



The following English translation is provided by the Company for information purposes only, based on the original and official document in Spanish available on the Company's website (www.caf.net). In the event of any discrepancy between the English version and the Spanish original document, the latter will prevail.

JUSTIFICATION REPORT OF THE BOARD OF DIRECTORS CONCERNING THE PROPOSALS FOR THE RE-ELECTION OF MR. ANDRÉS ARIZKORRETA GARCÍA, MR. LUIS MIGUEL ARCONADA ECHARRI AND MR. JUAN JOSÉ ARRIETA SUDUPE, AS DIRECTORS OF THE COMPANY, AS WELL AS ON THE SETTING OF THE NUMBER OF DIRECTORS, INCLUDED IN ITEMS 4.1, 4.2, 4.3 AND 4.4 OF THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETING, RESPECTIVELY

1.- INTRODUCTION

In accordance with the provisions of Article 529 decies of the Revised Text of the Capital Companies Act (the "CCA"), and Article 15 of the Regulations of the Board of Directors, the proposal for the appointment or re-election of the members of the Board of Directors who are not independent corresponds to the Board itself. This proposal must be accompanied by a report from the Board of Directors assessing the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the general meeting or of the Board itself. The proposal for the appointment or re-election of any non-independent director must also be preceded by a report from the Appointments and Remuneration Committee.

The Board of Directors of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. ("CAF" or the "Company") has agreed to call a General Shareholders' Meeting on June 11, 2022 on first call, and on the following day on second call, including the following proposals under item 4 of the Agenda:

“Fourth:

4.1 Re-election of Mr. Andrés Arizkorreta García as Director, under the category of “Other External”.

4.2 Re-election of Mr. Luis Miguel Arconada Echarri as Director, under the category of “Other External”.

4.3 Re-election of Mr. Juan José Arrieta Sudupe as Director, under the category of “Other External”

4.4 Fixing the number of directors at 11 members.”

The purpose of this report is (i) to justify the proposals for the re-election of Mr. Andrés Arizkorreta García, Mr. Luis Miguel Arconada Echarri, and Mr. Juan José Arrieta Sudupe as Directors of the Company, with the category of Other External, for a term of four years; (ii) to evaluate the competence, experience and merits of the three proposed candidates; and (iii) to justify the proposal to set the number of Directors at eleven. All of the foregoing, in view of the previous report issued by the Appointments and Remuneration Committee in relation to these proposals, at a meeting held prior to this Board meeting.

The aforementioned prior report of the Committee is made available to the shareholders together with the present report of the Board.

It is also noted that, for the purposes of Article 518 e) of the CCA, this report contains full information on the identity, curriculum vitae and category of the candidates whose re-election is proposed.

2. JUSTIFICATION OF THE PROPOSAL FOR RE-ELECTION OF MR. ANDRÉS ARIZKORRETA GARCÍA, MR. LUIS MIGUEL ARCONADA ECHARRI AND MR. JUAN JOSÉ ARRIETA SUDUPE

In relation to the proposal regarding the re-election of the aforementioned Directors, the Board reports the following:

2.1. Appointments and Remuneration Committee Report

In view of the forthcoming expiration of the terms of office of Mr. Andrés Arizkorreta García, Mr. Luis Miguel Arconada Echarri and Mr. Juan José Arrieta Sudupe, upon completion of the four-year term of their appointment, by virtue of the corresponding resolutions of the Ordinary General Meeting held on June 2, 2018, the Appointments and Remuneration Committee has issued the mandatory prior report, favorably assessing the re-election of said Directors. In doing so, it has taken into consideration, among other things, the following factors:

- a) Re-election of Mr. Andrés Arizkorreta García as Director with the category of "Other External Directors", for the statutory term of four years:

Mr. Andrés Arizkorreta García holds a degree in Economics and Business Administration from the University of Deusto. He was first appointed to CAF's Board of Directors in 1991 and has been re-elected to the position ever since. From 2006 until September 1, 2021, he has been Chief Executive Officer, combining this position with that of Chairman of the Board since December 2015. As of September 1, 2021, he holds the position of non-executive Chairman of the Board of Directors and belongs to the category of "Other External Directors". He is Vice President of the Circle of Basque Businessmen (Círculo de Empresarios Vascos). He also holds the position of independent director and member of the Appointments, Remuneration and Sustainability Committee of Viscofan, S.A.

