

SLAVERY AND HUMAN TRAFFICKING STATEMENT

REGARDING THE MODERN SLAVERY ACT 2015 (UK) AND THE MODERN SLAVERY ACT 2018 (AUSTRALIA) FOR THE YEAR 2022

1. Introduction

Construcciones y Auxiliar de Ferrocarriles, S.A., with registered address at Beasain (Gipuzkoa), as the parent company of the CAF Group which is traded on the Spanish stock exchange (hereinafter the “**Company**”) and on behalf of all companies forming part thereof (hereinafter, the “**CAF Group**”), expressly condemns slavery and human trafficking.

This statement corresponds to the requirements of Section 54 (Part 6) of the *Modern Slavery Act 2015 (UK)* and Section 14 (Part 2) of the *Modern Slavery Act 2018 (Australia)* and briefly describes the commitments and measures implemented for the prevention and, if applicable, the elimination of the aforementioned practices in its own organization, as well as in its supply chain. Additionally, the CAF Group is committed to continuing to progress in the implementation of the measures launched with this objective.

For the purposes of the provisions of the *Modern Slavery Act 2015 (UK)*, this report describes in detail the *Slavery and Human Trafficking Policies*, the *Due Diligence Processes in relation to slavery and human trafficking in business and supply chains* and the *Slavery and Human Trafficking Training available to staff*, together with the other content suggested by the Act and by the Secretary of State's guidance.

In accordance with the *Modern Slavery Act 2018 (Australia)* with respect to the identity of the reporting entity, this statement is made by the Company in its capacity as the parent entity of the CAF Group operating in Australia, although it covers all activities carried out by the various companies comprising the CAF Group in Australia, therefore making it a Joint Statement. The latter is regardless of whether it is a reporting entity or whether it does so voluntarily. Until 2022, the CAF Group's activities in Australia were those stated in section 3 below, with the exception of those related to the bus segment.

2. Internal consultation process for the preparation and publication of non-financial information

The parent company and the various subsidiaries within the CAF Group coordinated in the consultation process for issuing this Joint Statement. The parent company level, specifically, has a Sustainability Committee where all ESG areas are represented. This committee coordinates and drives corporate initiatives in the field of sustainability, including the collection of data on a consistent basis for non-financial reporting of all the Group's activities.

To this end, during the 2022 fiscal year, a corporate computer tool was used to automate requests for information from various contacts, which were subsequently aggregated and consolidated into this report.

In line with the above, every year the CAF Group prepares and publishes a document called a Non-Financial Information Statement - Sustainability Report, prepared in accordance with the international standards of the *Global Reporting Initiative (GRI)* and the requirements of Spanish law on non-financial information, which is supervised by an independent third party and published and always available on the Company's website www.caf.net.

3. About CAF

The CAF Group is a multinational group with more than 100 years of experience in providing its clients with comprehensive, cutting-edge transportation systems with high added value in sustainable mobility.

The CAF Group, which is a multi-business, multi-plant company and a go-to company in the railway sector, offers its clients one of the widest and most flexible product ranges on the market, including comprehensive transport systems, rolling stock (rail and bus), components, infrastructures, signalling equipment and services (upkeep, refurbishment and financing). The whole value offer is available on the Company's website.

- Within the rail rolling stock segment—which is its main and longest-standing business line, the CAF Group offers a wide range of products ranging from high-speed trains to regional and suburban trains, underground trains, trams and LRVs, and locomotives, among others.
- In the bus sector, the CAF Group also has trolley buses and urban rail vehicles, offering a wide range of electric buses with zero emissions, where it maintains a position of leadership in the European market.

In order to carry out its operations, the CAF Group has production plants in Spain, France, the United States, Mexico, Brazil, the United Kingdom, and Poland. Additionally, the Company has offices and maintenance centres in more than 20 countries across five continents.

As of the end of the fiscal year, the CAF Group employed a total of 14,526 people.

For more information on the CAF Group's activities, company structure and organizational structure, please see the consolidated Annual Report of the CAF Group and the Non-Financial Information Statement - Sustainability Report for the 2022 financial year, as well as the Company's website.

