and development activities in the fields of aeronautics, space, energy, transport, security and digitalisation. CAF collaborates with DLR on several projects related to hydrogen-based mobility.

### Donostia International Physics Center

CAF collaborates with this centre whose objective is scientific research in the field of basic and applied physics in areas of interest for Basque society and for international scientific development. CAF is a founding member of the Board of Trustees.

### FCITIGG

The Fundación Centro de Investigación en Tecnologías de la Información y las Comunicaciones de Galicia (FCITIGG) is an own instrumental and technical service means that aims to contribute to the strengthening, empowerment, growth and improvement of the competitiveness of the ICT sector in Galicia. CAF Signalling collaborates with this centre in the development of software for LTE communications.

### Foundation for the development of new Hydrogen Technologies in Aragon

Foundation promoting the development of new Hydrogen Technologies and as such, organises, manages and executes all types of actions related to hydrogen as an energy vector, with the aim of generating, storing and transporting hydrogen for its use in fuel cells, transport applications or distributed energy generation. CAF is a member of the Board of Trustees.

### IIT

The Institute for Research in Technology (IIT) is a University Institute belonging to the Higher Technical School of Engineering (ICAI) of the Comillas Pontifical University. Its main objective is to promote research and the training of postgraduates in various technological fields through their participation in specific projects of interest to industry and government. CAF collaborates with this centre on several projects related to the characterisation and dimensioning of high-performance railway lines.

### Ikerlan

Ikerlan is a centre dedicated to the transfer of knowledge specialising in electronics, information and communication technologies; energy and power electronics and advanced manufacturing. CAF collaborates with Ikerlan in R&D projects and in identifying interesting strategic lines of research.

### Lortek

Lortek is an innovative research centre with a strong expertise in joining technologies. CAF collaborates with Lortek as a member of its Board of Trustees and participates in its governing bodies as a member of its Governing Council.

### Tecnia

CAF is a collaborating partner of the Tecnia Research & Innovation foundation, a technology centre of great dimension and multidisciplinary orientation, and is also a member of its board of trustees and chairs the board of the industry and transport unit.

### Vicomtech

Vicomtech is a technology centre specialising in Artificial Intelligence and Computer Vision. CAF collaborates with Vicomtech in the development of interior and exterior perception systems for autonomous vehicles as well as other solutions based on Artificial Vision aimed at inspection and monitoring.

### Other Technology Centres

The list of technology centres with which the CAF Group collaborates is very extensive and some of them are listed below: Austrian Institute Of Technology (AIT) - Austria, CiCenergiGUNE - Spain, Cidetec - Spain, Consejo Superior de Investigaciones Científicas (CSIC) - Spain, IDEKO - Spain, IDONIAL - Spain, Institut français des sciences et technologies des transports (IFSTTAR) - France, Institute of Communication and Computer Systems - Greece, ITAINNOVA - Spain, Research and Testing Institute Plzen - Czech Republic, SINTEF - Norway, Tekniker - Spain, TNO - Netherlands, Virtual Vehicle Research GmbH - Austria, VTT - Finland, etc.



## Promotion of knowledge in collaboration with universities

### Tecnun Classroom - CAF

CAF has collaborated with the Tecnun School of Engineering continually for decades. Such collaboration has taken the form of activities such as undertaking collaborative research projects, the joint organisation of courses and seminars, and teaching tasks. On this last point, the permanent presence of CAF engineers on the teaching staff of Tecnun is noteworthy.

### CAF Classroom - Mondragon Unibertsitatea (MU)

CAF has had a collaboration agreement with the Higher Polytechnic School of Mondragón for several years, which takes the form of a Collaborative Research and Transfer Programme.

This framework includes collaboration in the design of teaching programmes (participation in teaching and evaluation), definition of projects or design of in-company experiences. The aim of this is to ensure that there are relevant studies aligned with the real needs of society that enhance students' knowledge and professional skills and ultimately promote knowledge transfer.

The Classroom has adequate space and equipment to carry out these functions.

### CAF Classroom - University of the Basque Country (UPV)

This Business Classroom deals with scientific research or technological development programmes and projects in areas related to the train, with special interest in IT, telecommunications, cybersecurity, electrical engineering, civil engineering, project management and renewable energies. Through this agreement, various end-of-degree and master's degree projects have been set up and it is hoped to organise complementary seminars and railway training days.

### CAF – Deusto Classroom

In September 2022, the University of Deusto and CAF signed a collaboration agreement to promote the development of young engineers in the industrial sector and their incorporation into projects related to the current challenges of transforming the mobility sector. Thanks to this agreement, engineering students and CAF professionals will work together on projects related to the new challenges of sustainable mobility. Projects linked to software development, artificial intelligence and data analytics are currently being developed.

### University of Oviedo

CAF Turnkey & Engineering has collaborated with the University of Oviedo over the last few years to develop several simulation tools that allow the correct dimensioning of the power supply infrastructure for trains and trams.

