



NON-FINANCIAL INFORMATION STATEMENT

SUSTAINABILITY REPORT 2023

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The following English translation is provided by the Company for information purposes only and is based on the original 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 original document in Spanish, the latter will prevail.

1 | LETTER FROM THE CHAIRMAN



1 | LETTER FROM THE CHAIRMAN

"We develop sustainable transportation solutions that improve people's lives"



In the year 2023, armed conflicts in Europe and the Middle East, geopolitical instability and macroeconomic disruptions have marked the agenda of the international community, companies and society in general. Added to this is that it has been a year in which the dangers of climate change have been more apparent than ever, with the warmest year on record.

Against this global backdrop, and focusing on sustainability, companies, accompanied by an increase in regulatory pressure on ESG aspects¹ and in the run-up to the paradigm shift that will bring about the entry into force of the Corporate Sustainability Reporting Directive (CSRD) in 2024, have worked to strengthen their systems and continue to integrate sustainability into their day-to-day activities.

In CAF, aware of these challenges and in line with the principles defined in our [Sustainability Policy](#), we have made progress on the commitments made in the [2026 Strategic Plan](#), based on three main pillars: Responsibility, transparency and alignment with best practices.

Although sustainability is and has been a key element for the development of the Company since our incorporation over one hundred years ago, the deployment of the 2026 Strategic Plan this year has undoubtedly marked a turning point in the integration of sustainability as a strategic driver to achieve our vision: *"To be a leading player of sustainable mobility, committed to a culture of excellence and reliability, whilst ensuring ultimate customer satisfaction and contributing to the progress of society.."*

Thus, in 2023 we have defined CAF's Purpose, *"developing sustainable transport solutions to improve people's quality of life."*, and updated our Mission, Vision and Values, maintaining sustainability as a cross-cutting and backbone element for the success of the company's strategy.

In addition, convinced of the need for leadership to drive our ESG commitments and foster a responsible business culture, we have set up the Strategic Sustainability Committee, led by the Chief Executive Officer, to which the Sustainability Operating Committee reports, both under the guidance of the Board of Directors through its Committees. Similarly, the Sustainability Function has been transferred to the Economic-Financial and Strategy Department, taking a further step in the search for coherence between economic-financial and sustainability information and reinforcing the internal control systems to ensure accurate, complete, auditable and quality non-financial information.

On the other hand, with the aim of leading the transition towards net zero emissions mobility, we have reiterated our commitment to achieving net zero emissions by 2045, establishing short and long term reduction objectives that are in the process of technical validation by SBTi. Additionally, together with the rest of the partners of the [Railponsible](#)² sector initiative, we have signed the *"Railponsible Climate Pledge"* by which we commit to leading the decarbonisation of the railway supply chain. In addition, there have been important advances in decarbonisation and the development of zero-emission technologies, such as the hydrogen train prototype, which has reached an important milestone by obtaining authorisation to run on a test basis on the General Interest Railway Network (RFIG).

¹ Environmental, Social and Governance (ESG).

² Railponsible is a sectoral initiative in which the main operators and manufacturers in the sector, including the CAF Group, work on the implementation of sustainable practices and the exchange of best practices throughout the rail industry value chain.

As a result of these and other initiatives developed under the Sustainability Plan and presented in this Report, the results obtained are in line with the perspectives announced to the market regarding the reduction of emissions and assessments of the main ESG rating agencies, which are above the sector average.

We know that sustainability will continue to be a constant source of challenges and opportunities for the business sector in the coming years and this is a scenario for which CAF is well prepared. Thus, in 2024, we will address our first double materiality analysis and report for the first time as per the criteria set out in the new European Sustainability Reporting Standards (ESRS). In addition, we will continue to reinforce our responsible purchasing commitments throughout our value chain and our information and internal control systems to communicate transparent, truthful and quality information.

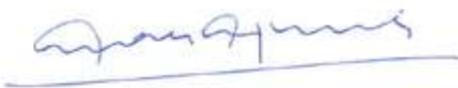
All in all, we are convinced that we are heading in the right direction and are poised to lead the future of sustainable, interconnected, multi-modal and safe mobility for our clients, while creating value for all our stakeholders and maximising our positive impact on the planet and people.

Because our work has purpose: a more sustainable and better connected world in which we can all travel efficiently, safely and comfortably thanks to technology, ultimately developing sustainable transportation solutions that improve people's lives. It is what drives CAF's people; committed to excellence, a job well done, constant innovation and achieving results, assuming our responsibility for sustainability, the long term, people's health and the environment.

Sincerely,

Andrés Arizkorreta

Chairman of the Board



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2.1 OUR SUSTAINABLE BUSINESS MODEL [GRI 2-6, 2-29]

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

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

 / RAILWAY		 / BUS	
<p>In the railway sector, we offer one of the broadest and most flexible product ranges on the market, from complete transport systems to rolling stock (components, vehicles, infrastructure), and services (maintenance, rehabilitation and financing). These capabilities and current range of solutions place us on par with the main competitors in the sector. Within this area, the rolling stock 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.</p>		<p>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. We are also well positioned in electromobility as we are one of the leaders in zero-emission mobility in Europe due to our unique real experience in electromobility, 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 therefore CAF, maintain a good position compared to our European competitors in portfolio, real experience and market share.</p>	
	PRODUCT RANGE		PRODUCT RANGE
RAILWAY VEHICLES	TRAM	/ E-MOBILITY	HYBRID
	METRO		
	COMMUTER LINES		TROLLEYBUS
	REGIONAL		
	HIGH-SPEED		
	VERY HIGH SPEED		BATTERY
TRAILER CARS			
ONBOARD ERTMS SIGNALLING	HYDROGEN		
SIGNALLING			TRACK SIGNAGE
CBTC SIGNALLING			
COMPREHENSIVE CAPABILITIES	INTEGRATION ENGINEERING		

With a strong presence in the international market and a great focus on Europe, we have factories in countries such as Spain, Poland, the United Kingdom, France, the United States, Mexico and Brazil. Likewise, we have offices and maintenance centres for railway vehicle fleets in more than 20 countries on 5 continents, as shown on the corporate website. This proximity to the customer allows us to develop more efficient production and provide excellent coverage of assistance and maintenance services.

Both in the Railway and Bus Segments, the CAF Group provides services to a wide variety of clients all over the world: 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.

More information on geographical distribution and main operations can be found in 2.3. Main Figures.

Leader in sustainable urban mobility

The growing number of routes in urban centres and the increase in air pollution have made sustainable public transport a necessity.

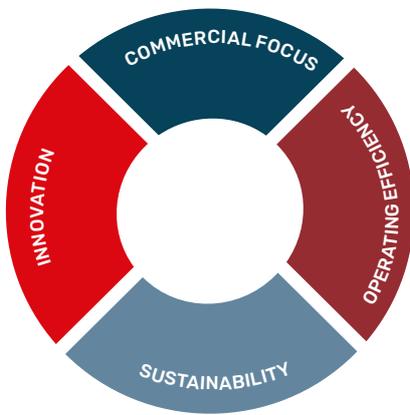
CAF systems are efficient and competitive, with great potential to reduce environmental impact and improve the quality of life of citizens. The e-mobility buses and

city trams equipped with CAF's Greentech technology are the best examples of this philosophy.

The CAF GROUP stands out for being **versatile, flexible and capable of always adapting** to its clients' needs, in all areas.

2.2 A CULTURE GEARED TOWARDS SUSTAINABILITY [GRI 2-23, 2-29]

In the [2023-2026 Strategic Plan](#), presented to the market in December 2022, CAF takes a further step in the integration of ESG aspects into the Group's strategy and operations, including sustainability as one of the four strategic pillars on which the Company's development will be based in the coming years:



Thus, the Group defines its top-level objectives for the year 2026, considering sustainability objectives as business objectives:

- Grow above the market and reach total sales close to 4,800 million euros.
- To place the Operating Result in 2026 at around 300 million euros.
- Distribute dividends in progression with the results.
- Have a Net Financial Debt / EBITDA ratio of around 2.2x after the corporate operations envisaged in the Plan's base case.
- **Reduce scope 1 and 2 emissions by up to 30%, and up to 40% in scope 3 (referring to the use of the product, in terms of emissions per passenger and km), with respect to 2019, with the ultimate goal of becoming a net zero-emissions company in 2045.**



Thus, aware of the importance of strengthening the corporate culture in order to be able to respond to the challenges set out in the 2026 Strategic Plan, during 2023, the CAF Group updated its [Mission, Vision and Values](#), and defined the Company's **Purpose** for the first time:

Our Purpose is: "To develop sustainable transport solutions to improve people's quality of life"

Our Mission Statement also reflects the added value in sustainable mobility of the Group's integrated transport systems: "We are a world benchmark when it comes to key transport solutions in transit to a more sustainable planet, and offer, with our dedicated team, innovative rail and bus mobility options."

Aligned with our Mission, our Vision is: "To be a leading player of sustainable mobility, committed to a culture of excellence and reliability, whilst ensuring ultimate customer satisfaction and contributing to the progress of society."

Similarly, our corporate values, which apply to all of the Group's activities, reflect our commitment to the principles set out in the Sustainability Policy and make them more present in our day-to-day activities, while at the same time constituting the backbone of our behaviour:

OUR VALUES



EXCELLENCE

We are committed to a well-done work, constant innovation and the achievement of results.



TRUST

We work with honesty, integrity and as a team to provide the best response to our stakeholders.



SUSTAINABILITY

We assume our responsibility for the long term, and for the well-being of people and the environment.

A CULTURE GEARED TOWARDS SUSTAINABILITY

MISSION

We are a world benchmark when it comes to key transport solutions in transit to a more sustainable planet, and offer, with our dedicated team, innovative rail and bus mobility options.

VISION

To be a leading player of sustainable mobility, committed to a culture of excellence and reliability, whilst ensuring ultimate customer satisfaction and contributing to the progress of society.

PURPOSE

We develop sustainable transport solutions to improve people's quality of life.



**TRUST
IN MOTION**

Through a culture shared by all the people who make up CAF, we seek to provide a balanced response to the needs of our stakeholders.

2.3 MAIN FIGURES

The CAF Group is made up of more than 100 companies³ and over 15,000 employees worldwide dedicated to the transport sector which, together, offer a global

mobility solution with activities related to technology, manufacturing, maintenance and other businesses.



FACILITIES AND OFFICES

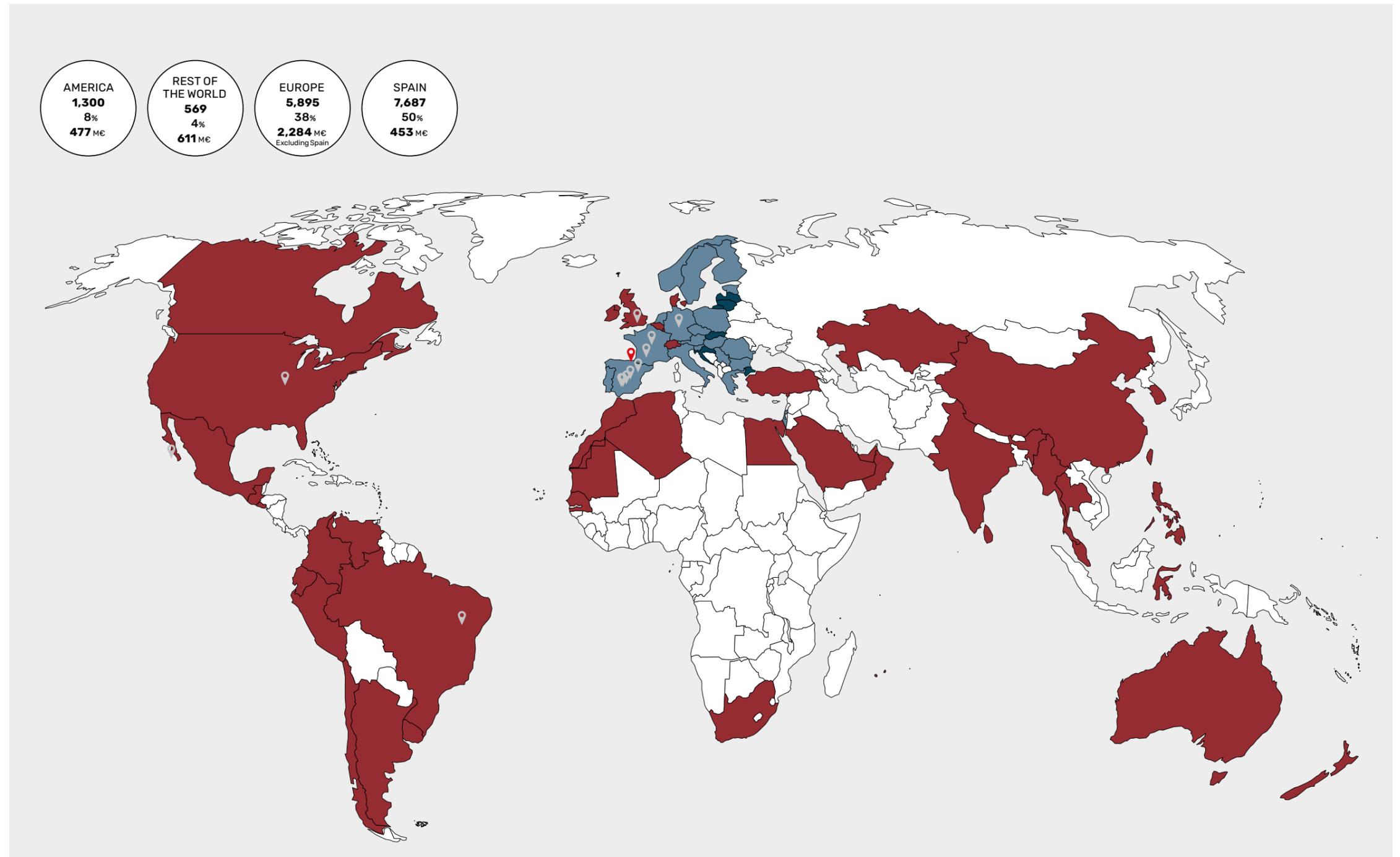
HEADQUARTERS

PRODUCTION PLANTS

RAILWAY
+ 60 COUNTRIES

BUSES
+ 30 COUNTRIES

RAILWAY + BUSES



3 Consolidated Annual Accounts of the CAF Group. Fiscal year 2023. Note 2.f.

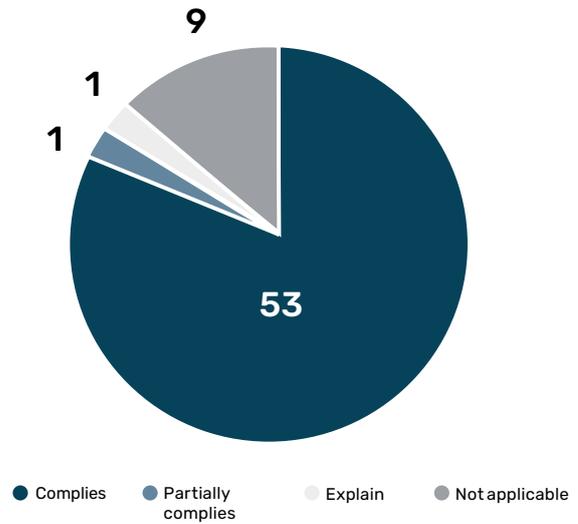
2.4 CORPORATE GOVERNANCE [GRI 2-9]

CAF carries out its activity bearing in mind the importance of appropriate and transparent management as an essential factor for generating value, improving economic efficiency and strengthening the confidence of its shareholders and investors, all of which is implemented through a Corporate Governance model based on the concept of "Good Corporate Governance".

Our Corporate Governance model is based on the commitment to legality, ethical principles, good practices and transparency, and is articulated around the defence of social interest and the creation of sustainable value for our stakeholders.