4. Commitment and Published Internal Rules and Regulations

In addition to its commitment to strict compliance with current legislation in all the territories where it operates, in its Code of Conduct and Sustainability Policy the CAF Group also includes its commitment to adopting measures that guarantee scrupulous respect for Fundamental Rights, the principles of equal treatment and non-discrimination, and any other principles included in the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the United Nations Global Compact, to which the Company is a signatory (General Principles of the CAF Group Code of Conduct). Also, it proclaims its commitment to fighting slavery and human trafficking and encouraging responsible practices among its suppliers.

These commitments are public and are included as part of the CAF Group's Corporate Governance System (which are the highest-ranking rules in CAF's internal regulatory system) and more specifically in the Code of Conduct of the CAF Group, and in the Sustainability Policy, both of which are published on the Company's website. The Supplier Code of Conduct has been expressly developed to ensure that these commitments are also met within the supply chain, and this is also published and fully accessible.

Likewise, the CAF Group's company Crime Prevention Manual, mentioned in section 5.1 of this report and which also forms part of the Corporate Governance System, contains an express commitment on the part of the organization with respect to the OECD Guidelines for Multinational Companies (which covers companies' duty to respect Human Rights and workers' rights in terms of employment and labour relations, in particular eliminating any kind of forced labour, in Chapters IV and V thereof, respectively).

Said commitments are reiterated and materialize as specific actions in other implementing regulations within the CAF Group's Corporate Compliance System.

5. Measures Implemented

The CAF Group has implemented a series of measures that seek to guarantee the commitments acquired in this regard, both internally and among its suppliers. In this regard, among other measures, the CAF Group: (i) establishes the General Principles of its Code of Conduct as standards of mandatory compliance for all of CAF's employees, as well as third parties with which it has

relationships; (ii) has internal procedures on areas of Human Rights Due Diligence as well as; (iii) a Due Diligence Manual for contracting with Third Parties; (iv) provides training on Compliance subjects adapted to the different recipients; (v) implements specific mechanisms to guarantee the Rights of workers; (vi) has a system for supplier registration and control of the supply chain; (vii) has a Compliance Function that, among its other responsibilities, supervises the effective application of the Code of Conduct and the corporate Compliance System; (viii) has established a general whistleblowing channel open to third parties and other specific channels related to labour matters; (ix) works to continuously develop the Risk Management and Control System, including managing and controlling risks related to Human Rights; and (x) has assigned specific powers of control and supervision of the Corporate Governance System and internal codes of conduct in relation to Sustainability and the reporting of non-financial information, and of the Risk Management and Control System, to each Committee of the parent company's Board of Directors, in order to ensure commitment at all levels of the organization.

These measures, and the advances made during the 2022 financial year that are briefly explained below, in addition to other activities implemented, are described in greater detail in the aforementioned Non-Financial Information Statement - Sustainability Report for the 2022 financial year.

5.1 Corporate Compliance System

Since 2011, the CAF Group's Code of Conduct has defined the set of general regulations and principles for corporate governance and professional conduct which apply to all the Group's professionals, as well as any body or person collaborating with or related to the Group, thereby serving as a basis for any other Codes of Conduct for any possible specific aspects which supplement the former.

In developing the Code of Conduct, a crime prevention program was established within the CAF Group Crime Prevention Manual and approved by the CAF, S.A. Board of Directors on April 29, 2015 (first version), which is reviewed and updated periodically.

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 the corporate level, notwithstanding the specifics approved for each case derived from the requirements of the legal system applicable to international subsidiaries, which shall prevail where applicable.

5.2 Due Diligence in Areas of Human Rights

Similarly, the requirement to comply with Human Rights is a priority issue in the CAF Group's activities and, as a development of the CAF Group's Human Rights 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.

This procedure, which is corporate in scope, means that all potential projects (understood as any business activity) must be previously and systematically evaluated from the perspective of Human Rights, so that it can be determined a priori that the intervention of the CAF Group will not lead to the violation of such Rights through its own activities, or through direct mediation of its operations, or through the sale of its products or services. At the same time, the possible existence of international sanctions is confirmed on a general basis.