### AGH University of Science and Technology in Krakow

Also, of note in Poland is the doctoral thesis programme implemented by Solaris together with AGH University of Science and Technology in Krakow. The aim of this programme is to create conditions for cooperation between the scientific community and the socio-economic environment, thereby enabling various employees to complete their doctoral thesis under a trilateral agreement between the employees, the university and the company.

### Poznań University of Technology (Politechnika Poznańska)

Solaris collaborates with the Poznań University of Technology on key projects such as the ADAS project for the development of driver assistance systems. This collaboration also extends to student internships at Solaris.

### University of Huddersfield - Institute of Railway Research

The Institute of Railway Research (IRR) at the University of Huddersfield's School of Informatics and Engineering is a world-leading centre in the field of railway engineering and safety. CAF collaborates with this University in innovation activities related to railway dynamics.

### **University of Melbourne**

The CAF Group, through its subsidiary CAF Digital Services, collaborates with the University of Melbourne in activities related to Data Science.

### **Other Universities**

The list of universities with which the CAF Group collaborates is very extensive and some of them are listed below: Université Burgundy Franche-Comté (UBFC) - France, University of Patras - Greece, Politecnico di Torino - Italy, University of Leeds - United Kingdom, Vrije Universiteit Brussel (VUB) - Belgium, University of West Bohemia - Czech Republic, Universidad pública de Navarra - Spain, etc.

## 6.3 Collaboration in the educational field

[2-28, MA 203, 203-2, MA 413]

CAF remains committed to training future professionals and with this in mind establishes a number of agreements to collaborate with educational institutions or entities that foster youth employment in the area in which it operates.

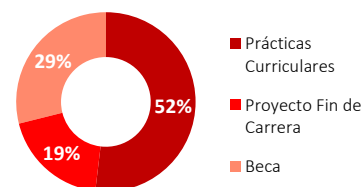
### ● Educational entities or entities for the promotion of employment

State-owned	
- Novia Salcedo Foundation	- Universidad de Deusto
- University of Navarra Foundation	- University of Mondragon
- Guipúzcoa Chamber of Commerce	- University of Navarra (Tecnun)
- Goierri Eskola	- University of the Basque Country
- La Salle FP	- University of Zaragoza
- FP Bidasoa	- University of Zaragoza Business Foundation
international	
- Corning Community College	- University Burgundy Franche-Comté (UBFC), France
- ENIT Tarbes (School Engineer)	- The French Institute of Science and Technology for Transport, Development and Networks, Ifsttar, France
- Autonomous Mexico State University	- Institute of Communication and Computer Systems, Greece
- University of the Valley of Mexico	- Motor Transport Institute, Poland
- Anahuac Technological University of Monterrey	- University of Patras, Greece
- Technological Institute of Tlalnepantla	- Poznan University of Technology, Poland
- La salle university	- Polytechnic University of Turin, Italy
- Faculty of Higher Studies of Cuautitlán Izcalli	- University of Leeds, England
- College of Public Accountants of Mexico	- Free University of Brussels (VUB), Belgium
- University of Science and Technology in Krakow (AGH), Poland	- University of West Bohemia in Pilsen, Czech Republic
- Austrian Institute of Technology (AIT), Austria	
- University of Science and Technology in Krakow (AGH), Poland	

These collaboration agreements can provide access to training programmes for CAF employees, but their main objective is to offer opportunities for transition between education and the world of work through placements at the various CAF Group sites both locally and internationally.

With this objective, the CAF Group encourages managing placements to facilitate completing studies through curricular internships, undertaking final projects for university degrees and master's degrees, as well as scholarships for postgraduates, providing students with their first work experience complemented by training. More than 600 placements have been offered this year. To carry out this activity, both the parent company and some of the Group's subsidiaries collaborate with the Novia Salcedo Foundation with the aim of accompanying young people in their professional integration from a vocation of anticipation and collaboration.

"More than 600 company placements"



### ● Internationalisation Scholarship Programmes

CAF is clearly committed to internationalisation and is aware of the need for people with an international profile. It is considered important to promote this profile in society and, to this end, CAF collaborates annually with the Basque Government in the Global Training scholarships. This programme provides young people with university degrees and higher vocational training with a powerful mechanism that allows them to carry out paid internships in companies and organisations abroad, in activities and projects related to their academic and professional profile for at least six months.

In 2022, the international activity promoting scholarships for graduates at CAF Group headquarters has been developed in countries such as Sweden, Germany, Chile, Finland, Hungary, the Netherlands and Belgium.

### ● European initiatives coordinated by UNIFE

During 2022 CAF has continued its participation in the "Staffer" initiative promoted by the European Commission and coordinated by UNIFE, which brings together 32 partners from across the European Union and its railway community.

The railway is one of the main engines of the European strategic objective of smart, ecological and sustainable growth. This has been endorsed when the European Commission defined 2021 as the European Year of the Railway. The industry is currently suffering from a considerable lack of expertise, as a large part of its workforce will retire over the next 10 years, just when technological progress will require greater capability.