The Appointments and Remunerations Committee has found that Mr. Arizkorreta:

- i) Continues to meet the legal requirements, as well as those of the Regulations of the Board of Directors and the Company's Director Selection and Diversity Policy, for his appointment as a Director.
- ii) He has not been and he is not currently subject to any legal prohibition or incompatibility, nor any of the circumstances in which he must tend his resignation to the Board, according to Article 18 of the Company's Regulations of the Board of Directors.
- iii) Since his appointment, he has satisfactorily performed the duties assigned to him on the Board of Directors, with the appropriate dedication and commitment to his role. He also has the time and capacity required to continue to fulfill his obligations in an equally satisfactory manner.
- iv) He has the appropriate skills and knowledge to meet the current requirements of the Board, in accordance with its skills matrix.

Among other things, his long experience in the service of the Company is highly valued, having held the highest management responsibilities for fifteen years, and

contributing with a deep knowledge of the Company and its Group. Also noteworthy is his knowledge of the dynamics of the sector and the markets in which the Company operates, as well as his ability to maintain, as Chairman of the Board, institutional and business relationships of great value to the Company.

- v) He meets the legal and statutory conditions foreseen for the category of "Other External".
- vi) According to the information provided by the candidate Director, no potential conflicts of interest have been identified that could negatively affect his ability to perform his duties properly.

Consequently, the Committee has reported favorably on the re-election of Mr. Andrés Arizkorreta as Director, with the category of "Other External", for the statutory period of four years.

The re-election of Mr. Andrés Arizkorreta as director, in case of approval, will entail his continuity as non-executive Chairman of the Board of Directors, in accordance with article 146 of the Mercantile Registry Regulations.

- b) Re-election of Mr. Luis Miguel Arconada Echarri as member of the Board of Directors, with the category of "Other External Directors", for the statutory term of four years:

Mr. Luis Miguel Arconada has extensive experience and knowledge in the field of business, through various business initiatives that he has promoted or in which he has participated. Likewise, he has enjoyed prestige in different areas of social and economic life since his successful period in the world of sport. He was first appointed to the Board of Directors of CAF in 1992 and has been re-elected to the position ever since. He is a member of the CAF Appointments and Remuneration Committee. He has the category of "Other External Directors", as a result of a continuous period of twelve years as a member of the Board of Directors.

The Appointments and Remuneration Committee has found that Mr. Arconada:

- i) Continues to meet the legal requirements, as well as those of the Regulations of the Board of Directors and the Company's Director Selection and Diversity Policy, for his appointment as a Director.
- ii) He has not been and he is not currently subject to any legal prohibition or incompatibility, nor any of the circumstances in which he must tend his resignation to the Board, according to Article 18 of the Company's Regulations of the Board of Directors.
- iii) Since his appointment, he has performed the position of Director satisfactorily, with the appropriate dedication and commitment to his role. He also has the time and capacity to continue to fulfill his duties as Director and as a member of the Appointments and Remuneration Committee in an equally satisfactory manner.
- iv) He has the appropriate skills and knowledge to meet the current requirements of the Board, in accordance with its skills matrix.

In particular, his business experience is highlighted, as well as his profound knowledge of the Company and its sector, and his high relational skills, amply demonstrated during his years in office. Furthermore, Mr. Arconada's personal

profile is particularly valued, with high leadership capabilities, professional judgement and commitment to the company, combining good repute, reliability and solid values, which are ideal for his position as Director and, in particular, to be a member of the Appointments and Remunerations Committee.

- v) The legal and statutory conditions for being included in the category of “Other External Directors” continue to apply.
- vi) According to the information provided by the candidate Director, no potential conflicts of interest have been identified that could negatively affect his ability to perform his duties properly.

Consequently, the Committee has reported favorably on the re-election of Mr. Luis Miguel Arconada Echarri as Director of the Company, with the category of "Other External", for the statutory term of four years.

- c) Re-election of Mr. Juan José Arrieta Sudupe as member of the Board of Directors, with the category of "Other External Directors", for the statutory term of four years:

Mr. Juan José Arrieta Sudupe holds a degree in Economics and Business Administration from the University of Deusto. He has extensive experience in the management of financial institutions and prestigious business schools. He is a member of the Strategic Council of the Technological Center of the University of Navarra. He is a member of the Company's Audit Committee. He has the category of "Other External Directors" since June 7, 2020, as a result of the passage of a continuous period of twelve years as a member of the Board of Directors.

