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**RULES OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS OF THE COMPANY  
CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A.  
(CAF)**

**CHAPTER I**

**Nature.**

**Article 1º.- Nature and purpose**

- 1.- The Audit Committee (hereinafter, the "**Committee**"), created in accordance with the provisions of article 37º bis of the articles of association, is a body with the duty to report and make proposals to the Board of Directors of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (hereinafter "**CAF**" or the "**Company**") and which shall be governed by that set out in the articles of association, the Rules for the Board of Directors and in the rules contained in these Rules.
- 2.- These Rules may be modified by agreement of the Company's Board of Directors either on its own initiative or as proposed by the Committee.
- 3.- The purpose of these Rules is to determine the operating principles and internal operating system for CAF's Audit Committee, favoring its independence.

**CHAPTER II**

**Composition.**

**Article 2º.- Composition**

- 1.- The Committee shall be made up of three (3) non-executive Directors to be appointed by the Company's Board of Directors. The majority of them, at least, shall be independent Directors and one of them shall be appointed taking into account his or her knowledge and experience in accounting, auditing, or both.
- 2.- Together, the members of the Committee will have the relevant technical knowledge of the business sector the Company operates in.
- 3.- The members of the Committee shall be appointed for a period of four years, without detriment to their possible re-election. The renewal, re-election and dismissal thereof shall be the responsibility of the Board of Directors, in accordance with the provisions of the law and the Company's articles of association.
- 4.- The Board of Directors shall also appoint a Chairman from among the independent Directors forming part of the Committee. The same person may not hold the position of Chairman position for more than four years but may be reappointed one year after he or she ceased to hold said position.

- 5.- The Board of Directors shall appoint the person who will perform the duties of Secretary of the Committee; this person does not have to be a Board member.
- 6.- Members of the Committee who are re-elected as Directors of the Company by agreement of the General Shareholders' Meeting shall continue to carry out their roles on the Committee, without the need to be re-appointed, unless the Board of Directors should agree otherwise.
- 7.- The members of the Committee shall cease their roles:
  - a) If they cease to be Directors of CAF
  - b) By agreement of CAF's Board of Directors
  - c) If they resign
  - d) If they fail to meet the requirements of these Rules or legal provisions.

### **CHAPTER III**

#### **Duties. Scope of application.**

##### **Article 3º.- Duties**

The Committee has the duty of assisting the Company's Board of Directors in the supervision of the financial statements and in controlling CAF and the companies that form part of its group.

To this end, the Committee shall be at least responsible for the following:

- a) Informing the shareholders at General Shareholders' Meetings regarding any matters raised that are under the Committee's responsibility, and in particular, regarding the results of the audit, explaining how this contributed to the integrity of the financial information and the role played by the Committee in this process.
- b) Supervising the effectiveness of the Company's internal control, internal auditing and risk management systems, and discussing any significant shortcomings in the internal control system that may have been detected during auditing, all without compromising its independence. For these purposes, if applicable, they will be able to submit recommendations or proposals to the Board of Directors indicating the corresponding period for follow-up.
- c) Supervising the process for the preparation and submission of the mandatory financial information and related non-financial information and making recommendations or submitting proposals to the Board of Directors, aimed at safeguarding the integrity thereof.
- d) In relation to the information and internal control systems:
  - i. To supervise the preparation process and the integrity of the financial information in relation to the Company and, if applicable, the group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and the correct application of the accounting criteria.
  - ii. Checking that the financial information published on the Company's corporate website is constantly updated and that it matches that approved or prepared by the Board of Directors and published on the website of the Spanish Securities Market Commission. If the Committee should be

unsatisfied with any aspect following this review, it must notify the Board of Directors of its opinion.