The consortium's aim is to develop a holistic strategy that identifies current and emerging needs regarding competencies, while at the same time cooperating with the industry and vocational and educational training institutions to design specific training and education programmes. They will improve employability and the professional opportunities in the railway industry by establishing trans-European mobility programmes and creating employment practices for students, apprentices and staff. "Staffer" expects to offer human capital solutions at all levels of the railway value chain, covering the needs of both the supply industry and the railway operators community. In 2022, CAF has continued to work on identifying the professional skills most in demand in the future in the sector, defining professional profiles and defining training programmes.

## 6.4 Collaboration with social and/or cultural initiatives

[2-28, MA 203, 203-2, MA 413]

In addition to the various initiatives mentioned above, the CAF Group collaborates with public and/or private entities to support social, knowledge and cultural projects that have a positive impact on the communities where it is located.

Below are some of the institutions with which CAF has actively collaborated throughout 2022, contributing to its development.

### ● Collaboration in social activities

#### SuEskola Foundation

CAF collaborates with this foundation, which is a training centre for fire prevention and extinguishing, using innovative technology with real fire.



#### Green Dachshund Foundation

Foundation created in 2012 by Solaris Bus&Coach to help the most vulnerable. It aims to help people and animals in need close to the company, implementing aid programmes for children and young people, spreading the culture of animal protection and popularising the volunteer service by involving employees and external stakeholders.



### ● Promotion of culture and linguistics

#### Bikain Certification

CAF promotes the use of the Basque language in its work centres, which has made it possible to obtain the Bikain certification awarded by the Basque Government in the Silver category in the Beasain and Irun work centres. This recognition is a certificate of quality in the linguistic management of Basque in the professional environment.



#### CAF Award - Elhuyar

Every year the Board of Trustees of the Elhuyar Foundation awards the CAF-Elhuyar merit prize. The aim of this award is to pay tribute to people who have excelled in the normalisation of the Basque language and the dissemination of science and technology.

This year, coinciding with the 50th anniversary of Elhuyar, the Board of Trustees has awarded this recognition to the founders of Elhuyar: Iñaki Azkune Mendia, Felix Azpiroz Arrillaga, Juanjo Gabiña Carrera, Jesus Mari Goñi Zabala, Andoni Sagarna Izagirre, Mikel Zalbide Elustondo, Xabier Larrea, Luis Mari Bandres Unanue and Kepa Zalbide Elustondo.

The Board of Trustees has praised the contribution of the work started 50 years ago by these engineering students to the standardisation of the Basque language and the dissemination of science and technology.





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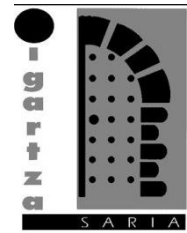
### Igartza Awards

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Founded in 1994 by the city of Beasain, with the support of the CAF company in Beasain and with the help of the ELKAR publishing house, the aim of this initiative is to expand Basque culture and support the work of young writers, through the Igartza Literary Creation Grant for new writers. The prize or scholarship consists of a financial award, together with a commitment to publish the work.

This year was the 25th edition and to celebrate it, on 8 October at the Igartza palace, an event was held in which people could enjoy a literary bertso-saio session set to music with texts created from the passages of the books that have won prizes during all these editions.

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### Euskaraldia

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Euskaraldia is a mass social exercise lasting fifteen days with the aim of changing oral linguistic habits and making more use of the Basque language. CAF has participated in this initiative since its launch by promoting spaces to express oneself in Basque, called "Arigunes".

The 2022 edition was held between 18 November and 2 December.

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# 7

## ADDITIONAL INFORMATION

*"To report information truthfully, honestly, and with absolute respect for people's integrity and honour, always ensuring the use of clear, responsible language that helps Stakeholders make an informed decision".*

*CAF Sustainability Policy  
17 December 2020*

### 7.1

About this report

### 7.2

Table of contents of the Non-Financial Information Statement

### 7.3

GRI content index

### 7.4

Table of contents in relation to the Global Compact Principles

## 7.1 About this report

[2-2, 2-3, 2-4, 2-26]

CAF's Sustainability Report is one of the main communication tools in this area and in the relationship with its Stakeholders.

### ● Scope

This report, which covers the period from 1 January to 31 December 2022, is the seventh annual Sustainability Report published by CAF.

The information provided therein covers CAF's activities at Group level. In cases of limitations in scope, coverage or other aspects of the information, appropriate specifications have been made in the chapter itself. The reasons for omission in these cases have been that the content is not appropriate, as it is not considered material, confidentiality or the data is not currently of sufficient quality to be included in the report, in which case work is being done to improve it.

This report also draws on other reports to report more specifically on certain matters, such as CAF's Consolidated Financial Statements for the year ended 31 December 2022, in this case to reinforce the information in the economic area; or the Annual Corporate Governance Report 2022 to reinforce those issues related to CAF's Corporate Governance Model.

### ● International standards used in preparing this Report

This report has been prepared with reference to the international standards of the Global Reporting Initiative (GRI) in the selected GRI option.