The Appointments and Remuneration Committee has noted that Mr. Arrieta:

- i) Continues to meet the legal requirements, as well as those of the Regulations of the Board of Directors and the Company's Director Selection and Diversity Policy, for his appointment as a Director.
- ii) He has not been and he is not currently subject to any legal prohibition or incompatibility, nor any of the circumstances in which he must tend his resignation to the Board, according to Article 18 of the Company's Regulations of the Board of Directors.
- iii) Since his appointment, he has performed the position of Director satisfactorily, with the appropriate dedication and commitment to his role. He also has the time and capacity to continue to fulfill his duties as Director and as a member of the Audit Committee in an equally satisfactory manner.
- iv) He has the appropriate skills and knowledge to meet the current requirements of the Board, in accordance with its skills matrix.

In particular, his solid technical background, with extensive knowledge of economics, finance, accounting and risk control and management, as well as his rigour and analytical skills, all of which are of great value to the Company, both as a Director and as a member of the Audit Committee, are particularly appreciated. His extensive knowledge of the Company and its Group is also appreciated.

- v) The legal and statutory conditions for being included in the category of “Other External Directors” continue to apply.

- vi) According to the information provided by the candidate Director, no potential conflicts of interest have been identified that could negatively affect his ability to perform his duties properly.

Consequently, the Committee has reported favorably on the re-election of Mr. Juan José Arrieta Sudupe as a Director of the Company, with the category of "Other External", for the statutory term of four years.

It is noted that all of the above candidates have ratified their compliance with the obligations of the office of Director, as well as with the rules and policies of the Company.

2.2. Justification of the Proposals

Within the framework of the foregoing, in accordance with the Regulations of the Board of Directors and the Company's Director Selection and Diversity Policy, and taking into consideration the reasons stated by the Appointments and Remuneration Committee (which the Board endorses), the Board of Directors considers that:

- a) Mr. Andrés Arizkorreta's experience and extensive professional curriculum vouch for his suitability, competence and merits to occupy the position of Board Member. The Board values very favorably his profound knowledge of both the CAF Group and the market and sector in which the Company operates, as well as the performance of his duties on the Board, and especially as Chairman of the Board, and therefore considers his re-election as a Director, with the category of "Other External", to be justified and appropriate.
- b) Mr. Luis Arconada has competence, experience and merits that add value to the Company, and he fulfills the conditions of suitability to be re-appointed as a member of the Board of Directors. The Board has highly valued his profound knowledge of the Company, as well as his outstanding contribution to the Board and the Company since his first appointment, and, in particular, as a member of the Appointments and Remuneration Committee. Consequently, he proposes to the Board his re-election as Director, with the category of "Other External", for the statutory term of four years.
- c) Mr. Juan José Arrieta Sudupe's experience and professional career demonstrate his competence, merits and suitability to be re-elected member of the Board of Directors. The Board has highly valued his solid technical expertise in areas of interest to the Company, as well as his outstanding contribution to the Company to date and, in particular, as a member of the Audit Committee. Consequently, he proposes to the Board his re-election as Director, with the category of "Other External", for the statutory term of four years.

3. CONCLUSION AND PROPOSALS FOR RESOLUTIONS IN RELATION TO THE RE-ELECTION OF DIRECTORS

In view of the foregoing, the Board considers the following proposals for resolution to be justified and submitted to the General Meeting of Shareholders for decision in a separate vote under items 4.1, 4.2 y 4.3 of the agenda:

“4.1 Re-election of Mr. Andrés Arizkorreta García as Director, under the category of “Other External”.

4.2 Re-election of Mr. Luis Miguel Arconada Echarri as Director, under the category of “Other External”.

4.3 Re-election of Mr. Juan José Arrieta Sudupe as Director, under the category of “Other External”

4. OTHER CONSIDERATIONS

The Board of Directors has also resolved to propose to the General Meeting, as item 4.4 on the agenda, to set the number of directors at eleven, which is the current size of the Board, as it considers it to be appropriate for its needs, as has been corroborated by the Appointments and Remunerations Committee in its report of 6 May 2022.

In the event that the General Meeting approves this resolution, as well as the re-election of the directors mentioned in the preceding paragraphs, a vacancy would be created on the Board of Directors, to be filled by co-option by the Board itself before the next General Meeting, which must ratify the appointment, if any, approved by the Board.

In order to maintain an appropriate balance on the Board of Directors as a whole, the intention is that the new member to be co-opted to fill this vacancy should be an independent director.

In Beasain, May 6, 2022.