Proof of this commitment to the best and most recognised good corporate governance practices is CAF's high level of compliance, as a listed parent company, with the recommendations of the Code of Good Governance for listed companies of the Spanish National Securities Market Commission (CNMV) ("CGG" - Code of Good Governance), as detailed in Section G of the Annual Report on Corporate Governance ("ARCG"), and summarised below:

Degree of Compliance with the Recommendations of the Code of Good Governance applicable to CAF in 2023



During the fiscal year 2023, the Company fully complied with all the recommendations that were applicable to it, except for Recommendation 61 (on the settlement of variable remuneration through shares or instruments referenced to their value), and Recommendation 15 (which requires, at least, a third of independent directors and 40% of women on the Board of Directors) which was partially fulfilled.

The reasons why these recommendations were not complied with and, if applicable, the alternative rules followed by the Company in these matters are specified in Section G of the ARCG.

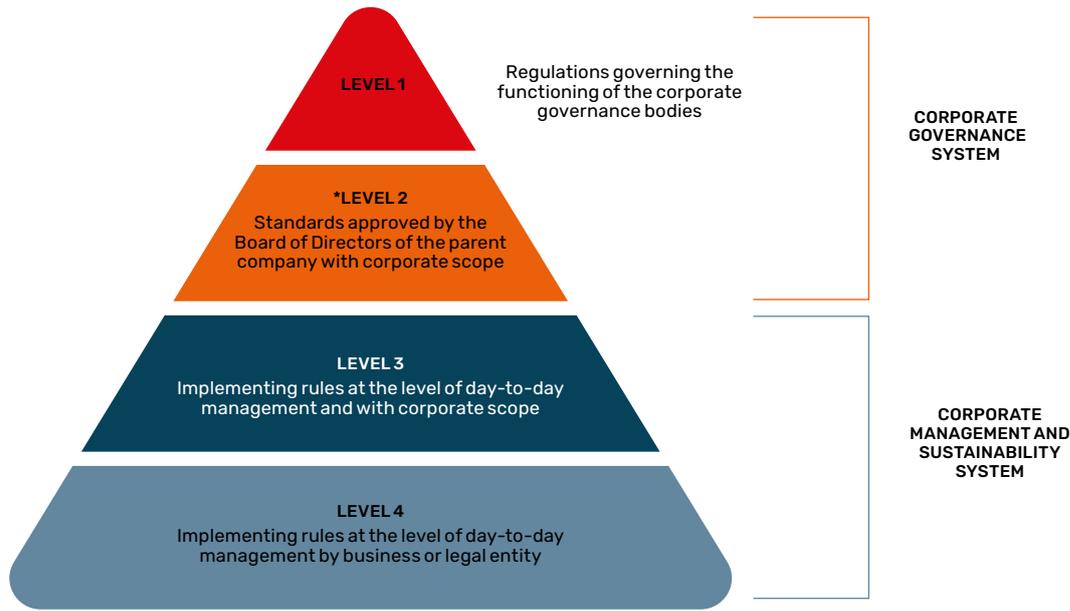
The Chairman of the Board of Directors will also inform the General Meeting of Shareholders about this.



2.4.1 GENERAL REGULATORY FRAMEWORK

[GRI 2-9, 2-23]

The general regulatory framework for corporate governance is composed of the Internal Regulatory System, which is made up of four hierarchical levels of rules, as follows:



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

Specifically, the Corporate Governance System is the highest-ranking set of rules within the Internal Regulatory System (comprising all the Group's rules), which regulate the functioning of the Corporate Governance Bodies and are based on the commitment to ethical principles, good practices and transparency, as well as on the defence of the corporate interest (Levels 1 and 2).

2.4.2 EFFECTIVENESS AND APPLICATION OF THE CORPORATE GOVERNANCE SYSTEM [GRI 2-23]

At CAF we are highly committed to maintaining a Corporate Governance System that is fully updated and aligned with the legitimate expectations of the different stakeholders. Internal regulations are reviewed regularly in order to improve or update their content.

With this objective, the Board of Directors approved, in its session held on 5 May 2023 and after consultation with the legal representation of the workers, the [Internal Reporting System Policy](#), and the [Corporate Procedure for the Management of the Internal Reporting System](#), which establishes the basic rules for its management and operation.

The aforementioned Policy was developed in compliance with the different international and national regulatory requirements for the protection of whistleblowers and the fight against corruption, taking as a basis the standards

aligned with European regulations on whistleblower protection and personal data protection, as well as with the ISO 37002:2021 standard on whistleblowing management systems.

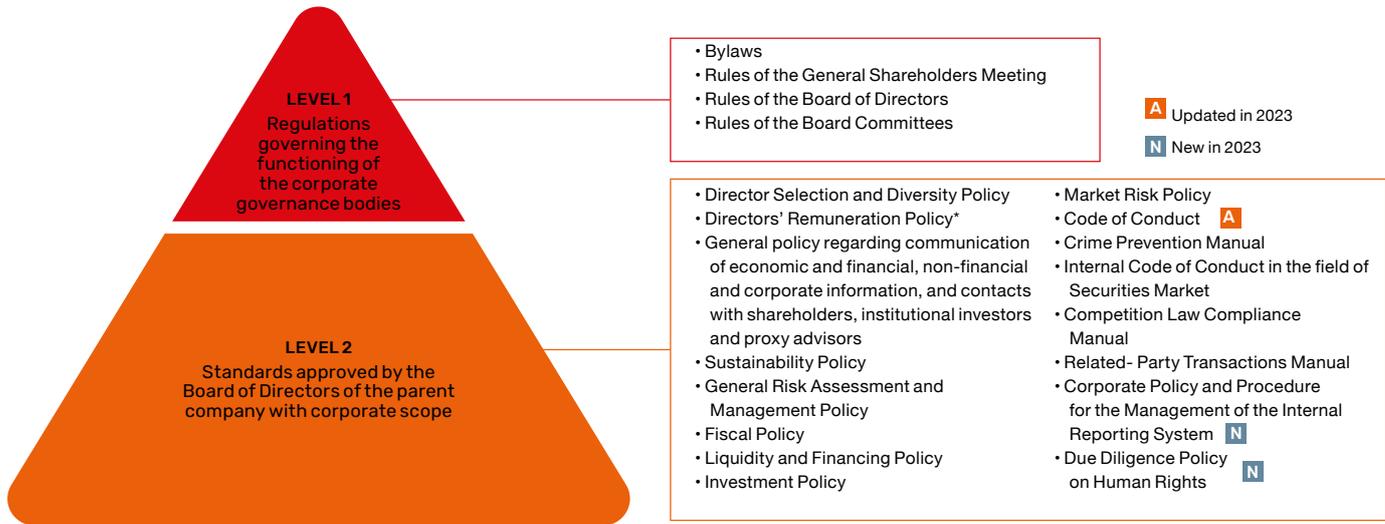
The [Internal Reporting System](#) replaces the pre-existing regulation of whistle-blowing channels in accordance with the new applicable legal framework, and is the preferred channel for reporting actions or omissions constituting a criminal, serious or very serious criminal or administrative offence (including breaches of European Union law), as well as breaches related to the [Code of Conduct](#) or any other rule of the Group's Internal Regulatory System.

At its December meeting, the Board also addressed the revision of the corporate [Code of Conduct](#) (the initial version of which was approved by the Board of Directors on 27 July 2011), ratifying the commitments acquired with the initial approval of the Code and bringing its content into line with the latest standards in the field of Ethics and Compliance.

Following on from the above, the Board also approved at this meeting a [Due Diligence Policy on Human Rights](#), through which CAF ratifies its commitment at the highest level to these Principles, assuming in a more detailed manner its responsibility to respect internationally recognised Human Rights in the scope of its activity and value chain.

Below is a graphic detail of the CAF Group's Corporate Governance System, with an indication of the main milestones for the 2023 financial year:

Regulatory detail of the Corporate Governance System (Levels 1 and 2) and developments in 2023



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

The Code of Conduct, the [Corporate Policy and Procedure for the Management of the Internal Reporting System](#) and the Due Diligence Policy on Human Rights are available on the CAF Group's corporate website (www.caf.net) since their approval, in easily identifiable sections. Likewise, the Regulatory Rules of the Corporate Governance bodies and the General Policies of CAF are also available to the general public on the corporate website itself in an updated and permanent manner in accordance with the applicable regulations.

Equally noteworthy is the progress achieved in 2023 in relation to the deployment of the rules of the Code of Conduct, through the development and strengthening of the Corporate Compliance System, referred to in section 7.2 of this report.

Beyond the developments identified, it has not been deemed necessary to amend any regulations, policies or internal rules of the Company's Corporate Governance System during the year, 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 the Appointments and Remunerations Committee is expressly entrusted in its Rules with the supervision of 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, at the end of 2023, the Committee has submitted to the Board of Directors 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 reported financial year.

In addition, in the year under review, CAF was assisted by an independent external consultant for the annual assessment of the functioning of the Board and its committees, in accordance with Recommendation 36 of the CGG, as described below. In any case, in order to consolidate this trend of continuous improvement, the Board has defined different initiatives to undertake starting in 2024.

2.4.3 GOVERNANCE STRUCTURE

[GRI 2-9, 2-13]

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

The Company also has two Committees of the Board of Directors: The Audit Committee and the Appointments and Remunerations Committee.

The Management Team is the link between the Board of Directors and the rest of the company.



2.4.3.1 THE ANNUAL GENERAL SHAREHOLDERS MEETING

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

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

On 10 June 2023, the Company held the Annual General Shareholders Meeting, enabling both physical and online attendance. The following topics were discussed:

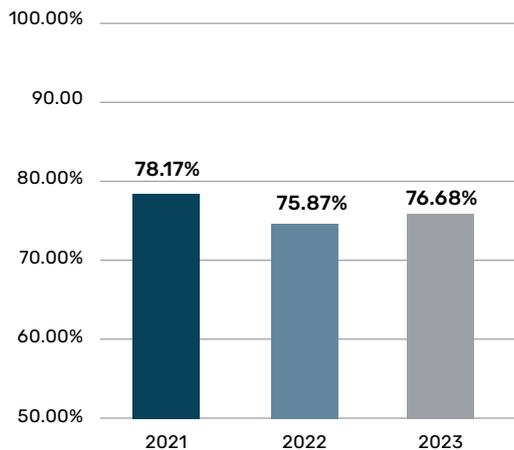


The Statement of Non-Financial Information - Group Sustainability Report was submitted to the General Shareholders Meeting for approval as a separate agenda item.

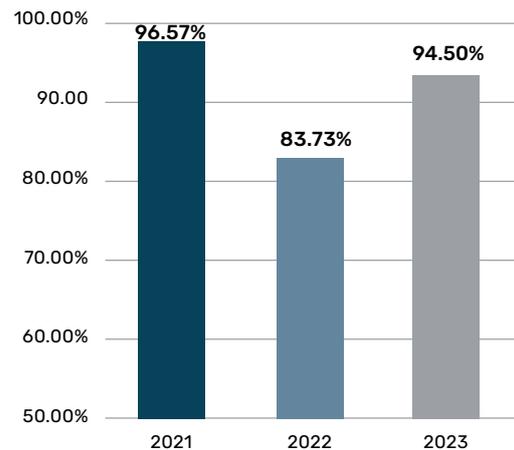
All resolutions proposed by the Board of Directors were approved by sufficient majorities, with an average of more than 94% voting in favour.

Some indicators of interest of the 2023 Annual General Shareholders Meeting

Attendance quorum



Average % of votes in favour in the approval of resolutions



Approval of the NFIS - Sustainability Report



Approval of the management of the Board of Directors



2.4.3.2 THE BOARD OF DIRECTORS AND ITS COMMITTEES

[GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-17, 405-1]

The Board of Directors

Except for business that falls within the scope of the Annual General Meeting of Shareholders, 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 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.

The organisation, functioning and functions of the Board and its Committees are regulated in the Articles of Association and in their respective Regulations, which are available on the corporate website.

In accordance with best practices in corporate governance, the positions of CEO and Chairman of the Board of Directors are separated.

The CEO of the Company has been granted all the powers that correspond to the Board, according to the Law and the corporate bylaws, with the sole exception of those that cannot be delegated in accordance with the Law.

CAF has a [specific and verifiable Director Selection and Diversity 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 Appointments and Remunerations Committee verifies compliance with this Policy on an annual basis, through a specific report submitted to the Board, which is additionally reported on in the Annual Report on Corporate Governance, as

provided for in Recommendation 14 of the Code of Good Governance (CGG).

The changes in the composition of these bodies during the year evaluated have been the following:

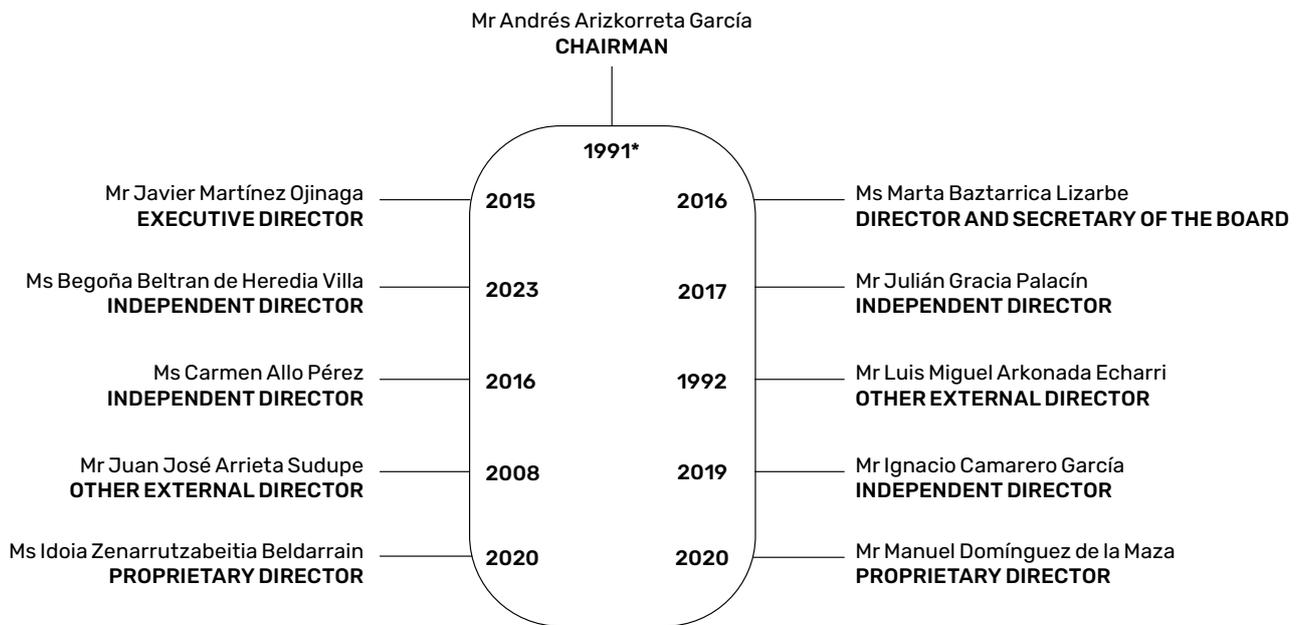
- The General Meeting of Shareholders on 10 June 2023 agreed to the re-election of Mr Javier Martínez Ojinaga, with the category of Executive, for the statutory term of four years. Subsequently, and on that same date, the Board unanimously agreed to re-elect him as CEO, with delegation in his favour of all the powers that correspond to the Board except those that legally or statutorily are of a non-delegable nature.
- The Board also submitted to the same Meeting the ratification of the appointment of Ms Begoña Beltrán de Heredia Villa as Independent Director, which she had agreed by co-option on 24 February 2023, date on which she was also appointed member of the Audit Committee. The Board ratified the appointment by a large majority.
The addition of Ms Beltrán de Heredia to the Board in

2023 has increased both the number of independent directors and the number of female directors on the Board, as will be explained later in this report.

- Furthermore, in accordance with the provisions of article 529 quaterdecies 2 of the Capital Companies Act, which regulates the mandatory replacement of the Chairman of the Audit Committee every four years, on 4 October 2023, at the proposal of the Audit Committee, the Board of Directors unanimously agreed to appoint Ms Begoña Beltrán de Heredia Villa Chair of the Committee, in place of the previous Chair, Ms Carmen Allo Pérez, who remains on the Commission as a member.