### ● Relevant aspects and participation of stakeholders

CAF maintains an active dialogue with all its stakeholders to identify and respond to issues that are of interest to them. In this regard, the materiality analysis carried out to identify the most relevant aspects to be addressed has been taken into account in preparing this report.

For any clarification, doubt or suggestion related to the report or the subjects included in it, please contact:

[esg@caf.net](mailto:esg@caf.net)



## 7.2 Table of contents of the Non-Financial Information Statement

TITLE OF CONTENT	Reference GRI content	PAGE
<b>INTRODUCTION</b>		
Description of the Group's business model	2-1 2-6 2-29	Consolidated Group Management Report "CAF Group business model and outlook", 6-13
Description of the policies applied by the Group and the outcome of these policies	103 Management Approach ("MA") indicated in each chapter	See sections I-V
Main risks concerning these matters relating to the Group's activities	2-12 2-13	Consolidated Group Management Report "Main risks and uncertainties", 40-41, 46-47, 50-51, 55, 58, 62, 81, 87, 102, 104, 108, 119, 120-122, 146
<b>I. ENVIRONMENTAL ACTIVITY</b>		
Current and foreseeable effects of the Group's activities on the environment and, where applicable, on health and safety	201-2 308-2	118 – 126 80 – 85
Environmental certification or assessment procedures	MA of GRI 307	119
Resources used to prevent environmental risks	(1)	118-126
Application of the precautionary principle	(1)	118
Provisions and guarantees for environmental risks		119
<b>POLLUTION</b>		
Measures to prevent, reduce or remedy CO <sub>2</sub> emissions which seriously affect the environment, taking into account any form of activity-specific air pollution	MA of GRI 305	120-143
<b>CIRCULAR ECONOMY AND WASTE PREVENTION AND MANAGEMENT</b>		
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	MA of GRI 306 306-1 306-2 306-3 306-4 306-5	142-143
Actions to combat food waste <sup>73</sup>		-
<b>SUSTAINABLE USE OF RESOURCES</b>		
Water consumption and supply according to local constraints	MA of GRI 303 303-2 303-3	139 – 140
Consumption of raw materials	301-1	138 – 139
Measures adopted to improve the efficiency of raw material use	MA of GRI 301 302-1	138 – 139
Direct and indirect energy consumption	302-3 302-4	140-141
Measures adopted to improve energy efficiency and use of renewable energies	MA of GRI 302	140-141
<b>CLIMATE CHANGE</b>		
Significant elements of the greenhouse gas emissions resulting from the Group's business	MA of GRI 305 305-1 305-2 305-3 305-4 305-5	122-126
Measures adopted to adapt to the consequences of climate change	MA of GRI 305	120-126
Targets set in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose	MA of GRI 305 201-2	122-123
<b>PROTECTION OF BIODIVERSITY</b>		
Protection of biodiversity		143
<b>II. HUMAN RESOURCES</b>		
<b>EMPLOYMENT</b>		
Total number of employees and breakdown by gender, age, country and professional category.	2-7	88
Total number and types of employment contracts	2-7	91
Annual average number of permanent, temporary and part-time contracts by gender, age and employee category	2-7	92
Number of terminations by gender, age and employee category	(1)	90

<sup>73</sup> This content is not material in relation to the CAF Group's business activity, as concluded from the 2021 materiality analysis.

Average remuneration by gender, age and employee category	2-20	97 – 98
Pay gap	(1)	97 – 98
Remuneration of identical job positions or average remuneration at the Group	(1)	97 – 98
Average remuneration of directors and executives	2-19 2-20	34 – 35, 98 – 99 Annual Report on the Remuneration of Directors of Listed Companies 2022 Annual Report on Corporate Governance of Listed Companies 2022
Implementation of disconnection from work measures	(1)	92
Employees with a disability	(1)	99
<b>WORK ORGANISATION</b>		
Organisation of working time	MA of GRI 401	92-94
Absenteeism figures	(1)	116
Measures to facilitate work-life balance and encourage shared parental responsibility	MA of GRI 401	92
<b>HEALTH AND SAFETY</b>		
Healthy and safe working conditions.	MA of GRI 403 403-1 403-2 403-3 403-7 403-8	106 – 116
Occupational accidents, in particular the frequency and severity thereof	403-9	114 – 115
<b>LABOUR RELATIONS</b>		
Organisation of labour/management relations	MA of GRI 402	94 – 95
Percentage of employees covered by collective bargaining agreements by country	2-30	95
Assessment of collective agreements, particularly in the field of occupational health and safety	403-4	110 – 111
Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	2-26	94 – 95
<b>TRAINING</b>		
Training policies implemented	MA of GRI 404	92 – 93
Total number of hours of training by employee category	404-1	93
<b>ACCESSIBILITY</b>		
Universal accessibility for people with disabilities	MA of GRI 405 and 406	98 – 99
<b>EQUALITY</b>		
Measures adopted to promote equal treatment and opportunities for men and women	MA of GRI 405	96
Equality plans	MA of GRI 405 and 406	96
Measures adopted to promote employment	MA of GRI 401	96
Protocols against sexual and gender-based harassment	MA of GRI 405 and 406	96, 105
Integration and universal accessibility for persons with disabilities	MA of GRI 405 and 406	98 – 99
Anti-discrimination policy and, where appropriate, diversity management policy	MA of GRI 405 and 406 406-1	32, 43, 96, 101 – 105
<b>III. RESPECT FOR HUMAN RIGHTS</b>		
Application of Human Rights due diligence procedures	2-23 2-26 MA of GRI 412 412-2	100 – 105
Prevention of risks of Human Rights violations and, where appropriate, measures to mitigate, manage and redress any abuses committed	MA of GRI 412 2-25	100 – 105
Complaints of violations of Human Rights	(1)	103 – 104
Promotion and fulfilment of the provisions of the fundamental conventions of the ILO in relation to respect for freedom of association and the right to collective bargaining, elimination of forced or compulsory labour and abolition of child labour.	MA of GRI 407 407-1 MA of GRI 408 408-1 MA of GRI 409 409-1	104 – 105, 169
<b>IV. FIGHTING CORRUPTION AND BRIBERY</b>		
Measures adopted to prevent corruption and bribery	2-23 2-26 MA of GRI 205 205-2	42 – 53