As part of the ongoing development of the Risk Management and Control System, and that of Corporate Compliance, the management and control of Human Rights risks is specifically included, in line with the principle of dual materiality. 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, this aforementioned CAF Group Human Rights Due Diligence Procedure has maintained a key difference in its 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 (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 for 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 were to be classified as admissible.

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

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. Likewise, 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 materializes, 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.

5.3 Due Diligence for Contracting with Third Parties

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 the General Principles of CAF Group's Code of Conduct.

In this regard, the CAF Group's Due Diligence Manual for contracting with third parties formalizes and standardizes 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.

Consequently, 100% of the Third Parties that the CAF Group contracts are previously assessed in accordance with the described procedure, since the CAF Group can only contract with Third Parties that obtain a favourable evaluation as "suitable" from a Compliance perspective. Section 5.6 of this report provides a detailed explanation with regards to suppliers.

5.4 Training and Awareness-Raising

In 2022, actions aimed at raising awareness, disseminating and applying the Code of Conduct and Crime Prevention Manual continued, which included, among other aspects and as part of the mandatory respect for Human Rights, the commitments adopted regarding the fight against slavery and human trafficking.

At year-end, training in the Code of Conduct and Crime Prevention Manual had been launched throughout the Group's consolidation perimeter. 90% of the people included in the training plan in this area have completed it. Since the start of the program, more than 7,000 people have been trained (6,300 people in 2021). More than 623 people were trained in 2022. A training system is also maintained which is included in the introduction plans for new employees. All training materials are kept up to date.

During 2022, new additional 0 e-learning modules were launched on Due Diligence for Contracting with Third Parties and also 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, meaning that more than 283 people have been trained in this area.

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.

5.5 Respect for the Moral integrity of Workers

The CAF Group is committed to safeguarding the moral integrity of all professionals carrying out activities within the organization and guarantees the right to working conditions that respect people's dignity. Activities at the corporate level are monitored by the Human Resources Department of the parent company in order to ensure compliance with the standard rules set by the CAF Group's Code of Conduct regarding the correct treatment of the workers by the Company in every workplace of the company.

To this end, the corporate people process establishes, through the Labour Relations Policy and its implementing Guidelines, minimum requirements that ensure internal consistency on aspects such as labour regulations, collective bargaining and legal representation of workers, fundamental rights, equality and non-discrimination and employment contracts and Social Security.

The risks inherent in these commitments that could potentially endanger the fulfilment thereof have been identified: (i) violation of the principle of equal treatment and/or discrimination in the workplace; (ii) lack of freedom of association and collective bargaining in own and/or third party centres; (iii) child exploitation in own and/or third party centres; (iv) forced labour in own and/or third party centres; (v) violation of the rights of indigenous peoples; (vi) psychological abuse; (vii) insufficient integration of disabled people; and (viii) others that are analysed on a case-by-case basis depending on the particularities of the project to which they relate.

In this regard, the CAF Group adopts the measures it considers necessary to ensure, 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:

- Workers being able to exercise their rights of freedom of association and collective bargaining in all countries where it operates;
- Avoiding child labour, forced or compulsory labour, or the assignment of hazardous work to young people;
- Guaranteeing and ensuring equality and non-discrimination in working conditions, by prohibiting decisions which may lead to direct or indirect discrimination against workers on the grounds of sex, origin, including racial or ethnic origin, marital status, social status, religion or beliefs, political opinions, sexual orientation, membership in trade unions or otherwise, family ties with people belonging to or related to the Company, and language;
- Ensuring a safe and healthy work environment where risks are eliminated or all reasonable and feasible practical measures are taken to reduce risks to an acceptable level and where prevention is integrated as part of the organizational culture.