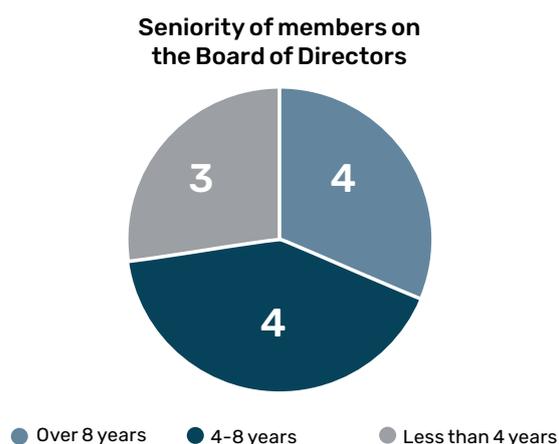
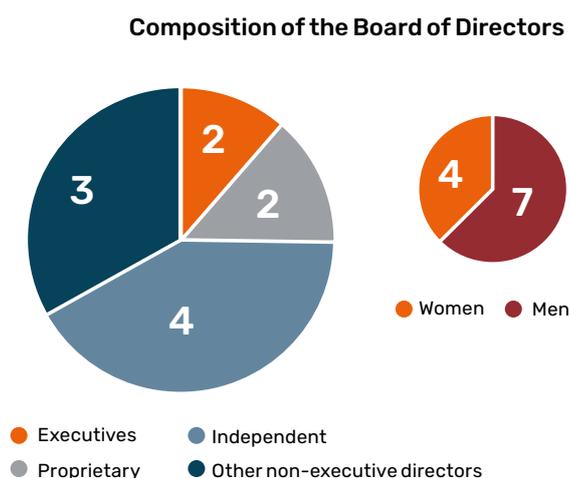
The market was promptly informed of all the described changes through the corresponding communications of other relevant information to the CNMV, and via the corporate website.

Accordingly, the composition of the Board of Directors of CAF, S.A. at the end of 2023 was as follows:



*Date of first appointment

Thus, at the date of issue of this report, CAF's Board of Directors is composed of 11 members (2 executive, 2 proprietary, 3 "other external", and 4 independent), of which 4 are women (1 executive, 1 proprietary and 2 independent), as shown in the following chart:



The composition of the Board and the Committees is proportionate and diverse in terms of category, gender, knowledge and experience, complies with the requirements of the Company's internal regulations and contributes positively to the quality of the decision-making process and its ability to fulfil the functions assigned to them.

Specifically, the CAF's Board of Directors complies with the recommendations that guarantee the balanced presence of different categories of directors. Thus, after the appointment of Ms Beltrán de Heredia as director, filling the existing vacancy, the number of independent directors is again four, exceeding the minimum threshold of members in this category, which Recommendation 17 of the CGG sets at one third of the total number of board members in companies that are not large cap companies. Likewise, the board has a majority of proprietary and independent directors (Recommendation 15 CGG), as well as an adjusted proportion between the capital represented by proprietary directors and the rest of the capital (Recommendation 16 CGG).

With regard to gender diversity, the appointment of Ms Beltrán de Heredia has increased the number of women on the Board, which now has four female directors, representing 36.36% of the total number of members, a percentage very close to the 40% recommended by the CGG.

In any case, CAF will take into account and follow up on the diversity criteria defined in the CGG and in the Spanish regulations currently being processed and finally approved.

With regard to their profile, the Directors have a varied background, including Economics and Business Studies, Industrial Engineering, Exact Sciences, Physical Science and Law, among other degrees, and postgraduate training, as well as considerable professional experience, enriched with competencies that are relevant to the Company's future strategy, in line with the objectives of diversity of education and professional experience set out in the [Director Selection and Diversity Policy](#).

CAF publishes permanently on its corporate website updated information on the personal and professional profile of the members of the Board of Directors, including other activities and positions on other boards of directors, the category of directors to which they belong, and the other information provided for in Recommendation 18 of the Code of Good Governance (CGG). It is also reported on in the ARCG.

Directors may obtain the necessary advice to fulfil their duties, including, if circumstances so require, external advice on specific matters. This is set out in article 21 of the Rules of the Board of Directors available on the company's website.

Prior to the meetings, the documentation necessary for the preparation of the items on the agenda and the presentations to be made at the meetings is circulated among the Board members.

In the ordinary meetings of the Board, space is reserved for updating topics related to the evolution of the business that are considered of interest to the directors.

Additionally, senior executives are frequently invited to these meetings, which favours access to the necessary information and continuous training in the Company's business areas.

Remuneration of directors [GRI 2-19, 2-20]

The [CAF's Directors' Remuneration Policy](#), approved by the Annual General Shareholders meeting on 11 June 2022 and available on the corporate website, seeks to meet market criteria, taking as a basis the remuneration set for directors of listed companies of a similar size or activity to that of CAF, as well as compliance with the principles of moderation and prudence.

The remuneration system for Directors is based on the fundamental principle of attracting and retaining the best professionals, rewarding them based on their level of responsibility and their professional career, based on internal equity and external competitiveness. CAF also considers the remuneration system for its directors and executives as a fundamental factor that contributes to the business strategy, interests, sustainability and creation of long-term value for the Company, in particular to ensure that it corresponds to its results and an appropriate distribution of profits to shareholders, in the interest of both shareholders and employees.

In the case of directors who do not have executive status, the remuneration must be sufficient to compensate for their dedication, qualifications and responsibility, without under any circumstances compromising their independence of judgment.

With specific regard to executive directors, the Policy aims to offer remuneration that attracts, retains and motivates the most suitable professionals in order to facilitate the achievement of the Company's strategic objectives, taking into account the overall level of remuneration of comparable entities in the sector.

The Policy establishes a remuneration system for directors (i) for their status as such and (ii) for executive functions.

The members of the Board of Directors are remunerated in their capacity as such in one or more of the following ways:

- a fixed allowance for membership of the Board of Directors;
- a fixed allocation for membership on committees;
- allowances for attendance at meetings held by the Board of Directors or its committees; a fixed allowance for the performance of other duties or responsibilities;
- an assistance benefit consisting of life insurance; and
- the savings or pension systems that are considered appropriate where necessary.

The remuneration earned by the directors in their capacity as such during 2023 consisted of fixed remuneration for membership of the Board, allowances for attendance at Board meetings, remuneration for membership of Committees and fixed remuneration for Board positions in view of their special duties and responsibilities, and remained within the maximum figure provided for in the current Remuneration Policy.

In addition to the items contemplated in the preceding paragraph, executive directors may receive remuneration consisting of one or more of the following items:

- a fixed annual remuneration;
- variable remuneration with indicators or parameters linked to their performance and that of the Company or its group;
- an assistance benefit consisting of life insurance;
- a long-term defined contribution savings system;
- indemnities for termination, provided that it was not due to a breach of the duties of a director;
- compensation for the assumption of post-contractual exclusivity and non-competition obligations.

Variable remuneration should be linked to achieving specific economic-financial objectives defined in the [Strategic Plan](#), quantifiable and aligned with the Company's social interest and strategic objectives. Furthermore, non-financial parameters that promote sustainability and long-term value creation for the Company should be established, such as the level of customer satisfaction, the organisational health index, the result of the rating agencies' evaluation or other ESG parameters and indicators that promote the sustainability of the Company.

It is planned that the payment of the variable components will be deferred over time to allow the Board of Directors to adequately measure the degree of achievement of the objectives and assess whether any circumstances arise that make it advisable to reduce (*malus*) the variable remuneration to be received by executive directors, such as serious breaches of their obligations, the introduction of qualifications in the audit report or the need to reformulate the Company's financial statements. The Company may also claim clawback of any variable remuneration paid on the basis of inaccurate data. With all this, the Company considers that the exposure to excessive risks is reduced and that the remuneration mix shows a balance between fixed and variable components and serves the long-term objectives, values and interests of the Company.

The Board of Directors is responsible for the individual determination of the remuneration of each director, within the framework of the [Remuneration Policy](#), based on the corresponding proposal of the Appointments and Remunerations Committee.

In addition, the Committee has been assigned important functions in the design of the Company's remuneration policies in its specific Regulations, which can be consulted on the corporate website. Thus, in accordance with sections 13 and 14 of article 3 of the Regulations of the Committee, the Committee is responsible for proposing to the Board the remuneration policy for directors and general managers or those who perform senior management duties under the direct supervision of the Board, managing directors, as well as the individual remuneration and other contractual conditions of executive directors, ensuring compliance with them. The Committee is also responsible for periodically reviewing the remuneration policy applied to Directors and senior management and for ensuring that their individual remuneration is proportionate to that paid to other Directors and senior management of the Company.

In preparing its proposals, the Appointments and Remunerations Committee engages in a process of direct dialogue with major shareholders and institutional investors and the main providers of voting advisory services, in order to obtain prior opinions and align the proposals with the points of interest expressed, prior to their approval.

Evaluation of the performance of the Board of Directors and its Committees [GRI 2-18]

The Board of Directors carries out an annual evaluation of the quality and efficiency of the functioning of the Board itself and the Committees.

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.

In accordance with Recommendation 36 of the CGG, the annual evaluation of the functioning of the Board and its Committees in 2023 was carried out with the

In the performance of its functions, the Commission relies on the advice of external consultants, specialists in matters of a technical or especially relevant nature. It is the Commission's responsibility to ensure that the independence of external advice provided to the Commission is not affected by conflicts of interest (Commission Regulation, Article 3(17) and Article 15(2)).

It is up to the shareholders gathered at the General Shareholders Meeting to approve the Directors' Remuneration Policy. In addition, the Annual Directors' Remuneration Report (ARR) is submitted annually to the consultative vote of the General Shareholders Meeting, and forms part of the Management Report that the Company prepares each year.

The ARRD for the 2022 financial year, submitted to a consultative vote of the Ordinary General Meeting of Shareholders held on 10 June 2023, was approved by a majority of 65.17% of the votes of the shareholders present or represented. In order to gain first-hand knowledge of shareholders' concerns about the remuneration system, to respond to them and, in general, to improve the effectiveness of communication on these matters, CAF maintains a constant and effective channel of collaboration with its shareholders and investors.

CAF's ARDD for 2023, available on the corporate website, contains detailed information on the remuneration earned by the members of the Board of Directors in the year under review, as well as other relevant information about the Company.

assistance of an independent external consultant, whose independence was verified by the Appointments and Remunerations Committee. The evaluation gave a positive assessment of the Board's work and that of its members and committees.

Specifically, the expert's report concluded that *"CAF has consolidated a complete body of internal regulations that guarantees respect for legal obligations and the principles and recommendations that make up corporate governance [...]. And adds: "We can confirm that CAF has internalized the concern for corporate governance. It not only respects the rules literally but also embraces their spirit and the conviction that following them is useful for society, its shareholders, its workers, clients and suppliers."*

For more details in this regard, please refer to ARCG.

2.4.3.3 COMMITTEES OF THE BOARD OF DIRECTORS [GRI 2-9, 2-12, 2-13]

For its better functioning, the Board has two committees: The Audit Committee and the Appointments and Remunerations Committee.

Both are made up of three members, two of whom are independent. The Audit Committee is also chaired by a woman.

The Reports on the Functioning of the Committees 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 the meetings. In compliance with Recommendation 6 of the CGG, both reports are published on the Company's website sufficiently in advance of the Annual Shareholders meeting.

Areas supervised by the Board Committees on Internal Control, Corporate Governance and Sustainability

BOARD OF DIRECTORS						
Audit Committee					Appointments and Remunerations Committee	
Economic-Financial and Strategy Management (Financial and Non-Financial Information)	TAX	Risks	Compliance	Cybersecurity	Corporate Governance	Sustainability

Audit committee. Breakdown

POSITION	NAME	CATEGORY
CHAIRWOMAN	Ms Begoña Beltran de Heredia Villa	Independent
MEMBERS	Ms Carmen Allo Pérez	Independent
	Mr Juan José Arrieta Sudupe	Other External Directors

Rules of operation and composition

The Audit Committee is basically regulated in article 37 bis of CAF's Articles of Association. These regulations are set out in the [Rules of the Board of Directors](#) and, in particular, in its [own Rules](#), 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.

As provided for in Article 2 of its Regulations, the Commission is made up of three non-executive directors, two of whom are independent, including its President. As a whole, the members of the Committee have knowledge and experience in accounting, auditing and risk management, both financial and non-financial, as well

as relevant expertise in relation to the business sector to which the Company belongs.

The Secretary of this Commission is the same as the Secretary of the Board of Directors.

The composition of the Committee is diverse in terms of age, gender, professional experience, personal skills and industry knowledge.

As indicated in previous sections, the Independent Director, Ms. Begoña Beltrán de Heredia Villa joined the Audit Committee as a member on 24 February 2023, and was appointed Chair of the Committee on 4 October of the same year, replacing Ms Carmen Allo Pérez, as the legally stipulated period for the compulsory rotation of the chairmanship of this Committee had elapsed.

Function monitoring

The Audit Committee met 8 times in the reported year. It has covered all the functions attributed to it in auditing, internal audit, financial and non-financial reporting, internal control and risk management systems, supervision of internal codes of conduct and the Internal Reporting System, corporate transactions and related-party transactions.

Specifically, the Head of Internal Audit reported regularly to the Committee during 2023 on the degree of compliance and adequacy of the Group's internal control, review of the information published, monitoring of the main financial and tax risks and conclusions of the audit work according to its annual activity plan.

In turn, the Compliance Function has reported to the Committee on compliance with internal codes of conduct and the Internal Reporting System (whistleblowing channels), as well as the associated internal control systems.

In the area of risks, the Committee receives from the Risk Function, on a half-yearly basis, the report on the main risks (financial and non-financial) of the Company in

order to supervise its control and management systems. The Board, ultimately responsible for the [General Risk Assessment and Management Policy](#), has been informed of this supervision.

The Head of the Tax Function has reported to the Audit Committee on tax-related activities in the year under review. The Committee has also been briefed on the implementation of the [General policy regarding communication of economic and financial, non-financial and corporate information, and contacts with shareholders, institutional investors and proxy advisors](#).

In addition, the Committee monitored key issues relating to cybersecurity and their possible implications for the Board of Directors, including the publication of the 2023 Code of Good Governance on Cybersecurity, promoted and disseminated by the CNMV, and promoted the presentation of these issues to the full Board at its November meeting.

The actions carried out by the Commission in fiscal year 2023 are detailed in section C.2.1 of the Annual Report on Corporate Governance.

Appointments and remuneration committee. Breakdown

POSITION	NAME	CATEGORY
CHAIRMAN	Mr Julián Gracia Palacín	Independent
VOTING MEMBERS	Mr Luis Miguel Arkonada Echarri	Other External Directors
	Mr Ignacio Camarero García	Independent

Rules of operation and composition

As in the case of the Audit Committee, the legal regime of the Appointments and Remunerations Committee is set out in the Articles of Association, in the own [Rules of the Board of Directors](#) and in its [Specific regulation](#). 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.

As provided for in article 4 of its Regulations, the Committee is made up of three directors. This dimension favours the effective functioning of the body, the participation of all its members and agility in decision-making. Two of its members have the status of independent directors, including its Chair.

The Secretary of this Commission is the same as the Secretary of the Board of Directors.

The composition of the Committee is diverse in terms of age, gender, professional experience, personal skills and industry knowledge.

Function monitoring

The Appointments and Remuneration Committee has met on 7 occasions in fiscal year 2023, and when it has considered it pertinent, it has required the presence of the CEO and senior management personnel. The main matters dealt with and analysed by the Committee during the year and which have made up its main areas of supervision have been, among others, issues of Corporate Governance and the composition of the Board, evaluation of the Board of Directors, those relating to Sustainability, as well as the analysis and preparation of proposals on remuneration.

In particular, for the purposes of exercising its functions in relation to the Sustainability Policy and practices, this Commission has received the report on this matter through the Sustainability Function. Based on the report for 2023, 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 2023, 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.