	205-3	
Anti-money laundering measures	2-23, 2-26 MA of GRI 205 205-2	42 – 53
Contributions to foundations and not-for-profit entities	(1)	53
<b>V. SOCIAL MATTERS</b>		
<b>THE GROUP'S COMMITMENT TO SUSTAINABLE DEVELOPMENT</b>		
Impact of the Group's activity on employment and local development	MA of GRI 203 203-2 204-1	145 – 158
Impact of the Group's activity on local populations and on the territory	MA of GRI 203 203-2 204-1	145 – 158
Relationships and dialogue with local community players	2-29	10 – 13 145 – 158
Association or sponsorship activities	2-28	145 – 158
<b>OUTSOURCING AND SUPPLIERS</b>		
Inclusion of social, gender equality and environmental issues in the procurement policy	MA of GRI 308 and 414	81 – 85
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	MA of GRI 308 and 414	81 – 85
Supervision and audit systems and results thereof	MA of GRI 308 and 414 308-1 414-1	83 – 85
<b>CONSUMERS</b>		
Consumer health and safety measures	MA of GRI 416 416-1 MA of GRI 418	61 – 63
Complaint systems, grievances received and resolution	MA of GRI 416 416-2 MA of GRI 418 418-1	60 – 61
<b>TAX INFORMATION</b>		
Earnings obtained on a country-by-country basis	(1)	56
Income tax paid	(1)	56
Government grants received	(1)	56
<b>EU TAXONOMY</b>		
EU Taxonomy		18 – 22

## 7.3 GRI content index

GRI STANDARD	TITLE OF CONTENT	REFERENCE	PAGE
<b>GENERAL CONTENT (2016)</b>			
<b>1. THE ORGANISATION AND ITS REPORTING PRACTICES</b>			
GRI 2-1	Organisational details	Construcciones y Auxiliar de Ferrocarriles, S.A.	164
		Location of the headquarters: Calle José Miguel Iturrioz, 26, 20,200 Beasain (Guipúzcoa), Spain	164
		Consolidated Group Management Report for 2022	Business performance and results Rolling stock segment Bus segments – Solaris
		7.1 About this report	160
		Consolidated Group Management Report for 2022	Note 2.f) to the Financial Statements
GRI 2-2	Entities covered by sustainability reporting	7.1 About this report	160
GRI 2-3	Reporting period, frequency and contact point	7.1 About this report	160
GRI 2-4	Restatements of information	If any data from previous periods have been revised, an explanatory note is included in the corresponding item.	164
GRI 2-5	External assurance	Consolidated Group Management Report for 2022	Auditor's reports
<b>2. ACTIVITIES AND WORKERS</b>			
GRI 2-6	Activities, value chain and other business relationships	1.1 CAF's Overall Vision and Sustainability	6
		3.4 Responsible and sustainable supply chain	81
		Consolidated Group Management Report for 2022	Rolling stock segment Bus segments – Solaris
GRI 2-7	Employees	4.1 Talent development	91 – 92
<b>3. GOVERNANCE</b>			
GRI 2-9	Governance structure and composition	2.1 Good Governance System	27 – 39
		2022 Annual Corporate Governance Report	Section C
GRI 2-10	Appointment and selection of the highest governance body	2.1 Good Governance System	27 – 39
		2022 Annual Corporate Governance Report	Sections C.1.5, C.1.6, C.1.7, C.1.12, C.1.19, C.1.36, C.2.1
GRI 2-11	Chair of the highest governing body	2.1 Good Governance System	33
		2022 Annual Corporate Governance Report	Sections C.1.13, C.1.14 and C.2.1.
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Good Governance System	32 – 39
		2.2 Risk management	40 – 41
GRI 2-13	Delegation of responsibility for impact management	2.1 Good Governance System	36 – 39
		2.2 Risk management	40
		2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	51
GRI 2-14	Role of the highest governance body in sustainability reporting	1.1 CAF's Overall Vision and Sustainability	6 – 9
		2.1 Good Governance System	36
GRI 2-15	Conflicts of interest	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	43, 51
GRI 2-16	Communication of critical concerns	2.1 Good Governance System	36
GRI 2-18	Performance evaluation of the highest governance body	2.1 Good Governance System	35 – 36
GRI 2-19	Remuneration policies	2.1 Good Governance System	34 – 35
		Remuneration Policy for the Directors of "Construcciones y Auxiliar De Ferrocarriles, S.A."	<a href="#">Link</a>
		2022 Annual Corporate Governance Report	Sections C.1.13, C.1.14, C.1.39, C.2.1
		Annual Report on the Remuneration of Directors of Listed Companies 2022	Complete
GRI 2-20		2.1 Good Governance System	34 – 35