- iii. Ensuring the independence of the unit taking on the role of internal auditing; proposing the selection, appointment, re-election and dismissal of the person responsible for the internal audit service; proposing the budget for this service; approving the focus and its work plans, ensuring that its activity is mainly focused on the Company's relevant risks; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations in its reports. As part of the supervision process, the Committee must assess the functioning of the internal audit service and the performance of the person responsible.
- iv. Establishing and supervising a mechanism to allow employees to confidentially and, if possible and if considered appropriate, anonymously, communicate irregularities of potential importance, especially financial and accounting ones, detected within the Company. Once the information provided through said mechanism has been analyzed, the Committee, should it deem it to be necessary, must propose the appropriate actions to improve its functioning and reduce the risk of irregularities in the future.
- e) Submitting to the Board of Directors proposals for the selection, appointing, re-election and dismissal of the accounts auditor, being responsible for the selection process, in accordance with the provisions of articles 16, sections 2, 3, and 5, and 17.5 of (EU) Regulation no. 537/2014, of April 16, in addition to the contracting conditions thereof and regularly collecting information from this person regarding the audit schedule and the execution thereof, in addition to preserving its independence in the fulfillment of its role. The Committee must perform a final assessment of the work of the auditor and how this person has contributed to the quality and integrity of the financial information.
- f) Establishing appropriate relationships with the external auditor to receive information on any matters that might imply a threat to his or her independence, for examination thereof by the Committee, and any other threat in relation to the accounts auditing process and, where appropriate, the authorization of the services other than those prohibited, under the terms set out in articles 5, section 4, and 6.2.b) of (EU) Regulation no. 537/2014, of April 16, and in the provisions of section 3 of chapter IV of heading I of Law 22/2015, of July 20, on Accounts Auditing, regarding the system of independence, in addition to other communications set out in the accounts auditing legislation and the audit regulations. In any case, it must receive an annual declaration from external auditors regarding their independence in relation to the entity or entities directly or indirectly related thereto, as well as the detailed and broken down information on any additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to this party as established in the legislation that regulates the accounts auditing activity.
- g) Issuing an annual report that expresses an opinion as to whether or not the independence of the accounts auditor or the auditing companies is compromised, prior to the issuing of the audit report. This report shall contain, as applicable, the reasoned appraisal of provision of each of the additional services referred to in the previous section, considered individually and as a whole, other than legal auditing and in relation to their independence or the legislation that regulates the accounts

auditing activity.

- h) In relation to the external auditor:
  - i. In the event of the resignation of the external auditor, examining the circumstances that lead to this.
  - ii. Ensuring that the remuneration of the external auditor for his or her work does not compromise his or her performance or independence.
  - iii. Ensuring that the Company notifies the CNMV of the change of auditor as a notice of relevant information and accompanies this with a declaration regarding the possible existence of disagreements with the exiting auditor and, should such disagreements exist, the content thereof.
  - iv. Ensuring that the external auditor holds an annual meeting with the Board of Directors in a plenary session to inform it of the work carried out and regarding the evolution of the Company's accounting and risk situation.
  - v. Ensuring that the Company and the external auditor respect the regulations in force regarding the provision of services other than auditing, the limits on the concentration of the auditor's business, and in general, all other regulations regarding the independence of auditors.
- i) Supervising the Company's internal risk assessment and management system.
- j) Reporting to the Board of Directors in advance on all matters provided for by Law, the articles of association, and the Rules of the Board of Directors, and in particular, on the following:
  - i. the financial information the Company has to periodically make public;
  - ii. the creation or acquisition of equity interests in special-purpose entities or entities registered in countries or territories that are considered to be tax havens; and
  - iii. transactions with related parties.
- k) Proposing the modification of the Rules to the Board of Directors to said Board, whenever the Committee should deem this to be necessary, including the corresponding reasoning with its proposal.
- l) Supervising the communication strategy and relations with shareholders and investors, including small and medium-sized shareholders.
- m) Assessing everything in relation to Company's non-financial risks, including operating, technological, legal, social, environmental, political, and reputational risks.
- n) Keeping itself informed regarding operations involving structural and corporate modifications the Company plans to carry out in order to analyze and prior report to the Board of Directors regarding their financial conditions and the accounting impact of the operations, and particularly, if applicable, regarding the proposed exchange equation.
- o) Approving an annual work plan that takes into account the annual schedule for Committee sessions, among other matters, with the goal of facilitating efficient compliance with the goals sought.