Additionally, the Committee has verified compliance with the [Director Selection and Diversity Policy](#) in said exercise. This report supervises the adequate application of the Policy in the re-election, ratification and appointment processes of the directors, resolved by the Ordinary General Meeting of Shareholders of 10 June 2023, concluding that the provisions had been satisfactorily complied with both in relation to the selection process and the conditions that the candidates must meet in terms of honourability, solvency, competence, experience, training, qualifications, dedication and commitment to the function of director.

The actions carried out by the Commission in fiscal year 2023 are detailed in section C.2.1 of the Annual Report on Corporate Governance.

2.4.4 SUPERVISION OF THE BOARD OF DIRECTORS ON SUSTAINABILITY [GRI 2-12, 2-14, 2-17, 2-16, 2-26]

Supervision of Sustainability by the Board of Directors.

According to the [Sustainability Policy](#), approved by the Board of Directors on 20 December 2020, our main objective is to reconcile the development of our Mission with the balanced satisfaction of the needs and expectations of our stakeholders in order to create 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.

In accordance with the provisions of the CGG, the Board oversees, through its Committees, all material aspects related to Sustainability.

The Appointments and Remunerations Committee is responsible for monitoring the [Sustainability Policy](#), to ensure that it fulfils its mission of promoting the social interest and takes into account the legitimate interests of stakeholders. This Committee is also responsible for supervising that the Company's practices in environmental and social matters are in line with the Policy and strategy established, reporting its conclusions to the Board of Directors and submitting, where appropriate, the proposals it deems necessary.

The Audit Committee is responsible, among other duties, for supervising the preparation process and the integrity of non-financial information, as well as supervising the risk assessment and management system, including sustainability risks, and the systems linked to the Company's internal codes of conduct; reporting to the Board and proposing, where appropriate, the measures it deems appropriate to implement within the scope of its duties.

The exercise of supervision by the Board of Directors is articulated through the reports presented by the Heads of the different Functions, either directly or through one of its Committees, within the framework of their respective powers.

In this regard, in the 2023 financial year, the full Board received the face-to-face report from the Group's Head of Sustainability, Management Model and Investor Relations, who reported on the activities carried out by the Sustainability Function in 2023 and on the initiatives defined for future financial years. These initiatives include the implementation of training measures for the Board on Sustainability.

For more information on Sustainability Governance, see section 4 of this report.

Communication of Critical Concerns

The Internal Audit, Compliance, Risk, Sustainability, and Corporate Governance Functions are competent to communicate critical concerns to the highest governance body 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.

Furthermore, as mentioned above, the CAF Group has implemented a computerised [Internal Reporting System](#) open to all its stakeholders and any third party, allowing employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to report at any time any potentially significant irregularities, including financial and accounting irregularities, or of any other nature, related to the Company that they notice in any of the Group's companies.

For more details on the number of communications received through this channel and their nature, see section 7.2 of this Report.



2.5 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 said business strategy will be carried out (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.

	2023	2022	2021	OUTLOOK
Earnings per share (€)	2.6	1.52	2.51	Upward progression
Dividend per share (€)	1.11	0.86	1.00	Upward progression in line with results
Dividend yield	3.8%	3,0%	2.7%	-
Pay-out ratio (Dividend/EPS)	43%	56%	40%	-

Even though the 2023 financial year also faced geopolitical and macroeconomic tensions, the impact of these factors was less severe compared to the previous year. The component supply chain has tended towards standardization, the escalation of costs has been more controlled and the cost of debt, although it has increased significantly, appears to have peaked. Thus, the 2023 financial year generated earnings per share of 2.6 euros and the dividend per share that the Board is proposing to the Annual General Shareholders meeting is 1.11 euros per share, giving a pay-out of 43% in a still 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

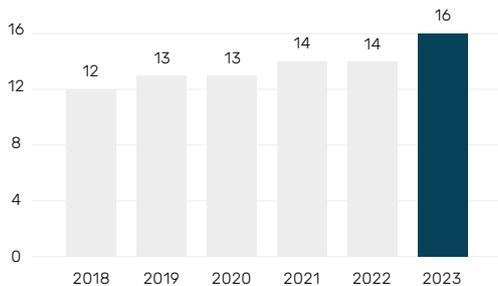
share and dividend performance, communications of relevant events for the business (contract awards, corporate operations, strategic milestones), economic-financial information, documentation related to the Shareholders' Meeting, as well as diverse documentation on corporate governance.

At the end of 2023, 16 financial analysts maintain active coverage on CAF, following the incorporation of Société Générale's coverage and the resumption of Bestinver's coverage in December 2023. The financial analysts issue independent reports on the value of CAF on a recurring basis, based on close monitoring of business performance and published results. At the end of 2023, 94% of analysts recommend buying/overweight CAF shares, with a potential upside of over 30%⁴.

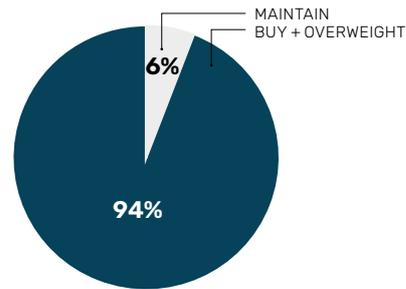


4 Source: FactSet, 29 January 2024.

NO. OF ANALYSTS WITH STABLE CAF COVERAGE



ANALYSTS' RECOMMENDATION AS AT 31/12/2023



ANALYSTS WITH STABLE CAF COVERAGE AT 31/12/2023



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, employees, suppliers and society.



These commitments are deployed in the daily management following the guidelines included in the social responsibility guide ISO 26000:2021, through the CAF Management Model where specific policies, initiatives and objectives are established for each of the Stakeholders. This model is comprised of 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 60 countries in recent years, which have translated into a record backlog and repeat business from our customers.

CAF Group has a [General policy regarding communication of economic and financial, non-financial and corporate information, and contacts with shareholders, institutional investors and proxy advisors](#) (in compliance with the principles of good corporate governance set out in the Code of Good Governance 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 Advisers, 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	
SHAREHOLDERS⁵	<ul style="list-style-type: none"> • Shareholders and Investor Relations Office • Spanish National Securities Market Commission (CNMV) communications • Annual General Shareholders meeting • Regular briefings 	<ul style="list-style-type: none"> • CAF Website (www.caf.net) • Internal Reporting System (Whistleblowing Channels) • Survey of shareholders and investors, and financial analysts
CUSTOMERS	<ul style="list-style-type: none"> • Meetings with potential clients • Customer meetings on projects • Client Audits • Audits of the Quality and Safety Management System • CAF Website (www.caf.net) 	<ul style="list-style-type: none"> • Internal Reporting System (Whistleblowing Channels) • Customer Satisfaction Surveys • Online platforms • Industry trade fairs
EMPLOYEES	<ul style="list-style-type: none"> • CAF Portal • Internal communication channels Direct communication • Union representation • Corporate magazine 	<ul style="list-style-type: none"> • Internal Reporting System (Whistleblowing Channels) • CAF Website (www.caf.net) • Organisational Health Survey
SUPPLIERS	<ul style="list-style-type: none"> • Supplier portal • CAF Website (www.caf.net) • Specific supplier relationship platforms 	<ul style="list-style-type: none"> • Supplier audits • Internal Reporting System (Whistleblowing Channels) • Supplier Satisfaction Surveys
SOCIETY	<ul style="list-style-type: none"> • CAF Website (www.caf.net) • Direct relationship with public administrations • Participation in forums and associations 	<ul style="list-style-type: none"> • Internal Reporting System (Whistleblowing Channels) • Non-Financial Information Statement / Sustainability Report • Society communication assessment survey

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.



⁵ The information related to Shareholders is included in CAF's Annual Report on Corporate Governance, available on the corporate website. Communication channel for both the institutional investor and the minority shareholder.

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 our Stakeholders

STAKEHOLDER TYPE	METRIC	OUTLOOK	TARGET (0-10)	2023		2022	
				RESULT (0-10)	SCOPE (0-100%)	RESULT (0-10)	SCOPE (0-100%)
SHAREHOLDERS	% of affirmative votes in the approval of the financial statements and the directors' report (Annual General Shareholders meeting)	Stability	≥ 9.5	9.99	≥ 76% of subscribed share capital with voting rights	9.99	≥ 75% of subscribed share capital with voting rights
CUSTOMERS	Annual survey	Stable result Range stability	7.9	7.9	≥ 84% sales	7.8	≥ 83% sales
EMPLOYEES	Annual survey	Improved result Range stability	6.7	6.6	≥ 94% of the workforce	6.6	≥ 90% of the workforce
SUPPLIERS	Annual survey	Stable result Scope extension	≥ 8.0	8.4	≥ 81% of purchases	8.3	≥ 72% of purchases
SOCIETY ⁶	Annual survey	Stable result Range stability	≥ 8.0	8.5	≥ 84% of the workforce	8.8	≥ 69% of the workforce

The overall assessment of stakeholder satisfaction in the 2023 financial year was positive. The scope has been extended in all measurements, and in all but the Society Stakeholder, the previous year's results have been maintained and even improved. Mention should be made of the effort made in 2023 to extend the scope of the Company's satisfaction survey, which has gone from being sent to 86 entities in 2022 to 216 in 2023. The overall result has risen from 8.8 in 2022 to 8.5 in 2023, which is still a good result above the target set.

It should also be noted that the scope of the survey has been extended to 94% of the people who make up the CAF Group. The result, having not reached the established target of 6.7, remains at the value of 6.6 in 2022.



⁶ The Society Stakeholder for CAF Group is identified with the communities in which it operates with 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	METRIC	OUTLOOK	2023		2022	
			RESULT (0-10)	SCOPE (0-100%)	RESULT (0-10)	SCOPE (0-100%)
SHAREHOLDERS	Annual survey ⁷	Improved result	7.1 1st measurement	≥ 85% of financial analysts with coverage	-	-
SHAREHOLDERS	Biennial survey	Scope extension Improved result	Does not apply because it is biennial	Does not apply because it is biennial	7.2	≥ 75% of shareholders and investors (year 2020)
CUSTOMERS	Annual survey	Stable result Range stability	8.0	≥ 84% sales	8.0	≥ 83% sales
EMPLOYEES	Annual survey	Improved result Maintain scope	6.7	≥ 94% of the workforce	6.7	≥ 90% of the workforce
SUPPLIERS	Annual survey	Stable result Scope extension	8.0	≥ 81% of purchases	8.0	≥ 72% of purchases
SOCIETY ⁸	Annual survey	Improved result Range stability	7.4	≥ 84% of the workforce	8.0	≥ 69% of the workforce

With regard to the satisfaction with stakeholder communication, the overall assessment is also positive in 2023. The scope has been extended in the 4 stakeholders in which we have taken measurements, and only in one of them has the evaluation of communication been lower than in 2022. This is the case of the society stakeholder, where the increase in scope has led to a decrease in the result, going from an 8 in 2022 to a 7.4. There are entities with which communication must be improved and actions are planned to be taken during 2024 to do so.

Regarding to shareholder communication, in December 2023, a survey on CAF's communication to financial analysts with stable coverage of CAF was launched for the first time, with the aim of providing annual continuity to the biennial investor and shareholder survey. The result obtained was 7.1, a value that is expected to improve in 2024.

In summary, in addition to improving the evolution of the indicator, we are also working to increase the scope of the measurement to the entire Group and all Stakeholders.

The monitoring of these indicators is carried out through the Sustainability Committee, establishing the appropriate actions for their improvement.

⁷ In December 2023, a CAF communication assessment survey is launched for the first time to financial analysts with stable coverage of CAF, with the aim of providing annual continuity to the biennial investor and shareholder survey.

⁸ The criterion for measuring the scope in the Society stakeholder is the number of employees of the Group's legal entity that has a relationship with the surveyed entity. Thus, in 2023, the survey was sent to 200 entities, compared to 86 in 2022. The Group's legal entities that have a relationship with these 200 entities represent 84% of the CAF Group's total workforce.

2.6 INNOVATION AND TECHNOLOGY: KEYS TO SUSTAINABLE MOBILITY

Over the last few decades, innovation has been fundamental to CAF's growth and has allowed us to offer products at the forefront of technology. We have developed crucial systems for our vehicles, such as electric traction, energy storage systems and the electronic train control and diagnostic system. In addition, we have expanded our offering with new products and services, becoming global providers of sustainable transportation systems.

Recognising that innovation lies in knowledge and the people behind it, at CAF we prioritise strengthening our internal capabilities for technological development.

2.6.1 Innovation in products and services

CAF prioritises constant innovation in its products and services, responding to the growing global demand for increased travel, the reduction of fossil fuels and the impact of climate change on the sustainability of transport. Thus, innovation is one of the Group's 4 strategic axes in the [Strategic Plan 2026](#), along with commercial focus, operational efficiency and sustainability.

The CAF Group's innovation strategy is implemented annually through our Innovation Management Plan. This plan combines activities to develop and evolve our products and services, along with activities to generate knowledge and proprietary technology. These activities differentiate the CAF Group from its competitors, allowing it to offer high-value products in the field of sustainable mobility.

Currently, CAF's innovation activity is structured into four innovation programmes:

- **Zero emissions:** It seeks to develop alternative propulsion systems to diesel, reduce fuel consumption and minimise emissions from our vehicles.
- **Autonomous and automatic mobility:** It focuses on the development of vehicles that operate in an automated manner, increasing safety and efficiency in transport systems.
- **Digitalisation:** It covers various activities that optimise internal and external processes through digitalisation, also including measures to guarantee cybersecurity in our products and services.
- **Product portfolio:** Includes activities aimed at offering better and more competitive products and services to both CAF clients and end users.

Among the multiple activities and lines of work of our plan, we list in the following sections those that stand out for their impact on sustainable mobility.

Zero emissions

Within the framework of a coordinated strategy to reduce environmental impact, we have addressed different areas of work:

- Development of vehicles with propulsion systems based on batteries and hydrogen. These alternatives aim to replace hydrocarbon-based mobility, eliminating direct CO₂ emissions on routes operated by diesel vehicles.
- Improvement in battery-based energy storage systems. Successive generations of batteries have shown notable advances in density and storage capacity, as well as charging and discharging power.
- Development of technologies to reduce the energy consumption of vehicles through improvements in the efficiency of components, such as power equipment based on new Silicon Carbide (SiC) transistors.
- Implementation of intelligent systems for energy management in vehicles, including Driving Advisory System (DAS) and efficient automatic driving systems.
- Reducing fuel consumption by reducing drag and vehicle weight.
- Reduction of noise and vibrations both inside and outside vehicles, as well as minimization of electromagnetic emissions.

In this field, we highlight the contribution of European collaborative projects such as FINE, PINTA, X2RAIL, PIVOT, IN2STEMPO, IN2SMART, FR8RAIL, Rail4EARTH, FCH2RAIL, Train Léger innovant, VIRTUAL-FCS, STASHH, AVOGADRO and Hybrid Beams described in the following section.

More information on the results of the Zero Emissions Programme can be found in sections 5.3.3 and 5.4.2. of Chapter 5, 'Our commitment to the environment'.

Autonomous and automatic mobility

Smart mobility brings significant benefits for operators and improves the safety and comfort of travellers. Progress towards autonomous and automatic vehicle operation is key to driving an increase in transportation capacity, improving energy efficiency and guaranteeing punctuality and fluidity in door-to-door movements.

In this sense, at the CAF Group we focus on various areas:

- Automatic protection systems for trains: ERTMS Baseline 3.
- Automatic train operation (ATO) systems over ERTMS and over Class B signalling systems.
- Communications-based train control (CBTC) system.
- Advanced driving assistance systems (ADAS).
- GoA4 autonomous driving on main line without passengers.

- Remote driving in depot.
- Advances in the interior and exterior perception of vehicles through Vision and Artificial Intelligence.
- Safe positioning of vehicles without the need to install specific equipment on track.
- Development of 5G communications and the Future Railway Mobile Communication System (FRMCS).
- Implementation of onboard systems for diagnosis and control capable of guaranteeing the safety of critical functions.

