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**PROPOSAL MADE BY THE APPOINTMENT AND REMUNERATION COMMITTEE
REGARDING THE RE-ELECTION OF MR. JULIÁN GRACIA PALACÍN AS AN
INDEPENDENT DIRECTOR, INCLUDED IN ITEM 4 OF THE AGENDA OF THE
GENERAL SHAREHOLDERS' MEETING.**

1.- INTRODUCTION

This proposal is made by the Appointment and Remuneration Committee of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (“CAF” or the “Company”) in accordance with the provisions of section 4 of article 529 decies and section 3 of article 529 quidecies of the Revised Text of the Capital Companies Act (the “Capital Companies Act”), and article 15 of the Regulations of the Board of Directors.

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

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

2.- PURPOSE OF THE PROPOSAL

The purpose of this proposal is to propose the re-election of Mr. Julián Gracia Palacín as an independent director for the statutory period of four years.

3.- ASPECTS CONSIDERED BY THE APPOINTMENT AND REMUNERATION COMMITTEE

In view of the upcoming expiration of the term of office of Mr. Julián Gracia, upon completion of the four-year term of his appointment, by virtue of the resolution of the Ordinary General Meeting on June 10, 2017, the Appointment and Remuneration Committee considers it justified and appropriate to propose his re-election as a Director based, among other considerations, on the following:

Mr. Julián Gracia Palacín is an Industrial Engineer and holds a Master's degree in Business Administration and Management from ICADE. He has spent his professional career working in the telecommunications, logistics and consulting sectors, holding management positions in Tudor, S.A., Hagen Batterien, and Airtel, S.A., among others. As an entrepreneur he launched his own project, through a group of eleven companies engaged in different activities. He is currently the sole director of Samuelson Logistics, S.A., (a company active in the logistics sector) and Samuelson Consulting, S.A., (a consulting and Internet platform development company). He is also a director of Citynet, S.A., a company engaged in the installation of fiber optic networks, and does consultancy work mainly in areas related to telecommunications. He was appointed director of CAF, S.A. on June 10, 2017 and has been a member of its Appointment and Remuneration Committee since May 6, 2020.

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

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

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

As a result of that assessment, the Committee has found that Mr. Gracia:

- (i) Continues to meet the legal requirements, as well as those of the Regulations of the Board of Directors and the Company's Policy on Diversity and Selection of Directors, for 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 both the position of Director and that of a member of this Committee satisfactorily, 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 the skills matrix.

In particular, his extensive experience in the fields of business management and strategy and in the performance of senior management functions, particularly in the technology sector, is highly valued. His knowledge of international markets, especially the German market, also stands out. These skills make him the ideal person to continue to sit on the Board and this Committee.

- (v) He continues to meet the legal and statutory requirements to be included in the category of Independent Director.
- (vi) Based on the information provided by the candidate, no potential conflicts of interest are identified that could adversely affect his ability to perform his duties properly or his current or future independence.

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

Likewise, the candidate has ratified his conformity with the obligations of the position of Director as well as with the rules and policies of the Company.

In view of the foregoing, the Committee considers Mr. Julián Gracia Palacín a suitable candidate and proposes his re-election as Independent Director for the statutory period of four years. In accordance with the provisions of section 2 of article 6 of the Regulations of the Appointment

and Remuneration Committee, if re-elected at the General Meeting, Mr. Gracia Palacín will continue to serve as a member of this Committee without the need for a new appointment, unless the Board adopts a resolution that decides otherwise.

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

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

As of this date, the Board is made up of two executive Directors, five independent Directors, two proprietary Directors and one Director classified as “other external”. Their training and experience are diverse. There is also diversity in age and gender, with four female Directors. The outcome of this is a balanced Board of Directors, with a high level of professional qualifications and experience, aligned with the needs of the business.

In accordance with the foregoing, this Committee considers that the continuance of Mr. Gracia as Director will contribute to strengthening the diversity and balance in the current composition of both the Board and the Appointment and Remuneration Committee itself, resulting in a significant proportion of independent directors (which exceeds 45% of the total number of Board members) and contributing extensive knowledge and experience in areas of value to the Company.

5.- CONCLUSIONS OF THE APPOINTMENT AND REMUNERATION COMMITTEE

Consequently, the Committee considers the following proposal to be justified and submits it to the General Shareholders’ Meeting for voting under item 4 of the agenda:

“Fourth:

Re-elect Mr. Julián Gracia Palacín as an Independent Director for the statutory period of four years.”

In Beasain, on April 29, 2021.