	Process for determining remuneration	2022 Annual Corporate Governance Report Annual Report on Directors' Remuneration of the Board of Directors of Listed Public Limited Companies 2022	Sections C.1.13, C.1.14 and C.2.1. Complete
<b>4. STRATEGY, POLICIES AND PRACTICES</b>			
GRI 2-22	Sustainable Development Strategy Statement	2021 Annual Report Strategic plan 2026	Letter from the Chairman <a href="#">Link</a>
GRI 2-23	Commitments and policies	2.1 Good Governance System	30
		2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	42 – 53
		4.3 Respect for Human Rights	100 – 105
GRI 2-24	Mainstreaming commitments and policies	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	42 – 53
		4.3 Respect for Human Rights	100 – 106
GRI 2-25	Processes to remedy negative impacts	4.3 Respect for Human Rights	103
GRI 2-26	Mechanisms for seeking advice and raising concerns	2.1 Good Governance System	27 – 39
		2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	51 – 53
		3.4 Responsible and sustainable supply chain	82
		7.1 About this report	160
		2022 Annual Corporate Governance Report	Section F.1.2.
GRI 2-27	Compliance with legislation and regulations	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	47 – 48
GRI 2-28	Membership of associations	6. The social value of our activity	147 – 159
<b>5. STAKEHOLDER ENGAGEMENT</b>			
GRI 2-29	Approach to Stakeholder engagement	1.2 Value creation and Stakeholders	10 – 13
GRI 2-30	Collective bargaining agreements	4.1 Talent development	95
<b>MATERIAL TOPICS</b>			
GRI 3-1	Process for determining material topics	1.3 Materiality	14 – 15
GRI 3-2	List of material topics	1.3 Materiality	14 – 15
<b>SPECIFIC CONTENTS</b>			
<b>CATEGORY: ECONOMY</b>			
<b>Economic performance (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + Consolidated Group Management Report 2022	15, Business performance and results
GRI 201-2	Financial implications and other risks and opportunities due to climate change	5.2 Climate strategy	120 – 122
GRI 201-3	Defined benefit plan obligations and other retirement plans	Consolidated Group Financial Statements for 2022	Note 20 to the Financial Statements.
GRI 201-4	Financial assistance received from the government	Consolidated Group Financial Statements for 2022	Note 15, Note 16 and Note 22 d) to the Financial Statements.
<b>Diversity and equal opportunities (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.2 Diversity and equal opportunities	15, 96 – 98
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	The salaries of all CAF employees are established in accordance with the collective bargaining agreements in force together with the remuneration regulations applicable in each of them, always being higher than the minimum established by law and guaranteeing equitable processing by setting salary conditions regardless of gender.	165
<b>Indirect economic impacts (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 6. The social value of our activity	15, 147 – 159
GRI 203-2	Significant indirect economic impacts	6. The social value of our activity	147 – 159
<b>Procurement practices (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 3.4 Responsible and sustainable supply chain	15, 81