- p) Issuing a report regarding any transactions made between the Company or group companies and directors, under the terms of the Capital Companies Act, or with shareholders who, either individually or in partnership with others, have a significant shareholding, including shareholders represented on the Board of Directors of the Company or other companies forming part of the same group or with related parties. The issuing of this report with respect to operations that simultaneously have the following three characteristics shall not be necessary:
  - i. they take place in virtue of contracts with standardized conditions and are applied across the board to a large number of clients;
  - ii. they are made at rates or prices established generally by the party supplying the goods or services in question; and
  - iii. their value does not exceed one per cent of the Company's annual revenue.
- q) In accordance with that established in the Company's Internal Rules of Conduct in relation to Securities Markets:
  - i. Issuing a report on the possible authorization of transactions with Affected Securities and Instruments during the restricted periods following a request made by the Control and Supervision Body, and
  - ii. Assessing, together with the Control and Supervision Body, if the market research carried out implies the communication of privileged information.
- r) Presenting an annual assessment report to the Board of Directors regarding its own performance, within the framework of the annual evaluation of the Board of Directors and its Committees.
- s) Issuing a report on the functioning and activities of the Committee during the previous financial year.
- t) Any other duty attributed thereto by Law, the articles of association, the Rules of the Board of Directors or the Board of Directors itself.

The provisions of letters f), g), and h) shall be understood notwithstanding the legislation regulating accounts auditing.

#### **Article 4°.- Scope of application**

The duties of the Committee shall be fulfilled by this party, with respect both to CAF and the subsidiary companies thereof that make up its group, in accordance with the provisions of article 42 of the Commercial Code.

## **CHAPTER IV**

### **Operating regulations.**

#### **Article 5°.- Meetings**

The Committee shall meet whenever the Chairman should deem this convenient for the purpose of fulfilling its duties. The Committee must meet at least on the occasion of each date of publication of annual or intermediate financial information and, in these cases, with the presence of the internal auditor and, if a review report is being issued, the accounts auditor, for the points on the agenda for which he or she is invited. At least part of these meetings with the internal auditor or accounts auditor must take place without the presence of the Company's management, so that the specific matters arising

from the reviews carried can be discussed with them.

Additionally, the Committee shall meet when requested to do so by the Board of Directors.

#### **Article 6<sup>o</sup>.- Convening of Meetings**

- 1.- The Secretary of the Committee shall be responsible for convening the meetings, according to the Chairman's instructions, at least five calendar days in advance, via letter, fax, telegram, or email, except in special cases of urgency at the discretion of the Chairman.
- 2.- The Convening Notice shall include the agenda for the session. Notwithstanding this, the Committee may also deliberate and adopt agreements regarding matters not included on said agenda.
- 3.- In any case, the Chairman of the Committee will provide the necessary information and documentation to the other members of the Committee through the Secretary and sufficiently in advance for them to analyze this prior to its meetings.

#### **Article 7<sup>o</sup>.- Venue for meetings**

- 1.- Committee meetings shall take place in the location indicated in the notice, except in the case indicated in the following section.
- 2.- In exceptional cases, Committee sessions may take place by means of a conference call or video conferencing or any other means of remote communication, provided the identity and participation of the individuals is duly guaranteed and provided all members of the Committee agree to this. In this case, the meeting will be understood to have taken place wherever the Chairman is.

#### **Article 8<sup>o</sup>.- Validity**

- 1.- For any meeting of the Committee to be valid, more than half its members must be present or represented. Representation may only be bestowed on other Directors forming part of the Committee.
- 2.- The roles of Chairman and Secretary of the Committee shall be fulfilled by those appointed therefor. In the event that the Chairman is unable to attend or is absent, he or she shall be replaced by the most-senior member of the Committee and, in the event of several equally senior members, by the eldest member of the Committee. In the event that the Secretary is unable to attend or is absent, he or she shall be replaced by the youngest member of the Committee.
- 3.- Additionally, Committee meetings may take place without prior notification when all the members are present or represented and unanimously agree to hold a meeting.