Within this programme, it is important to highlight the contribution of the collaborative projects, both European and national, CONNECTA, X2RAIL, LINX4RAIL, TAURO, MOTIONAL, R2DATO, FutuRe, 5GRAIL and ADAS, which are described in the following section.

Oslo tram remote driving

Within the activities of the European Shif2Rail TAURO project, CAF has developed a remote driving demonstrator using an SL18 tram from Sporveien (Oslo).

The aim of the demonstrator was to remotely control the tram both statically and dynamically. From a remote control centre, far from the unit and without direct vision, a remote connection to the vehicle is established. Through this connection, two video streams are transmitted from each cab, allowing the remote operator to select any cab.

Once the selection is made, the operator can launch static telecommands such as horn sounding, light switching, pantograph control, etc. Once the appropriate conditions are achieved, the remote driver can pull and brake at low speed from the remote control centre using the cameras as a visual reference.

The tram is set up for self-protection in such a way that, in the event of an untimely loss of communications or signal inconsistency, the vehicle brakes and ignores remote commands.



Digitalisation

At CAF we understand the enormous importance of the current digital transformation process that covers all areas of society. Therefore, we dedicate a considerable part of our innovation efforts to developing our vision of digitalisation for rail and bus transport. We are making progress in the following areas:

- Technology development to implement a complete data collection and transmission infrastructure throughout the transportation system, including sensorisation and communications aspects.
- Management and analysis of large volumes of information through Big Data techniques.
- Application of advanced data analysis techniques (Artificial Intelligence, Machine Learning, Deep Learning, among others).
- Use of these technologies to create applications in key areas such as diagnosis, maintenance, energy consumption and operations.

- Development of real-time vehicle monitoring systems, both on-board (LeadMind Platform and eSConnect) and in infrastructure (Wayside LeadMind).
- Implementation of model-based systems engineering (MBSE) to support requirements, design, analysis and validation during all phases of the lifecycle.
- Creation of BIM (Building Information Modelling) models to centralise construction project information in a single digital information model.
- Cybersecurity.

In this programme, it is important to highlight the contribution of European collaboration projects such as CONNECTA, X2RAIL, LINX4RAIL, IN2STEMPO, IN2SMART, IAM4RAIL and TCRINI that we describe in the following section.



FEATURED INNOVATION PROJECTS IN PROGRESS OR COMPLETED IN 2023

CAF Group actively participates in the main R&D partnerships in the sector, enabling it to make a significant contribution to the integral evolution of mobility.



Among the most relevant activities, it is worth highlighting the importance of *Shift2Rail*, a European

initiative that acts as a key agent for the transformation of the railway sector. This programme, in which CAF is one of the eight founding members, is part of the Horizon 2020 framework programme and is dedicated to collaborative research and innovation between various players in the European railway sector with the aim of speeding up the adoption of new technologies. In addition, CAF Group plays a key role in coordinating the "Innovation Programme 1: Rolling Stock", which covers all developments related to vehicles.

Within the framework of *Shift2Rail*, the following projects addressed in 2023 stand out:

	<p>FINE-2 In the FINE-2 project we seek innovative technological solutions to significantly reduce the noise and energy consumption of our transportation systems.</p>
	<p>CONNECTA -3 CONNECTA projects aim to revolutionise the train control system (TCMS) by implementing advanced capabilities such as wireless communication and high security functions. These advances support the trends towards digitalisation and automation in the railway sector.</p>
	<p>PINTA-3 PINTA projects aim to develop the next generation of railway traction systems using more efficient Silicon Carbide (SiC) power electronics components. Thanks to this project, CAF has put into commercial service the first European metro to use SiC technology.</p>
	<p>X2RAIL-4 AND X2RAIL-5 The X2RAIL-1, X2RAIL-2, X2RAIL-3, X2RAIL-4 and X2RAIL-5 projects seek to evolve the railway control system towards intelligent, real-time traffic management, focusing on improving communication, increasing track capacity, innovating in decentralised signalling and reducing energy consumption, as well as developing cybersecurity.</p>
	<p>PIVOT-2 PIVOT-2 seeks to create lighter, more energy-efficient and comfortable passenger trains, reducing the impact on the track to lower the life cycle cost of the railway system.</p>
	<p>IN2STEMPO The activities of IN2STEMPO Smart Power Supply seek to develop a more efficient railway electrical network in an interconnected system.</p>
	<p>IN2SMART2 The IN2SMART2 project seeks to improve rail asset management through innovative technologies, new economic opportunities and legislative changes. Its Smart Asset Maintenance Pillar proposes innovative holistic, prescriptive and risk-based management.</p>
	<p>FR8RAIL-3 The FR8RAIL seeks to establish functional requirements for sustainable and attractive European rail freight transport.</p>
	<p>LINX4RAIL LINX4RAIL2 advances a common architecture for the railway system supported by a conceptual data model. The objective of the project is the creation of a pattern that ensures sustainable interoperability between systems.</p>
	<p>TAURO The TAURO project seeks to develop technologies for autonomous rail transport. It focuses on advanced systems for environmental perception, remote operation, automatic diagnosis and transition to autonomous control systems.</p>



In November 2021, *Europe's Rail (EU-Rail)*, the successor to *Shift2Rail*, was created as part of the *Horizon Europe (2020-2027)* programme. Its focus is to accelerate the research and development of innovative technologies and operational solutions to lead the transformation of the railway sector, driving the green and digital transition

in Europe. CAF has a relevant participation in this programme as one of its founding members.

In 2023, we started five collaborative projects (*Flagship Projects FP*) that will run until 2026. These projects focus on technologies and the design and validation of concepts that we will integrate into prototype vehicles in the final phase of *EU-Rail*. Starting in 2026, we will begin prototype projects to validate the technologies in representative environments.

	<p>FP1-MOTIONAL The MOTIONAL project is working on developing requirements, specifications and operational solutions for the future European Rail Traffic Management System. This project promotes the railway as the backbone of a sustainable transport system for passengers and goods.</p>
	<p>FP2-R2DATO The R2DATO project seeks to advance towards the goal of complete train automation by 2030, taking advantage of digitalisation, in order to improve the capacity of the infrastructure in existing railway networks.</p>
	<p>FP3-IAM4RAIL IAM4RAIL focuses on developing innovative technologies that reduce costs, extend service life and improve efficiency of the railway system, covering infrastructure and rolling stock.</p>
	<p>FP4-RAIL4EARTH The Rail4EARTH project focuses on improving railway sustainability and contributing to the goals of a climate-neutral Europe by 2050. It advances technologies to increase energy efficiency and develops electric trains with batteries to replace current diesel fleets.</p>
	<p>FP6-FUTURE The FutuRe project seeks to improve the profitability of the regional railway through new innovative technologies, complying with safety standards and improving the reliability, availability and capacity of the system. It seeks to revitalise regional lines, addressing infrastructure, rolling stock and services.</p>



In addition, we work on several innovative projects at European and national level, collaborating with external business partners:

	<p>FCH2RAIL The European FCH2RAIL project seeks to develop a bi-mode electric/hydrogen railway prototype, capable of operating with electricity on catenary sections or with hydrogen fuel cells on non-electrified sections. In addition, the train includes batteries that allow it to reduce its consumption. It is also part of the scope of the project to work on establishing the regulations for operating this type of vehicle in Europe.</p>
	<p>TRAIN LÉGER INNOVANT SNCF's Train Léger innovant project aims to revive regional lines with an innovative vehicle, while keeping life-cycle costs under control. The new type of vehicle will be lighter and have zero direct emissions in order to replace the diesel trains currently in use.</p>
	<p>VIRTUAL-FCS The European project VIRTUAL-FCS seeks to create a global open-source standard tool for designing hydrogen fuel cells in transportation.</p>
	<p>STASHH The European StasHH project aims to establish an open standard for hydrogen fuel cell modules in heavy mobility.</p>
<p>AVOGRADRO</p>	<p>AVOGRADRO The AVOGRADRO project focuses on developing high-performance hydrogen refueling stations.</p>
	<p>HYBRID BEAMS The Hybrid Beams project is investigating a new bus structure using carbon fibre and foams as local reinforcement, ideal for electric and hydrogen buses.</p>
	<p>5GRAIL The global standard for rail communications, the Future Rail Mobile Communication System (FRMCS), is under development for 5G. The European 5GRAIL project seeks to create and test prototypes of the FRMCS. This includes verifying and possibly updating technical specifications, as well as identifying possible technical problems.</p>
	<p>FRACTAL FRACTAL seeks to create a reliable computing node for the Cognitive Edge, following industrial standards. This node will be essential in a decentralised and scalable Internet of Things.</p>
	<p>VALU3S VALU3S researches and refines advanced Verification and Validation (V&V) methods to reduce time and costs in the development of automated systems. Improved workflows and supporting tools are designed and assessed for safety, security and privacy. In addition, it contributes to the development of standards and provides guidelines for improving the V&V of automated systems, taking into account costs and time.</p>
	<p>TCRINI The TRCINI 2 project aims to develop technologies to optimise maintenance work. The developments made within this project will take advantage of current developments in areas such as artificial intelligence, big data, digital twins, cloud computing, etc. in order to apply them to the field of maintenance of critical elements of railway and road infrastructure.</p>

2.6.2 Innovation in processes

At CAF Group we are committed to continuous improvement and excellence in operations. To achieve these objectives, we have implemented a series of innovative programmes and adopted efficient methodologies, focused on optimising operational processes. These initiatives and methodologies have not only reduced costs, but have also promoted quality, customer satisfaction, operational efficiency and environmental commitment, reaffirming CAF's commitment to continuous improvement and excellence in its operations.



In 2018, CAF launched the MOVE global transformation programme, aimed at the rail vehicle activity, with the purpose of stimulating all areas to reflect on improving their efficiency in terms of costs, quality and deadlines. MOVE's many initiatives are grouped into diverse workstreams spanning Operations, Quality and Contract Management, from the bidding phase to guarantees. The challenge for 2023 has been to adopt the working dynamics defined in MOVE, which identifies improvements, establishes a plan for their implementation, calculates their impact and ensures a follow-up until the last milestone is reached and the impact on the Company is guaranteed.

By 2023, the MOVE programme has generated more than 1,000 improvements implemented in the organisation, addressing key areas such as:

- Performance management of the engineering area, with productivity improvements of up to 5%.
- Development of validation banks for electronic equipment for URBOS platforms and other lines, reducing project costs by up to 0.5%.
- Automation of wiring continuity and vehicle rigidity tests, with up to 0.2% cost reduction in a project.
- Standardisation of TCMS variables and alarms, achieving cost reductions of up to 0.1% in a project.
- Reinforcement of quality gates and reprocessing procedures, with savings of up to 0.5% on projects.
- Definition of ideation processes for continuous improvement, increasing competitiveness by 2% annually.
- Standardisation and implementation in the design of vehicles of the necessary solutions for their transport (€0.7 M/year).

- Redefinition of the design of the driving cabins with the aim of making them reusable in different projects (€0.6 M/year).

However, MOVE does not only focus on cost reduction, but prioritises product quality, customer satisfaction, digitalisation of processes, improvement of technical capacity and technical specialisation, increase of both production and engineering capacity and improvements in lead times, among others. This comprehensive approach has allowed holistic innovation in operational processes, covering multiple aspects that contribute to efficiency and competitiveness.

Other transformation initiatives similar to MOVE are being carried out in the railway services activities and in the bus segment.

In addition, the Lean Manufacturing methodology has been a key pillar in CAF's strategy to optimise its facilities and operations. This approach focuses on minimising waste and maximising customer value. As a result, significant improvements in cost, quality, lead times and manufacturing capacity have been achieved, while prioritising safety and occupational well-being, reducing the emission of harmful substances and environmental impact.

Improved safety and ergonomics have been decisive in the development of production processes. We have implemented new assembly stations and platforms, integrated cranes, manipulators, hoists and clamping devices, and reorganised production processes. We have replaced tools with more advanced ones and we have redesigned fixtures to make them easier to manipulate, all with the aim of achieving these improvements in production processes.

At the same time, we have taken significant steps in the implementation of automation in our production processes. Automated stations for handling, measuring and rolling of railway axles have proven to be innovative and efficient, not only optimising processes, but also ensuring precision and efficiency in production. In the bus segment, increased automation in tasks such as the cutting of floorboards, felts and foams, the polishing of exterior panels, hydrogen refuelling and welding by welding robots have been particularly relevant.

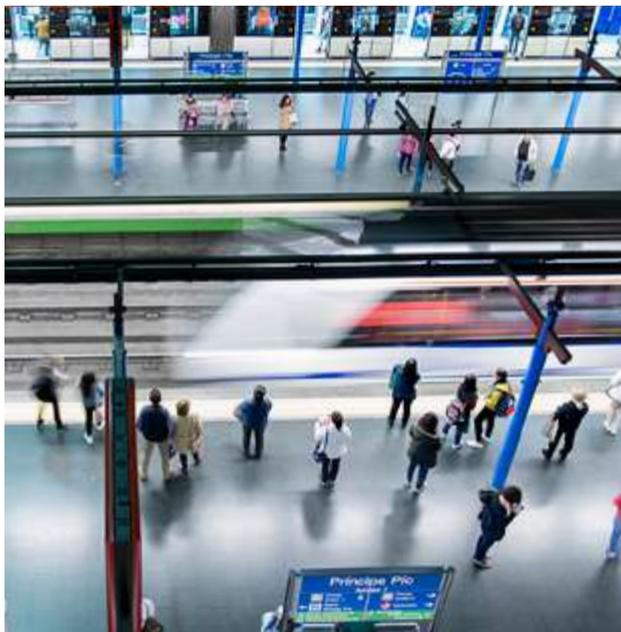
Digitalisation

At the CAF Group, we are immersed in a comprehensive digital transformation that covers products, production and management. The cornerstone of this change is the implementation of a new ERP (Enterprise Resource Planning) system, acting as a catalyst to modernise all management tools. This ERP not only seeks global and flexible management, but also adapts to emerging needs, being the technological engine for other transformative initiatives.

The implementation of this system will be crucial to evolve services, processes and communications within CAF, facilitating continuous digital integration between various functions and activities of the Group. It is expected to provide greater agility and flexibility in project management and monitoring, integrating and standardising business processes to significantly improve information management and budget control in real time.

This new system will also improve the harmonisation, standardisation and visibility of activities related to supplier management, optimising costs. The digital continuity between the Design (PLM) and Operations Management (ERP) tools will allow the integration of processes in Purchasing, Quality, Manufacturing and Testing.

The ultimate goal is to achieve robust data governance, with unified coding of materials and suppliers, as well as accurate analytical reporting through a new Business Intelligence tool. The selected ERP, a market leader, offers the possibility of incorporating the best practices of leading companies and developing a global map of applications with full connectivity and integration.



The new ERP implementation project, called Ziaboga, began in 2019 with the selection and signing of the contract with the ERP provider. During 2021, we carried out the Correction and Exploration phases and worked on the detailed design of the ERP based on its functional specification. In 2022, we focus on optimising the design to the optimal configuration.

In 2023, we started the year immersed in unit and integrated testing, user acceptance testing and end-user training, all geared towards the launch of the ERP system in the power and control equipment business. This implementation was carried out successfully in the month of May, as a prior step to the rail vehicle activity. Subsequently, we have worked intensively on several fronts, including among others data migration, cutover tasks and end-user training, to launch the system in the rail vehicle segment with the new year.

In addition to the implementation of the new ERP, at CAF we have adopted various measures to improve the company's processes through digitalisation. These include the introduction of virtual validation and approval processes, automated test and validation environments, digitisation of documentation in logistics, manufacturing, quality and maintenance, developments aimed at digital continuity between IT systems, as well as the adoption of graphical programming languages to simplify code generation.

On the other hand, in the railway segment, in the services activity, we have launched a program to develop a new operating model called SOM (*Smart Operation Management*), based on digitisation. Its main objective is to improve the profitability of contracts by improving efficiency in operations. This project is deployed through six workflows that focus on integrating train data into maintenance, optimising the maintenance plan, boosting productivity, procurement efficiency, creating Centres of Excellence, and data governance and reporting.