In relation to this last point, two specific protocols have been defined, the Protocol for action in the event of sexual harassment or harassment based on gender and the Protocol for the Prevention of Psychological Harassment, incorporated into the Occupational Risk Prevention and Management System. Both protocols contain the management's statement regarding these areas, while also aiming to establish the necessary measures to prevent and avoid the

aforementioned situations, and establish procedures so that, should they occur, the company's employees know how to respond.

The impacts derived from such 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 to reputational impact. Regulatory infringements are reflected in the short term; however, reputational impact has an effect in the medium term because it tends to materialize more gradually.

During the 2022 financial year, no cases of Human Rights violations were processed among the workers employed by the Group directly or through business relations.

5.6 Registration of Suppliers and Control of the Supply Chain

The CAF Group works with more than 8,000 suppliers, who supply a wide range of raw materials, capital goods, materials and services. The main raw materials are steel, aluminium, polymers and glass. The most relevant capital goods in terms of volume are those that are incorporated into its products, especially railway rolling stock and buses.

The CAF Group requires all its suppliers to comply with the ethical principles contained in the CAF Group's Supplier Code of Conduct published on its corporate website, which includes social, gender equality and environmental commitments.

This code implements the commitments to comply with the general principles of the Code of Conduct, working conditions, health and safety, environment, commercial ethics and confidentiality. Likewise, the CAF Group reserves the right to verify compliance with this Suppliers' Code by its suppliers. This verification may be carried out by various means; for example through self-assessment questionnaires or audits at the supplier's premises. The CAF Group reserves the right to implement measures if it detects non-compliance with said commitment.

In this area, the following social, ethical, and environmental risks have been identified: (i) violation of business ethics on the part of the suppliers; (ii) failure to comply with laws and regulations on the part of suppliers; (iii) disregarding of Human Rights; and (iv) participation in corruption (bribes).

To obtain sustainability assessments from suppliers, the activities of the Vehicle, Power & Automation, Rail Services and Bus segment prioritize those with the highest risk of modern slavery and child labour because they are located in countries with the highest exposure to these risks. The benchmark for this prioritization is the Modern Slavery Index (MSI).

The risk suppliers are assessed by the company Ecovadis, a world leader in this area, and the sustainability assessment platform which has been chosen by the members of the Railsponsible initiative to assess the Suppliers' sustainability management. Ecovadis adapts the assessment questionnaire to each supplier based on the locations it operates in, its sector, and its size to assess 21 aspects of sustainability in line with the strictest rules, regulations and standards on an international level which include the Global Reporting Initiative (GRI), International Labour Organization (ILO), UN Global Compact, and ISO 26000. The suppliers' answers are assessed by specialized analysts who pay special attention to ensure that the documentary evidence is consistent, recent, and provides an overview of the Policies, Actions, and Results in the various areas. When the result of an assessment does not comply with the requirements established by CAF, the supplier is requested to implement a plan of action to improve the weaknesses identified.



The following table summarizes the evolution of the responsible purchasing program since its implementation:

		2022	2021	2020
General sustainability indicator ¹	Of CAF Group suppliers	58.6/100	58/100	56/100
	Of all the suppliers evaluated by Ecovadis globally	45/100	44/100	43/100
Evolution of CAF suppliers' sustainability indicator	Improvement	71%	61%	65%
	Stability	10%	16%	19%

The following table summarizes the supply chain monitoring activity carried out during 2022:

	2022	2021	2020
Number of business groups assessed on their Sustainability / ESG management	118	67	46
Sustainability assessments' coverage of the amount of cost covered by the Responsible Purchasing Program	75%	56%	-
Purchases from suppliers with high or medium risk: Total Group expenditure with suppliers that have an average or lower sustainability management assessment	2.4%	4%	2%
The percentage of suppliers with an average or lower management assessment with whom improvements have been agreed upon as a result of an assessment.	100%	100%	100%
The number of suppliers identified as having significant negative environmental, social or governance impacts	0	0	0

The bus segment, as well as the company BWB, monitors the risk of the highest-risk suppliers using self-assessment questionnaires. This activity is expected to start assessing its risk providers through Ecovadis in 2023.