#### **Article 9<sup>o</sup>.- Agreements**

Resolutions shall be adopted by absolute majority of the Directors in attendance or represented at the meeting.

Minutes shall be taken at each session by the Secretary which, once approved either at the end of said session or during the following session, shall be signed by the Chairman and the Secretary.

## **CHAPTER V**

### **Powers of the Committee.**

#### **Article 10<sup>o</sup>. - Powers**

- 1.- In order to adequately perform its duties, the Committee shall have full powers to access all types of information, documentation, or registers it should deem necessary to this end.
- 2.- The Committee may request that the Board of Directors contracts external advisory services for particularly relevant matters when it believes that these cannot be provided adequately or with the necessary independence by experts or technicians of the Company itself or other group companies.
- 3.- Additionally, the Committee may request the personal collaboration or a report from any member of the Company's management team and/or of other companies of its group, other Directors, executive or otherwise, employees, or experts, whenever it should deem this necessary or convenient to fulfill its duties; likewise, it may request the presence of any of these people at its meetings, although only to address the specific points on the agenda for which they are invited.

## **CHAPTER VI**

### **Committee Relations**

#### **Article 11<sup>o</sup>. - Relations with Shareholders**

- 1.- The report on the operations and activities of the Committee during the previous financial year shall be sent out to the shareholders and other stakeholders with the convening notice for each Annual Shareholders' General Meeting.
- 2.- Additionally, during the General Shareholders' Meeting, shareholders may ask the Audit Committee questions, so that the members thereof can inform them regarding matters under the Committee's responsibility.

#### **Article 12<sup>o</sup>. - Relations with the Board of Directors**

The Chairman of the Committee shall periodically inform the Board of Directors regarding its activities and shall provide advice and propose any measures it should deem convenient to implement within the scope of its duties.

#### **Article 13<sup>o</sup>. - Relations with the accounts auditors and internal auditors**

- 1.- Communications between the Committee and the accounts auditors shall be free-flowing, continuous, and in accordance with the obligations established in the legislation regulating the accounts auditing activity, without compromising the independence of the auditor or the efficiency of the audit or audit procedures performed.
- 2.- Communication with the accounts auditor must be included on an annual meeting schedule, most of these meetings without the presence of the entity's management.
- 3.- The Audit Committee shall regularly gather information on the accounts auditing process from the accounts auditors, in particular regarding any discrepancies that might arise between the accounts auditors and the entity's management. At the end of the audit, the Committee and the external auditor shall jointly review the latter's significant findings, in addition to the content of its mandatory reports.

- 4.- Supervision of the internal audit shall be supported by constant interaction with the internal auditor, based on an established annual plan. Each year, the internal auditor shall submit a report to the Committee containing at least a summary of the activities carried out and reports produced during the financial year. In addition to the other contact occurring in the course of its work, the Committee must inform the internal auditor of the conclusions of the assessment of the internal audit process operations and performance of the person responsible therefor.

## **CHAPTER VII**

### **Compliance. Interpretation**

#### **Article 14°.- Compliance and publication**

- 1.- The members of the Board of Directors, members of the Committee, and management of CAF and the companies of its group have the obligation to be familiar with and comply with these Rules.
- 2.- Likewise, the Committee must adopt the necessary measures for the knowledge and publication of these Rules within the Company and companies of its group, for which purpose they shall be published on the Company's corporate website. In any case, the Committee shall have the obligation to ensure compliance with these Rules.

#### **Article 15°.- Interpretation**

Any discrepancy that should arise in relation to the interpretation of these Rules shall be resolved through an agreement adopted by the Committee, which must be ratified by CAF's Board of Directors.