2.6.3 Open innovation

In recent years, CAF's collaboration with various suppliers, business partners, technology companies and research centres has been key to promoting innovation in the Group. European and national R&D funding programmes such as *Shift2Rail* and *EU-Rail*, also recognise and encourage such partnerships.

An outstanding partnership has been with the [Ikerlan](#) Technology Centre, initiated in 2006 for the development of its own traction equipment. Ikerlan has contributed in multiple aspects, from traction systems to the onboard energy storage system (OESS), even covering signaling and railway infrastructure.

In addition, at CAF we have established subsidiaries such as Traintic (2002), Trainelec (2007) (now CAF Power & Automation) and CAF Signalling (2010), to market products developed in the Group's R&D department. These subsidiaries are leaders in their sector and have expanded and improved their range of products thanks to significant investments in innovation.



A recent example is CAF Digital Services, founded in 2020, which markets [LeadMind](#), CAF's data-driven digital platform. This subsidiary emerged after years of R&D projects focused on the digitalisation of trains, including data acquisition, management and analysis.



The CAF Group's collaboration also extends to the startup ecosystem. CAF Ventures, launched in 2015, and the Venture Client unit [CAF Startup Station](#), created in 2020, seek to partner with startups offering innovative solutions in the rail and bus sectors. This approach allows us to build long-term relationships and has generated successes such as the implementation of software for the accurate and agile management of non-financial information.

In addition, CAF collaborates through technology licences, facilitating access to its own developments to other companies and adopting third-party developments to improve its processes and products. This strategy expedites the commercialisation of proven and trusted products.



3 | 2023 A YEAR OF ACTIVITY AT A GLANCE



JANUARY

Sustainability function reporting to the Economic and Financial and Strategy Department

Implementation and certification of the ISO 14001:2015 standard at CAF UK headquarters



FEBRUARY

NFIS Publication - 2022 Sustainability Report (Approved by the Board of Directors)

Inclusion of CAF in ASCOM, one of the main associations in the area of Compliance in Spain

MARCH

Improvement MSCI rating from BBB to A



MAY

Improvement Sustainalytics Low Risk Rating (17.2)



JUNE

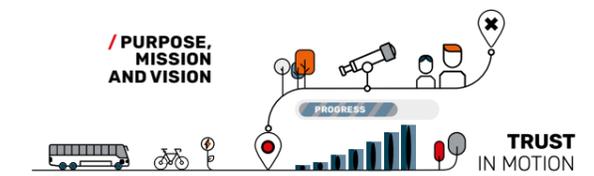
New ISO27001 certification obtained by the Railway Signalling activity



Arrival of the hydrogen prototype train in Canfranc

Definition of the Purpose and updating of CAF's Mission, Vision and Values, where sustainability continues to be a cross-cutting and backbone element for the success of the Company's strategy

FTSE Russell rating improves with a score of 4.1/5, positioning us among the best 10% in our subsector (Commercial vehicles & trucks).



JULY

New ISO27001 certification obtained by the Railway Services activity



Update of the Corporate Environmental Policy

Signing of RAILSPOIBLE's Climate Pledge



AUGUST

Start of the installation of new heat treatment furnaces in the wheel forge at CAF Miira's Beasain production plant (commissioning in 2024).

SEPTEMBER

New Sustainability Governance Model approved by Executive Committee

OCTOBER

Improved Ecovadis Rating 83/100 (Platinum) Top 1% of the industry



NOVEMBER

Launching of the Operational Sustainability Committee

DECEMBER

Launch of the Strategic Sustainability Committee

Certification of Occupational Health and Safety management systems based on the ISO 45001 standard in the manufacturing plants of CAF Reichshoffen, CAF France and CAF Rolling Stock UK

SL18 Sporveien tram remote driving demonstration



ISO 26000:2021 audit successfully passed at CAF S.A.

Publication of new Code of Conduct of the CAF Group

Publication of Due Diligence Policy on Human Rights



4

HOW WE UNDERSTAND SUSTAINABILITY

4.1 Sustainability at CAF

4.2 Sustainability policy and commitments

4.3 Sustainability governance

4.4 Materiality

4.5 Contribution to the Sustainable Development Goals (SDGs)

4.6 Responsible management scorecard

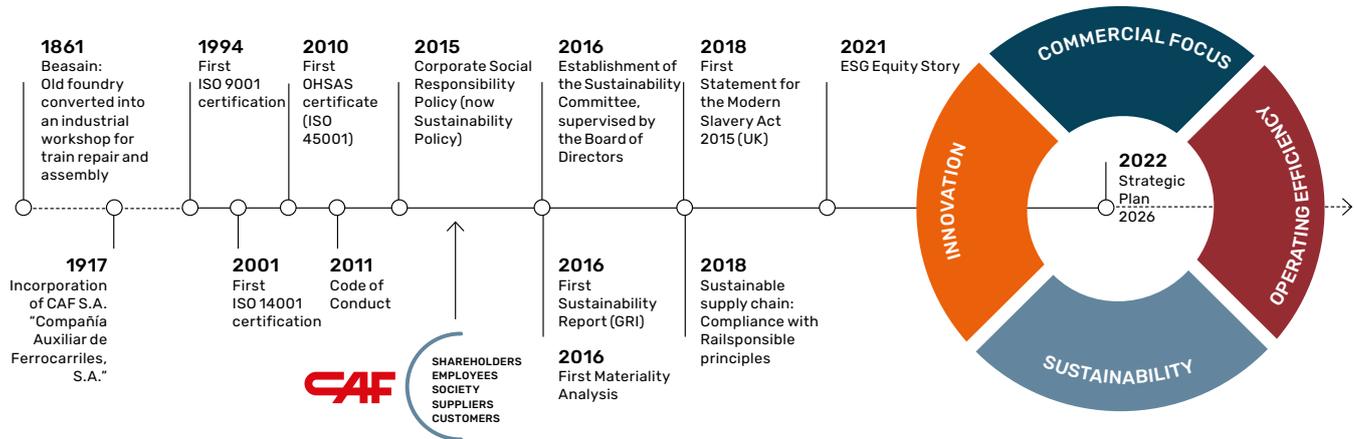
4.7 Assessments by ESG rating agencies

4.8 Sustainable finance



4.1 SUSTAINABILITY AT CAF

Sustainability has been a cornerstone in the evolution of the CAF Group since its founding, more than a hundred years ago. Throughout our history, we have been taking steps towards a more sustainable company, starting with a varied portfolio of rail and bus electrical products and always bearing in mind the expectations and interests of our stakeholders:



In our sustainability journey, 2023 was a turning point with the roll-out of the 2026 Strategic Plan, approved at the end of 2022. This plan, which includes sustainability as one of four strategic pillars, has elevated ESG issues to the forefront and acted as a catalyst for the many achievements and progress made by the Organisation this year.

Thus, the 2023 financial year began with the transfer of the sustainability function to the Economic and Financial Department with the aim of bringing the management of sustainability information closer to financial information and taking advantage of the synergies and lessons learned from this area in terms of the development of Internal Control and Reporting Systems.

A process of transformation of the area was also initiated, culminating in a new governance model and the creation

of a Delegation of Authority (DoA) Model, which are developed in more detail in section 4.3 of this document.

Until this change became effective in November 2023, the Sustainability Committee, made up of a multidisciplinary team representing the areas of the Company with the greatest impact in this area, has been responsible for ensuring compliance with the commitments acquired by the Company, as well as monitoring the activities carried out in this area.

Motivated by its growing sensitivity towards ESG issues and in line with the increase in the requirements of its Stakeholders in the matter, CAF has demonstrated an improvement in its sustainability management in recent years, highlighting the work carried out in the following areas :



SUSTAINABILITY AS PART OF OUR STRATEGY

ALIGNED WITH BEST PRACTICES	TRANSPARENCY	COMMITMENT	RATING AGENCIES
<ul style="list-style-type: none"> / Materiality analysis carried out in 2021 in accordance with the GRI standard. / Publication of the first "ESG Equity Story" in 2021, which explained the Organisation's sustainability journey. / Adherence to SBTi and Race to Net Zero, demonstrating our commitment to decarbonisation. 	<ul style="list-style-type: none"> / Annual publication of a Sustainability Report prepared based on GRI standards, which is integrated into the Company's Management Report. / High degree of eligibility and alignment with the European Taxonomy of Sustainable Activities. / Management Plan and Sustainability Scorecard implemented in the Group. 	<ul style="list-style-type: none"> / Adhered to the United Nations Global Compact since 2020. / Sustainability Committees and specialised forums implemented in the Group. / Improvement in the perception of the Group by the main rating agencies. (More information in section 4.7 of this chapter) / Numerous adhesions and external audits such as IRIS, ISO 14001, EMAS or alignment with ISO 26000 in the management of the parent company, CAF S.A. 	 <p>MSCI</p> <p>Low risk 2023</p> <p>83/100 2023</p> <p>S&P Global Ratings</p> <p>63/100 2023</p> <p>83/100 2023</p> <p>CDP</p>



4.2 POLICY AND SUSTAINABILITY COMMITMENTS [2-23]

Demonstrating our long-term commitment to society and the environment, the CAF Board of Directors approved its [Sustainability Policy](#) on December 17, 2020, which defines the main objective of the Group in terms of Sustainability: "to reconcile the development of its mission with the balanced satisfaction of the needs and expectations of its Stakeholders in order to create value in a sustainable and long-term manner."

In order to transfer this objective to its day-to-day management, CAF follows the following principles of action when undertaking 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 has also made the following commitments:



- The Corporate Management Model is aligned with the corporate social responsibility guide ISO 26000:2021 , **which has allowed CAF, S.A. to obtain a positive third-party verification (LRQA).**



- Sustainability Report based on GRI and verified by an independent third party for compliance with the Non-Financial Reporting (NFR) Law 11/2018 (E&Y). (Available in section 9.5 of this Report)



- Since 2020, CAF, S.A. has been a member of the **United Nations Global Compact**, the world's largest corporate sustainability initiative that promotes the implementation of ten universal sustainability principles in the strategies and operations of companies, as well as the promotion of actions that foster social objectives, such as the UN Sustainable Development Goals.

Through this accession, CAF undertakes, among other issues, to support and develop the ten principles of the Global Compact regarding Human Rights, Labor Rights, the Environment and the Fight against Corruption.



- CAF contributes with its activity to the Sustainable Development Goals set out in the 2030 Agenda for Sustainable Development approved by the United Nations General Assembly.



- CAF participates in the **Railponsible** sector initiative where it collaborates with other stakeholders in the development of sustainable practices along the rail industry value chain.



- The CAF Group has joined the **SBTi (Science Based Targets Initiative)** and the alignment initiatives against climate change and with the Paris Agreement, which reinforces the company's commitment to the challenge of climate change.

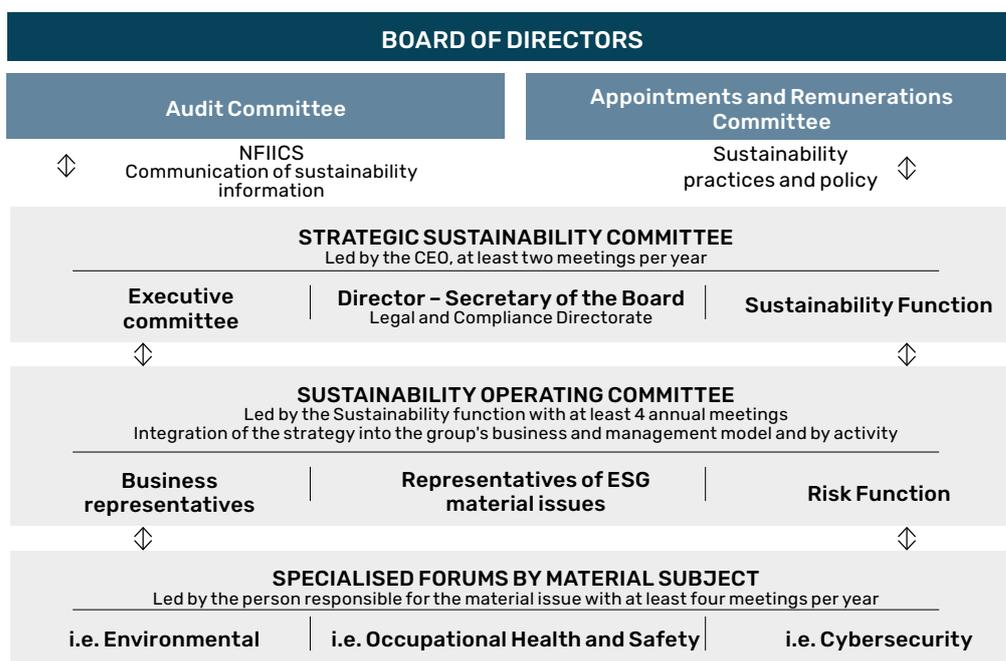


4.3 SUSTAINABILITY GOVERNANCE [GRI 2-12, 2-13, 2-14]

To ensure compliance with the commitments and principles established in the Sustainability Policy, CAF integrates sustainability aspects into its management model and has governance systems that guarantee the integration of ESG criteria and those related to the fight against climate change in the decision-making processes at the highest level and in daily operations.

Throughout 2023, we carried out important work to propose alternatives to the **Sustainability Governance Model** in force to date with the aim of advancing the inclusion of Sustainability in an intrinsic way in the Organisation, thus facilitating its effective management at all levels. As a result of this exercise, through the analysis of comparables and interviews with management on the current governance model and the desired model, a new configuration of the Sustainability Committee was designed, as described below, and the Sustainability Area Delegation of Authority Model (DoA) was defined, which describes the functions, roles and responsibilities of all the bodies and areas involved in ESG management.

It should be noted that the main improvements over the previous model focus on optimising the functioning of the Sustainability Committee, replacing it with two new Committees, as detailed below, while maintaining the previous structure in terms of supervisory bodies and Committees reporting to the Board of Directors in sustainability matters.



The Board of Directors, assisted by its Committees, continues to be the highest governing body of the Organisation with responsibilities in matters of sustainability and climate strategy and is regularly informed of activities in the area of Sustainability and Stakeholder relations in application of the provisions of the Sustainability Policy. Among its functions is the approval of this Report, after review by the Appointments and Remuneration Committee, the preparation of which has been led and coordinated by the Sustainability Function. In compliance with Law 11/2018, the Non-Financial Information Statements (EINF)/Sustainability Report are subsequently ratified by the General Meeting of Shareholders.

Reporting to the Board of Directors, the Appointments and Remunerations Committee is responsible for supervising and evaluating the Sustainability Policy and environmental, climate and social practices. The Audit Committee is responsible for the Non-Financial Internal Information Control System (NFIICS) and risk monitoring.

Compliance, deployment and monitoring of the principles and objectives of Sustainability, as well as the approval of strategic decisions on the matter, in coherence with the Strategic Plan and the Sustainability Policy, are led by the Chief Executive Officer (CEO) within the Strategic Sustainability Committee. This Committee, newly created and launched in December 2023, has among its main responsibilities the approval and supervision of the strategy and main initiatives on sustainability and climate change, reporting in turn to the Appointments and Remunerations, and Audit Committees.

The integration of the strategy into the Group's Business and Management Model and by activity is led by the Sustainability Function in the Sustainability Operating Committee. This Committee, launched in November 2023, integrates representatives from the activities carried out by the CAF Group together with representatives from each of the ESG pillars and the Risk Function.

Finally, the management of relevant material issues at the Group level and by activity is resolved in the relevant specialised forums, which are responsible for implementing the Group's strategy in all functions and areas.