In addition, as part of the project to roll out the supplier management tool, a complementary IT tool has been contracted to determine the possible inclusion of third parties with which CAF has relations as business partners, agents and suppliers on international sanctions lists.

5.7 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.

5.8 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. The CAF Group internal regulations establish the possibility of setting up other channels to receive complaints in jurisdictions where demanded by the local legislation.

¹ Rating scale: 0 – 25: Low; 25-45: Medium-low; 45-65: Medium-high; 65-100 High

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

The general whistleblowing channel accepts communications of all kinds and is always accessible through the Group's website in the main languages used at corporate level. This channel guarantees confidentiality and the procedure envisages cases in which communications can be made anonymously, respecting the rights of the complainant and the respondent. In particular, this 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

5.9 Risk Management and Control

As stated in more detail in the Annual Corporate Governance Report for the 2022 financial year, approved by the Board of Directors of the parent company and available on the company's website, the CAF Group's Comprehensive Risk Management and Control System works in a continuous manner, consolidating its management at a corporate level for all the businesses and geographic areas in which it operates, and is based on a range of strategic and operational actions in order to manage the risks and meet the objectives set by the Board of Directors.

The CAF Group has a corporate body for risk management and control with the main objective of ensuring the proper functioning of the above mentioned System.

5.10 Control and Supervision of Systems

According to the terms of the Sustainability Policy, the CAF Group's main objective is to strike a balance between carrying out its mission and meeting the needs and expectations of its Stakeholders in order to create value in a sustainable manner in the long term.

In accordance with the provisions of the Code of Good Governance for listed companies, revised by the Spanish National Stock Market Commission (CNMV) in June 2020, the Board oversees, through its Audit Committee and its Appointment and Remuneration Committee, all material aspects related to Sustainability / ESG.

In any case, the Internal Audit, Compliance, Risk, Sustainability and Corporate Governance Functions are empowered to communicate critical concerns to the highest governance body within the framework of their individual reports.

To ensure that the Audit Committee is able to carry out its functions of overseeing compliance with internal codes of conduct and the whistleblowing channel, as well as the associated internal control systems, the Compliance Function reports annually to the Audit Committee on these matters.

Likewise, the Risk Function reports to the Audit Committee every six months on compliance with the General Risk Control and Management Policy, for both financial and non-financial risks, and on the status of the risk map and the main risks of ongoing projects.

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 communication with shareholders and investors, voting advisors and other stakeholders.

The annual assessment of the Audit Committee's performance carried out in 2022 has given a positive result, as it appropriately fulfilled the duties assigned thereto, in addition to the improvement initiatives established for this fiscal year.

Meanwhile, in relation to Sustainability, the Appointment and Remuneration Committee receives an annual report on this matter through the Sustainability Function and analyses the issues in question.

In accordance with the aforementioned report for the 2022 fiscal year, it can be concluded that, over the course of the year, both the Sustainability activities and the results of the initiatives carried out show significant degrees of progress and positive levels of achievement, confirming that the Sustainability Policy is being adequately implemented. The entire organization's commitment to sustainability and to the different Stakeholders has been key.

Likewise, in relation to the supervision and evaluation of CAF's corporate governance system and rules, the Appointment and Remuneration Committee receives the corresponding annual report submitted by the Corporate Governance Function.

In view of the report corresponding for the 2022 financial year, this Committee has concluded that the evaluation of the Corporate Governance System and of the Company's Sustainability Policy and practices should be considered favourable, positive and compliant with the highest standards of corporate governance, thus benefiting the social interest and the expectations of stakeholders, all in line with the Company's strategy in this area.

6. Approval

This statement was approved by the Board of Directors on February 24, 2023, in accordance with the requirements set forth, respectively, in the *Modern Slavery Act 2015 (UK)* and in the *Modern Slavery Act 2018 (Australia)*, and corresponds to the financial year that ended on December 31, 2022.

This statement will be available on the corporate website www.caf.net.

Beasain on Friday, February 24, 2023



Javier Martínez Ojinaga

CEO of
Construcciones y Auxiliar de Ferrocarriles, S.A.
on behalf of the CAF Group