GRI 204-1	Proportion of spending on local suppliers	Local suppliers accounted for 68% of the Group's spending in countries with significant operations	166
<b>Anti-corruption (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	15, 42 – 53
GRI 205-2	Communication and training about anti-corruption policies and procedures	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	45 – 46
		2022 Annual Corporate Governance Report	Section F.1.2.
GRI 205-3	Confirmed cases of corruption and measures taken	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	47
		Consolidated Group Financial Statements for 2022	Note 26) to the Financial Statements
<b>Unfair Competition (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	15, 49 – 51
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	50
		Consolidated Group Financial Statements for 2022	Note 12 a), Note 20 and Note 26 a) to the Financial Statements
<b>Tax (2019)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 2.4 Fiscal responsibility	15, 54 – 56
GRI 207-1	Tax approach	2.4 Fiscal responsibility	54 – 56
GRI 207-2	Tax governance, control and risk management	2.4 Fiscal responsibility	55
GRI 207-3	Stakeholder engagement and management of concerns related to tax	2.4 Fiscal responsibility	55
<b>CATEGORY: ENVIRONMENT</b>			
<b>Materials (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 5.4 Circular economy and sustainable use of resources	15, 138
GRI 301-1	Materials used by weight or volume	5.4 Circular economy and sustainable use of resources	138 – 139
<b>Energy (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality. + 5.4 Circular economy and sustainable use of resources	15, 140 – 141
GRI 302-1	Energy consumption within the organisation	5.4 Circular economy and sustainable use of resources	141
GRI 302-3	Energy intensity	5.4 Circular economy and sustainable use of resources	141
GRI 302-4	Reduction of energy consumption	5.4 Circular economy and sustainable use of resources	141
<b>Water and effluents (2018)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 5.4 Circular economy and sustainable use of resources	15, 139
GRI 303-1	Interactions with water as a shared resource	5.4 Circular economy and sustainable use of resources	139
GRI 303-2	Management of water discharge-related impacts	5.4 Circular economy and sustainable use of resources	139
GRI 303-3	Water extraction	5.4 Circular economy and sustainable use of resources	139
<b>Emissions (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 5.2 Climate strategy	15, 122 – 126
		Consolidated Group Financial Statements for 2022	Note 2 g)
GRI 305-1	Direct (Scope 1) GHG emissions	5.2 Climate strategy	124
GRI 305-2	Energy indirect (Scope 2) GHG emissions	5.2 Climate strategy	124
GRI 305-3	Other indirect (Scope 3) GHG emissions	5.2 Climate strategy	125 – 126
GRI 305-4	GEI emissions intensity	5.2 Climate strategy	125
GRI 305-5	Reduction of GHG emissions	5.2 Climate strategy	125
<b>Waste (2020)</b>			

GRI 3-3	Management Approach	1.3 Materiality + 5.4 Circular economy and sustainable use of resources	15, 142 – 143
GRI 306-1	Waste generation and significant waste related impacts	5.4 Circular economy and sustainable use of resources	142 – 143
GRI 306-2	Management of significant waste-related impacts	5.4 Circular economy and sustainable use of resources	142 – 143
GRI 306-3	Waste generated	5.4 Circular economy and sustainable use of resources	142 – 143
GRI 306-4	Wastes not destined for disposal	5.4 Circular economy and sustainable use of resources	142 – 143
GRI 306-5	Waste destined for disposal	5.4 Circular economy and sustainable use of resources	142 – 143
<b>Environmental assessment of suppliers (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality. + 3.4 Responsible and sustainable supply chain	15, 81 – 85
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	3.4 Responsible and sustainable supply chain	81 – 85
<b>CATEGORY: SOCIAL</b>			
<b>Employment (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.1 Talent development	15, 88 – 92
GRI 401-1	New employee hires and employee turnover	4.1 Talent development	89
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1 Talent development	92
<b>Worker-company relations (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality. + 4.1 Talent development	15, 92
GRI 402-1	Minimum notice periods regarding operational changes	The provisions of the applicable agreement or, subsidiarily, the relevant local legislation are complied with in this regard.	167
<b>Occupational health and safety (2018)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.4 Occupational health and safety	15, 106 – 116
GRI 403-1	Occupational health and safety management system	4.4 Occupational health and safety	107 – 108
GRI 403-2	Hazard identification, risk assessment and incident investigation	4.4 Occupational health and safety	106 – 116
GRI 403-3	Occupational health services	4.4 Occupational health and safety	109 – 110
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	4.4 Occupational health and safety	110 – 111
GRI 403-5	Worker training on occupational health and safety	4.4 Occupational health and safety	112 – 113
GRI 403-6	Promotion of worker health	4.4 Occupational health and safety	109 – 110
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4 Occupational health and safety	112
GRI 403-8	Coverage of the occupational health and safety management system	4.4 Occupational health and safety	107 – 108
GRI 403-9	Work-related injuries	4.4 Occupational health and safety	113 – 116
<b>Training and teaching (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.1 Talent development	13, 92 – 94
GRI 404-1	Average hours of training per year per employee	4.1 Talent development	93
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	4.1 Talent development	93
<b>Diversity and equal opportunities (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.2 Diversity and equal opportunities	15, 96 – 98
GRI 405-1	Diversity of governing bodies and employees	2.1 Good Governance System	32-35
		4.2 Diversity and equal opportunities	98
		2022 Annual Corporate Governance Report	Sections C.1.5, C.1.6,