4.4 MATERIALITY [GRI 3-1, 3-2]

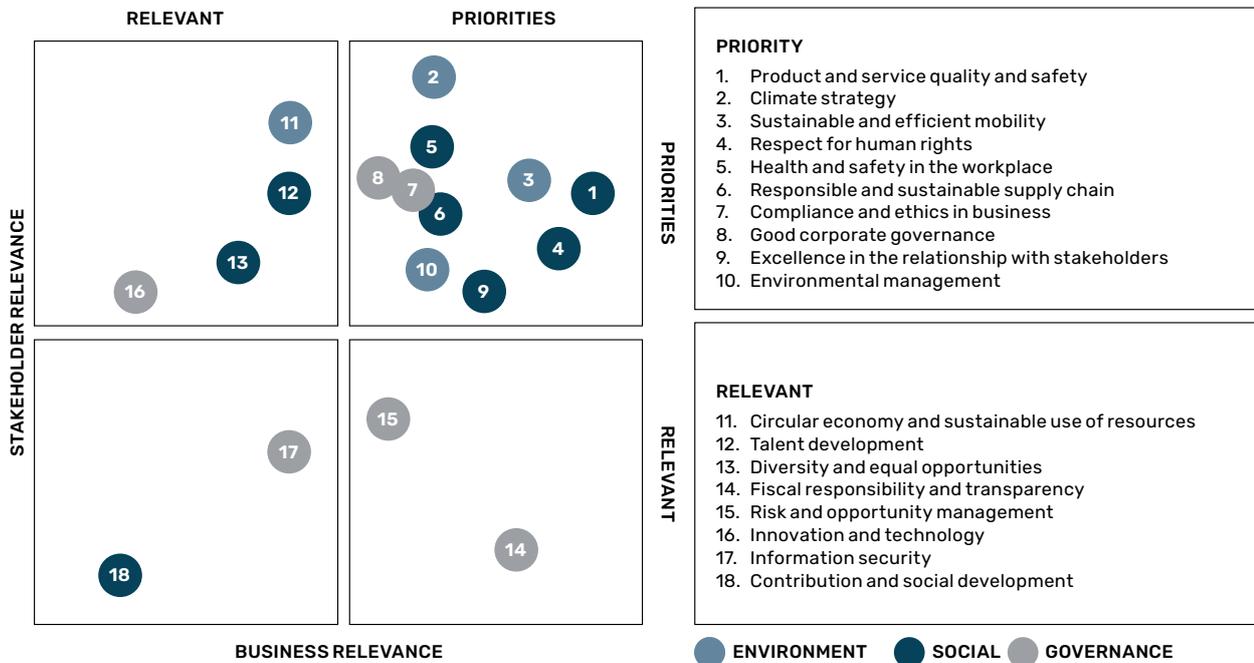
In 2021, we updated the materiality analysis, following the guidelines defined by the Global Reporting Initiative (GRI) standard, as well as Law 11/2018 and the CNMV's Reports on the Supervision of Non-Financial Reporting Statements and main areas of review for the following year. The result of this analysis was published in July 2021 in the ESG Equity Story.

In this materiality analysis, we started from the identification of an initial list of potentially material ESG issues for CAF and its stakeholders based on 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.

1 IDENTIFICATION	2 PRIORITISATION	3 VALIDATION
Initial list of ESG issues potentially material or relevant to CAF and its stakeholders.	Ranking of issues according to the degree of relevance for CAF's stakeholders and for the business (GRI criteria). The issues have been found to comply with the EU's principle of double materiality, i.e. they are relevant in terms of their impact from the inside-out and from the outside-in perspective.	Validation of the materiality matrix and the prioritisation of material issues.
<p>Drawing up an initial list of potentially material ESG issues for CAF from different sources of information, among others:</p> <ul style="list-style-type: none"> List of issues from CAF's 2016 materiality analysis. International benchmark, sector and sustainability prescribers. Reporting frameworks. ESG investors and analysts. Binding and non-binding ESG regulatory requirements. 	<p>EXTERNAL PRIORITISATION</p> <ul style="list-style-type: none"> Comprehensive analysis of the sources of information used in phase 1 identification, to assess the relevance of ESG issues. Comparative benchmark analysis of comparables. Conducting external interviews with shareholders, investors, customers and civil society representatives, among others. <p>INTERNAL PRIORITISATION</p> <ul style="list-style-type: none"> Carrying out internal interviews: Board of Directors, Executive Committee and Secretary of the Board, among others. Organisation of an internal focus group with the Sustainability Committee. Analysis of corporate policies and Sustainability Plan 2021-2022. 	<p>Materiality matrix and prioritisation of material issues validated by the Sustainability Committee and CAF Management Model Committee.</p>

Derived from the materiality analysis, we list below the 18 relevant aspects for CAF and its Stakeholders in the field of sustainability. Throughout this report, the significant risks and impacts in relation to each of them are exhaustively described.



The various sections of this report respond to the issues identified, as set out in the table below. In addition, in chapter "9. Annexes" includes the table of contents of the Non-Financial Information Statement, the GRI content index and the content index in relation to the Global Compact Principles.

MATERIAL ISSUES	CHAPTERS
1 Quality and safety of the product and service	6.3 Product quality and safety
2 Climate strategy	5.3 Climate strategy
3 Sustainable and efficient mobility	2.6 Innovation and technology: keys to sustainable mobility
4 Respect for human rights	7.2.7 Respect for Human Rights and international sanctions
5 Occupational health and safety	6.2. Occupational Health & Safety
6 Responsible and sustainable supply chain	7.5 Responsible supply chain management
7 Compliance and ethics in business	7.2 Ethics and Compliance
8 Good corporate governance	2.5 Corporate Governance
9 Excellence in the relationship with stakeholders	2.4 Value creation and 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	6.1.3 Talent development
13 Diversity and equal opportunities	6.1.4 Diversity and equal opportunities
14 Fiscal responsibility and transparency	7.4 Tax transparency
15 Risk and opportunity management	7.1 Risk management
16 Innovation and technology	2.6 Innovation and technology: Keys to sustainable mobility
17 Information security	6.4 Product cybersecurity and 7.3 Company cybersecurity
18 Contribution and social development	6.5 Society

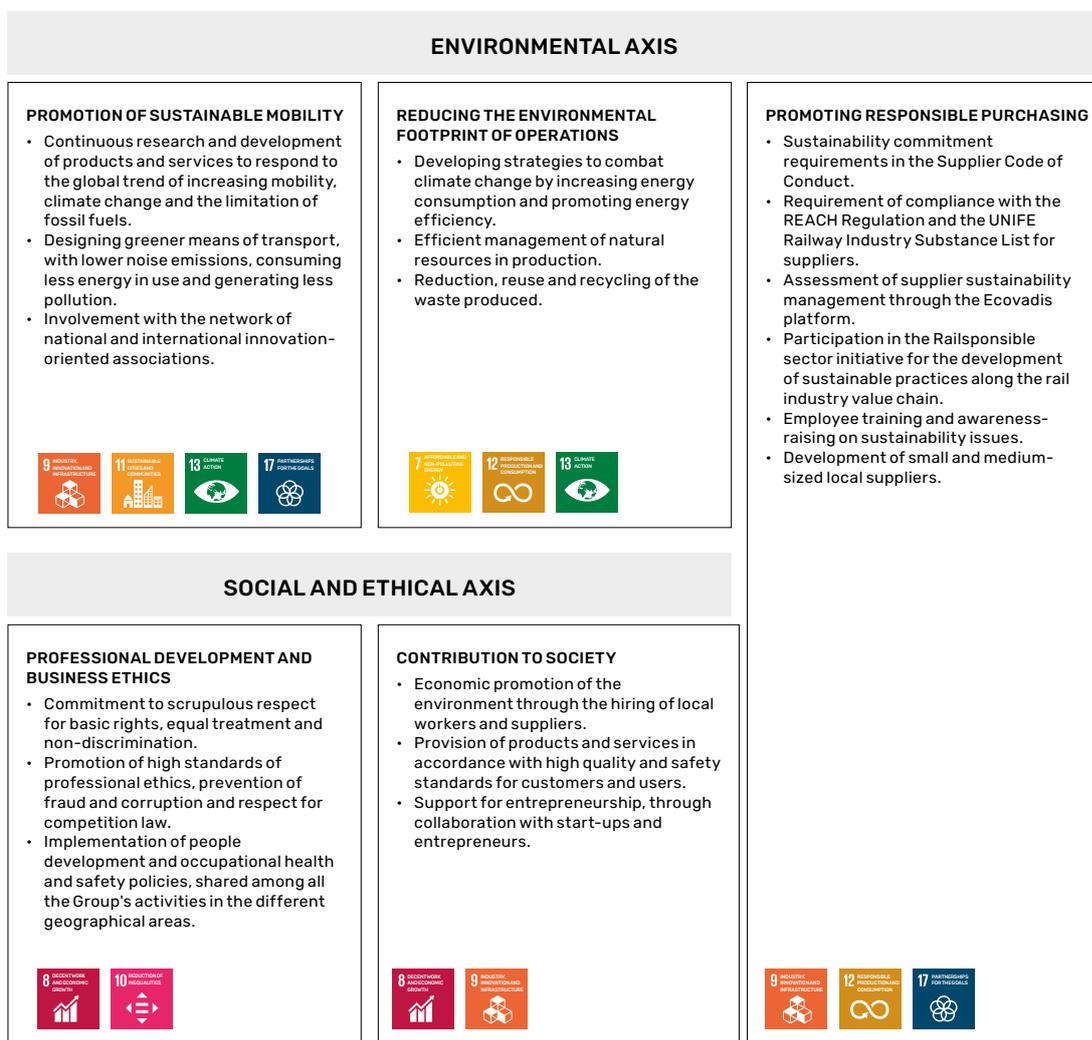
It should be noted that a SWOT analysis of the external and internal context is conducted on an annual basis as part of the development of the Annual Sustainability Management Plan, which is used to update material issues as necessary. During the 2023 financial year, no material issues have been included as a result of this analysis.

In addition, in the first half of 2024, we will conduct a new Double Materiality analysis, based on the guidelines set by EFRAG in the new European Sustainability Reporting Standards (ESRS), applicable to the CAF Group in the Report corresponding to the 2024 financial year. The results of this double materiality analysis will be published during 2024 and will serve as the basis for the development of CAF's Sustainability Master Plan, which will define the main strategic lines in this area within the strategic cycle in which we find ourselves (2024-2026).

4.5 CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDG)

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 [Railponsible](#) proposal.



Following the elaboration of the Sustainability Master Plan and the dual materiality analysis in 2024, this reflection exercise will be reviewed.

4.6 RESPONSIBLE MANAGEMENT SCORECARD

INDICATORS ⁽¹⁾	ACTUAL			TARGET			
	FY21	FY22	FY23	FY23E		FY24E	FY26E ⁽⁵⁾
CO ₂ emission reduction (%) Scope 1&2 (base year 2019, SBTi)	-	31.5% ⁽²⁾	32.6%	●	16.8% ⁽⁴⁾	21% ⁽⁴⁾	30% ⁽⁴⁾
CO ₂ emission reduction (%) Scope 3 (product use) (base year 2019, SBTi)	-	22.9% ⁽³⁾	46.8%	●	25.2% ⁽⁴⁾	30.5% ⁽⁴⁾	40% ⁽⁴⁾
EU taxonomy alignment (Turnover) (%)	-	76%	80%	●	80%	82%	84%
Frequency rate	17.3	15.2	14,1	●	14.5	14.0	13.5
Customer satisfaction rating (1/10)	7.7	7.8	7.9	●	7.9	7.9	8.0
Organisational health index (1/10)	6.4	6.6	6.6	●	6.7	6.7	6.8
CDP Sustainability Assessment	-	B	B	●	B	A-	A-
Sustainalytics Sustainability Assessment	Low Risk	Low Risk	Low Risk	●	Low Risk	Low Risk	Low Risk
MSCI Sustainability Assessment	BBB	BBB	A	●	A	A	A
S&P Sustainability Assessment	54	64	63	●	66	66	70
Ecovadis Sustainability Assessment	65	75	83	●	75	75	75

● BETTER TARGET ● WORSE THAN TARGET, BUT BETTER OR EQUAL TO THE PREVIOUS YEAR ● WORSE THAN TARGET

1. The current configuration of the Responsible Management Scorecard responds to the material issues identified in the Materiality Analysis carried out in 2021 and updated in the reviews of the annual Sustainability Management Plan. In 2024, a Double Materiality Analysis will be carried out, which will result in a new list of material topics. This update may affect the configuration of the Scorecard.

2. Value published in the 2022 Sustainability Report: 30%. Value corrected after incorporation of Reichshoffen in the scope: 31.5%

3. Value published in the 2022 Sustainability Report: 14.8%. Value corrected after incorporation of Reichshoffen in the scope: 22.9%.

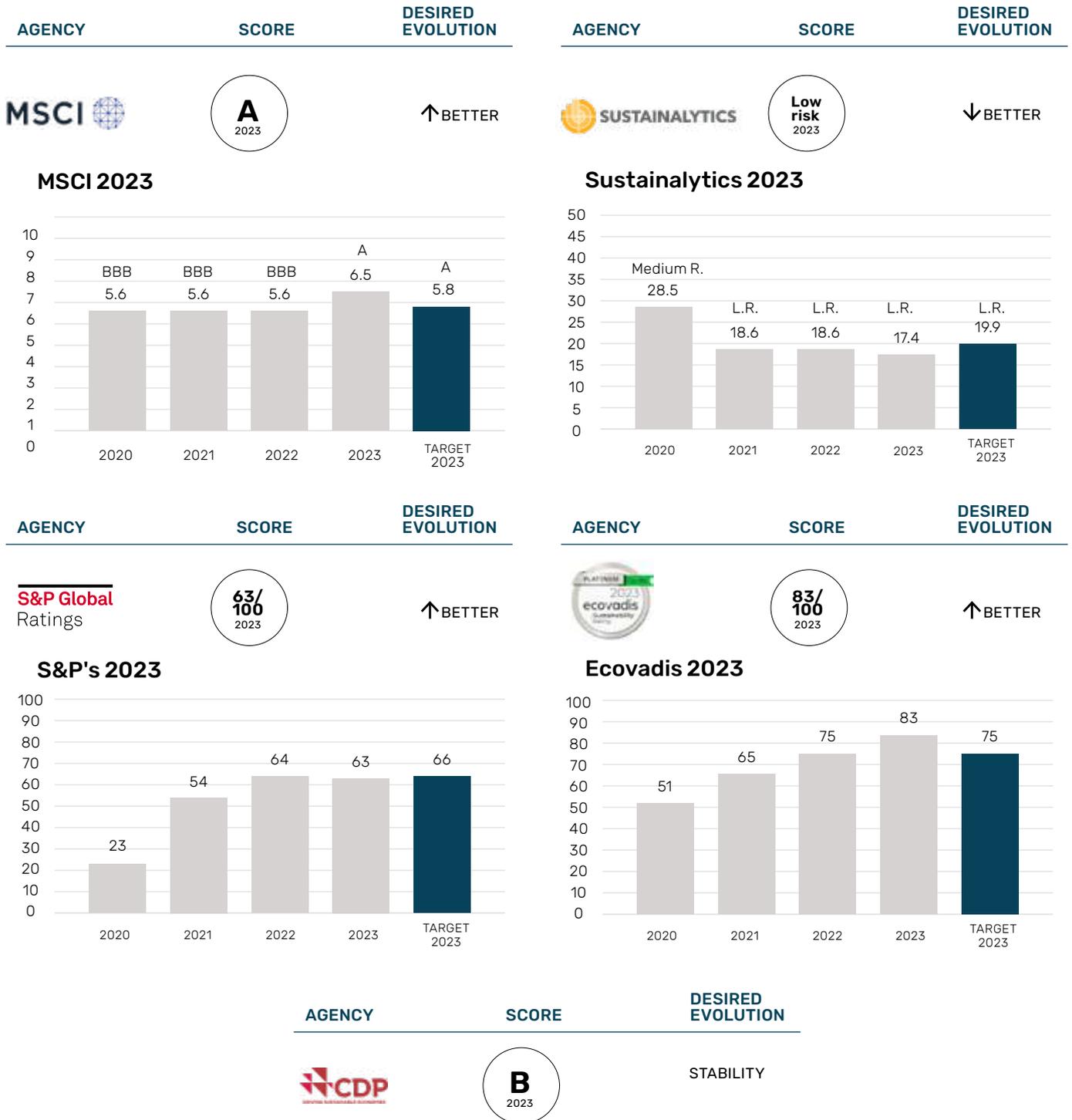
4. Net-Zero Pathway submitted to SBTi and pending validation.