			C.1.7, C.2.1
<b>Non-discrimination (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.2 Diversity and equal opportunities	15, 96 – 98
GRI 406-1	Incidents of discrimination and corrective actions taken	4.2 Diversity and equal opportunities	96 – 97
<b>Freedom of association and collective bargaining (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.3 Respect for Human Rights	15, 100 – 105
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No significant affected sites and suppliers have been identified in this regard.	168
<b>Child Labour (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.3 Respect for Human Rights	15, 100 – 105
GRI 408-1	Operations and suppliers with significant risk for incidents of child labour	No significant affected sites and suppliers have been identified in this regard.	168
<b>Forced or compulsory labour (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.3 Respect for Human Rights	15, 100 – 105
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No centres or providers have been identified as having a significant risk in this regard.	168
<b>Indigenous peoples' rights (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.3 Respect for Human Rights	15, 100 – 105
GRI 411-1	Incidents of violations involving rights of indigenous peoples	No such cases have been detected.	168
<b>Human rights assessment (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 4.3 Respect for Human Rights	15, 100 – 105
GRI 412-2	Employee training on Human Rights policies or procedures	4.3 Respect for Human Rights	101 – 102
<b>Local communities (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 6. The social value of our activity	15, 14 – 159
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	No centres have been identified with significant negative effects in this regard.	168
<b>Social assessment of suppliers (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 3.4 Responsible and sustainable supply chain	15, 81 – 85
GRI 414-2	Negative social impacts in the supply chain and actions taken	3.4 Responsible and sustainable supply chain	81 – 85
<b>Public Policy (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	13, 42 – 53
GRI 415-1	Contributions to political parties and/or representatives	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law	53
<b>Customer health and safety (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 3.1 Quality and safety of products and services	15, 61 – 63
GRI 416-1	Assessment of the health and safety impacts of product or service categories	3.1 Quality and safety of products and services	61 – 62
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.1 Quality and safety of products and services	62
<b>Customer privacy (2016)</b>			
GRI 3-3	Management Approach	1.3 Materiality + 3.2 Information security	15, 64 – 66
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.2 Information security	65



## 7.4 Table of contents in relation to the Global Compact Principles

As stated throughout the Report, CAF, S.A. maintains its adherence to the Global Compact and as such complies with the corresponding requirements, i.e. the annual renewal of the CEO's declaration of commitment where the commitment to the initiative and its Ten Principles is renewed and the annual publication of the Progress Report.

In this regard, the new updated UN Global Compact Progress Report (COP) comes into force in 2023, replacing the narrative reporting format with a standardised questionnaire. This questionnaire has a first section on Governance, which provides a cross-cutting view of the governance structure of corporate sustainability, and four other sections: Human Rights, Labour, Environment and Anti-Corruption. Within each section, questions are incorporated that address the process and policies that demonstrate a company's commitment to progress, efforts made to prevent negative social and environmental impacts, performance and remediation indicators, and reporting mechanisms to address grievances and reflect on lessons learned. In doing so, the organisation aims to:

- Measure and demonstrate progress to stakeholders in a coherent and harmonised way with the rest of the initiative's participants.
- Be mentored, learn and continuously improve performance by identifying challenges and setting sustainability targets.
- Benchmark progress against other companies by accessing a comprehensive corporate sustainability database.
- Build credibility and brand value by showing the company's commitment to the Ten Principles and the Sustainable Development Goals.

CAF will complete the questionnaire by the deadline set by the Global Compact for this launch year (27 March to 30 June) and it will be publicly accessible through the Global Compact website. However, additionally and for the purposes of this Report, the following table identifies the chapters of the Sustainability Report - EINF where the information relating to compliance with the 10 Principles of the Global Compact is included.

THE 10 GLOBAL COMPACT PRINCIPLES	REFERENCE
<b>HUMAN RIGHTS</b>	
PRINCIPLE 1. Businesses should support and respect the protection of internationally proclaimed Human Rights	1. CAF's overall Vision and Sustainability 2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law 4.3 Respect for Human Rights
PRINCIPLE 2. Businesses should make sure that they are not complicit in Human Rights abuses	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law 3.4 Responsible and sustainable supply chain 4.3 Respect for Human Rights
<b>LABOUR STANDARDS</b>	
PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law 3.4 Responsible and sustainable supply chain 4.1 Talent development 4.3 Respect for Human Rights
PRINCIPLE 4: Businesses should support the elimination of all forms of forced and compulsory labour.	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law 3.4 Responsible and sustainable supply chain 4.3 Respect for Human Rights
PRINCIPLE 5: Businesses should support the effective abolition of child labour	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law 3.4 Responsible and sustainable supply chain 4.3 Respect for Human Rights
PRINCIPLE 6: Businesses should support the elimination of discrimination in respect of employment and occupation	2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law 4.1 Talent development 4.2 Diversity and equal opportunities 4.3 Respect for Human Rights
<b>ENVIRONMENT</b>	

PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges	5.1 Environmental management 5.2 Climate strategy
PRINCIPLE 8: Businesses should undertake initiatives to promote greater environmental responsibility.	3.4 Responsible and sustainable supply chain 5.1 Environmental management 5.2 Climate strategy 5.3 Sustainable and efficient mobility 5.4 Circular economy and sustainable use of resources
PRINCIPLE 9: Companies should encourage the development and diffusion of environmentally friendly technologies	3.3 Innovation and technology 5.3 Sustainable and efficient mobility
<b>ANTI-CORRUPTION</b>	
PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and briber.	1. CAF's overall Vision and Sustainability 2.3 Regulatory Compliance System: Business ethics, prevention of fraud and corruption, and respect for competition law