5. 2026 Strategic Plan Objectives.

4.7 ASSESSMENTS BY ESG RATING AGENCIES

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. For this purpose, it has resources allocated for this and moves forward with firm steps, improving its performance in the main rating agencies year after year.

The main external ESG assessments of the CAF Group at year-end 2023 and their trends over the years are set out below:



4.8 SUSTAINABLE FINANCE

Sustainable finance is essential to carry out the ecological transition towards a climate-neutral economy, directing capital towards assets that not only generate economic value, but at the same time are useful for society and not harmful to the environment. In fact, the achievement of the Sustainable Development Goals (SDGs) and climate agreements make it necessary to mobilise enormous financial flows, many of which must come from the private sector.

4.8.1 Sustainable Taxonomy of the European Union

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.

The package of measures derived from this plan included concrete actions to redirect capital flows towards sustainable investments, as a result of which the Regulation on the European Taxonomy of Sustainable Activities, Regulation (EU) 2020/852, which aims to establish a classification system that, based on objective criteria, determines which economic activities are sustainable, was published in June 2020.

This Regulation contains its basic principles and rationale which have been further developed through several delegated acts, including the Climate Change Delegated Act (2021) and its amendment in 2023; and the Environment Delegated Act developing the remaining four environmental objectives.

In compliance with article 8 of the Regulation on the EU Taxonomy of Sustainable Finance, CAF complies with its disclosure obligations as a non-financial public-interest company with more than 500 employees since its Sustainability Report 2022. Thus, we regularly report on the proportion of eligible and non-eligible economic activities according to the Taxonomy in total turnover, capital expenditure (CapEx) and operating expenditure (OpEx) (article 10.2 of the delegated act supplementing article 8 of the Taxonomy Regulation).

In accordance with the provisions of the Regulation on the Sustainable Finance Taxonomy, in 2021, CAF published the degree of eligibility and ineligibility of its activities for "Climate Change Mitigation" and/or "Climate Change Adaptation" objectives, which were the Delegated Acts published so far. Later, in 2022, in addition to the above, we reported on the alignment of our activities with the Taxonomy:

- An activity is eligible if it is included among the activities listed in the 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 impact on the other objectives
 - meets the minimum social safeguards

In 2023, the eligibility and alignment of the activities listed in the Climate Change Delegated Act and the amendment to it published in 2023, as well as the activities included in the Environment Delegated Act, are reported. It should be noted that the CAF Group does not currently carry out activities listed in the latter.

The analysis carried out to establish the activities eligible under the European Commission's criteria for the Taxonomy and aligned with the same described below, covers all the companies that make up the CAF Group's scope of consolidation.

As a result of the analysis carried out, the results obtained in terms of the contribution of CAF's activity to the objective of "Climate Change Mitigation" are described below, in which practically all of the Group's activities are included:

INDICATORS ⁹	2023	2022	2021
% Eligibility Turnover	97%	97%	99%
% Turnover Alignment	80%	76%	N/A
%CapEx Eligibility	97%	99%	99%
%CapEx Alignment	74%	87%	N/A
%OpEx Eligibility	98%	97%	99%
%OpEx Alignment	75%	82%	N/A

⁹ To calculate the indicators related to the European Taxonomy of Sustainable Activities, the following parameters have been considered: Turnover (INCN) corresponds to the net turnover in the 2023 Consolidated Financial Statements; CapEx corresponds to the total additions in cost in 2023 of property, plant and equipment and intangible assets, as reflected in the movement in property, plant and equipment in the Consolidated Financial Statements; and finally, OpEx corresponds to the 2023 consolidated operating expense accounts associated with R&D expenses, short-term leases, and maintenance and repairs.

These results demonstrate the high degree of eligible activities aligned with the Taxonomy that the CAF Group has, thus positioning us as a key player in driving the transition to a decarbonised economy.

Description of activities

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

CAF GROUP ACTIVITY	TAXONOMIC ACTIVITY: CLIMATE CHANGE MITIGATION
Manufacturing, installation, technical consulting, renovation, modernisation, repair, maintenance and reconversion of products, equipment, systems and software related to railway components	3.19. Manufacture of rail rolling stock constituents ¹
Manufacture, repair, maintenance, renewal, conversion and modernisation of vehicles and rolling stock (railway and bus).	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
Engineering development and construction (EPC) of photovoltaic plants	4.1. Electricity generation using solar photovoltaic technology ²
Data-driven digital solutions to make performance and sustainable mobility more efficient	8.2. Data-driven solutions for GHG emissions reductions

1. New activity included after the publication in June 2023 of the Delegated Regulation that amends the Delegated Act on Climate Change.
2. In the process of calculating the 2023 taxonomic indicators, it was detected that, in the previous year, some construction activities (EPC) of photovoltaic solar plants were assigned by mistake to other taxonomic activities. For this reason, this year activity 4.1. Electricity generation using solar photovoltaic technology is included, in which the aforementioned projects have been considered.



In Annex 9.4.1. of this Report, detailed information on the results for the 2023 financial year can be found in the standardised format for reporting this information, as well as a methodological note on the process of calculating the taxonomic indicators of eligibility and alignment for Turnover, CapEx and OpEx.

4.8.2 GREEN AND SUSTAINABLE FINANCING FRAMEWORK

At CAF, aware of the importance of sustainable finance in the current business context, we have taken an active role and during the current financial year we have developed our first Green and Sustainable Financing Framework, which will be published within the first quarter of 2024, once a Second Party Opinion (SPO) has been obtained from a reputable verification service provider.

Our Green and Sustainable Financing Framework aims to establish the main guidelines for the issuance of financial instruments of two types within the CAF Group:

- Sustainability-linked ("sustainable") financial instruments based on the Sustainability-Linked Bond Principles (SLBP¹⁰, June 2023) of the International Capital Market Association (ICMA) and to the Sustainability Linked Loan Principles (SLLP¹¹, June 2023), published by the Loan Market Association (LMA).
- Financial instruments linked to eligible green projects ("green") based on the Green Bond Principles (GBP) (June 2021) of the International Capital Markets Association (ICMA) and the Green Loan Principles (GLP) (2023) developed by the Loan Market Association (LMA).

In this way, all green and sustainable financial instruments issued under the Framework must comply with the criteria established in the guidelines indicated above.

Thus, the CAF Group signals to the market that it is ready to lead the transition towards a decarbonised economy and continues its progress towards sustainability management integrated with its business strategy.



¹⁰ Sustainability-Linked Bond Principles.
¹¹ Sustainability-Linked Loan Principles.

5

OUR COMMITMENT TO THE ENVIRONMENT

5.1 Environmental management

5.2 Environmental risk management

5.3 Climate strategy

5.4 Circular economy and sustainable use of resources



The CAF Group is aware that its industrial activities have an impact on the environment. Thus, in line with the provisions of the United Nations Global Compact for Sustainable Development 2030 of which it is a signatory, it is committed to promoting measures that contribute to environmental sustainability, as well as developing actions in relation to the mitigation of the causes of global warming and adaptation to Climate Change.

To reinforce and extend this commitment, the Company updated its [Corporate Environmental Policy](#) and its Environmental Policy Development Manual in 2023. 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.

The Policy, defined within the Corporate Environmental Forum and approved by CAF Management, has as its main objective to define the general principles and criteria that must govern the Group in environmental matters. It also projects to stakeholders the environmental commitments established in CAF's Sustainability Policy, which considers the environment as a key element of the concept of sustainability.

Thus, the CAF Group's Corporate Environmental Policy integrates the **principle of environmental precaution** by preventing the environmental impact of the set of activities it carries out. Along the same lines, it adopts the necessary and economically viable measures to

control and minimise its significant environmental aspects, such as atmospheric emissions, energy consumption and waste generation, among others, with the aim of preserving natural resources, reducing environmental impact and promoting continuous improvement.

In the area of governance, the Corporate Environmental Committee, in which management participates together with the environmental managers of the parent company, coordinates and promotes all actions necessary to achieve and improve the Group's environmental performance and aspects related to environmental management. Furthermore, the Corporate Environmental Forum serves as a meeting point for those responsible for the environment of all the Group's activities, constituting an indispensable tool for the coordination of environmental actions in all segments and activities of the Group.

In the external sphere, in order to respond to the expectations and interests of its stakeholders in relation to the preservation of the environment, the increasingly demanding regulatory requirements and the constant analysis of management by analysts, evaluators and different agents of civil society, CAF maintains a fluid relationship with them by establishing open channels of communication with, among others, the Administration, local communities and/or civil society associations.

5.1 ENVIRONMENTAL MANAGEMENT

One of the principles of the Corporate Environmental Policy is the implementation of environmental management systems with the aim of minimising the environmental impact of the Group's operations. Through its implementation, the applicable legal requirements are identified and evaluated, compliance with which is periodically monitored. Likewise, to ensure the achievement of the objectives established by the Organisation the evaluation of the effectiveness of the measures adopted is carried out.



Thus, the CAF Group has environmental management certifications and evaluation and monitoring mechanisms that go beyond the legal requirements in each of the countries in which it operates. In 2023, in compliance with the objective of extending the scope of the environmental management systems implemented in the Organisation, the sites with an environmental

management system certified under the requirements of the ISO 14001:2015 standard will cover 83% of the Group's total workforce, including facilities in both business segments (rail and buses). With the achievement of this milestone, all relevant plants¹² of the rail vehicle manufacturing activity have an environmental management system certified under the ISO 14001:2015 standard. Looking ahead to 2024, we will continue to extend this certification to other national and international subsidiaries of the Group.



Furthermore, it should be noted that in 2023, CAF S.A., the Group's parent company, has maintained the environmental management excellence certificate, based on the European EMAS "Eco-Management and Audit Scheme" Regulation, fulfilling the objective set.

¹² The relevance criterion used is representativeness in terms of staff. In this respect, only one plant of the rail vehicle manufacturing activity remains to be certified, which is not representative in terms of the number of employees

CERTIFICATES	2024 TARGET	2023 TARGET	2023	2022	2021
ISO 14001:2015	>83% workforce	>78% workforce	83% of the workforce	80% of the workforce	70% of the workforce
EMAS	Maintenance	Maintenance	CAF S.A	CAF S.A	-

In all certified centres, internal and external inspections and audits are carried out annually, in which the progress in the implementation and certification of the environmental management system is evaluated, its effectiveness and, in particular, the correct application of the CAF policies, as well as compliance with legal and

customer environmental requirements, among others. As a result of these audits, corrective and improvement actions are established for the management system. Likewise, environmental programmes are developed to monitor and improve systems, including environmental awareness actions for personnel.

5.2 ENVIRONMENTAL RISK MANAGEMENT [GRI 2-27]

As a result of the implementation of the CAF Group's Corporate Environmental Policy, the environmental compliance risk management procedure was created, which develops a unified methodology for environmental risk management in the Organisation, formally documenting the process that had been applied to date.

This procedure, deployed in 2022, considers all significant environmental impacts for the Group in the risk identification process, so that the main environmental risks associated with both the products and services offered by the Company and the industrial activities it carries out are identified:

- (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.

The corporate risk assessment and management system integrates the identified environmental risks and provides a sequence of activities aimed exclusively at their management.

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.

These impacts have a direct impact in the short term, although they can also have an impact in the medium term, as a characteristic of environmental impacts is that they can last over time.

In this regard, it should be noted that in 2023, as in the previous year, no provisions or guarantees have been made for environmental risks, as there are no lawsuits or contingencies related to the protection and improvement of the environment, nor have there been any environmental pollution events. Additionally, no significant fines or sanctions in environmental matters have been recorded during the year.

In addition, during 2023, we have continued to make progress in broadening the scope of the Organisation's environmental risks and have worked to improve the maturity of existing mitigation measures and controls. In addition, progress has been made in identifying controls, especially for those risks assessed above the appetite.

The environmental risks associated with climate change, both physical and transition risks, are analysed in greater detail in section 5.3.1.



5.3 CLIMATE STRATEGY [201-2, EG 305, 305-1, 305-2, 305-3, 305-4, 305-5]

Climate change is one of humanity's greatest global challenges in the 21st century, but it is a source of great opportunities for committed companies that seek to contribute to the decarbonisation of the economy.

CAF, aware of this challenge, aspires to lead the transition towards sustainable mobility, which is why the challenge of decarbonisation constitutes one of the main axes of its strategy. Thus, the Group 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.

CAF's climate strategy is structured around the following pillars:

- Identification and quantification of risks and opportunities derived from climate change (5.3.1.);
- Decarbonisation strategy that sets the lines and objectives to achieve the ambition of reaching net zero emissions (Net-zero) in 2045. This strategy, described in the section 5.3.2., includes short, medium and long-term commitments for the reduction

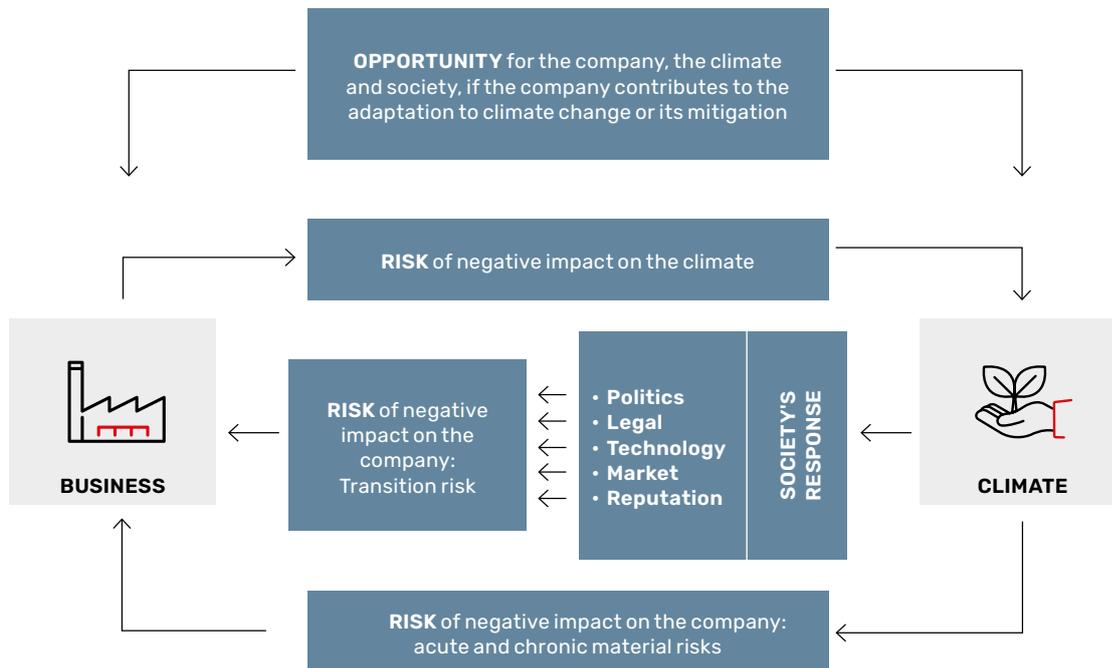
of the emissions generated by the Group's activities (scope 1, 2, 3).

- Decarbonisation of our portfolio of mobility solutions, through the development of alternative propulsion systems and the reduction of consumption and emissions across our entire range of products. (5.3.3)

5.3.1 Risks and opportunities derived from climate change[201-2]

The CAF Group worked in previous years to develop and integrate the management and analysis of the risks and opportunities derived from Climate Change within the framework of the Comprehensive Risk Management System. This system has continued to be improved and complemented throughout 2023.

Managing risks and opportunities derived from climate change is a two-way street: On the one hand, we must manage the potential negative impacts of our activity on the climate, and on the other, we have to manage the risks and opportunities we face to adapt to and combat climate change.



To this end, CAF's Corporate Framework for the Management and Assessment of Risks and Opportunities derived from Climate Change, based on the recommendations of the Task Force on Climate related Financial Disclosures (TCFD), considers the following categories of risks and opportunities that are analysed in detail in this chapter:

- 5.3.1.1. Physical Risks
- 5.3.1.2. Transition Risks

5.3.1.3. Opportunities

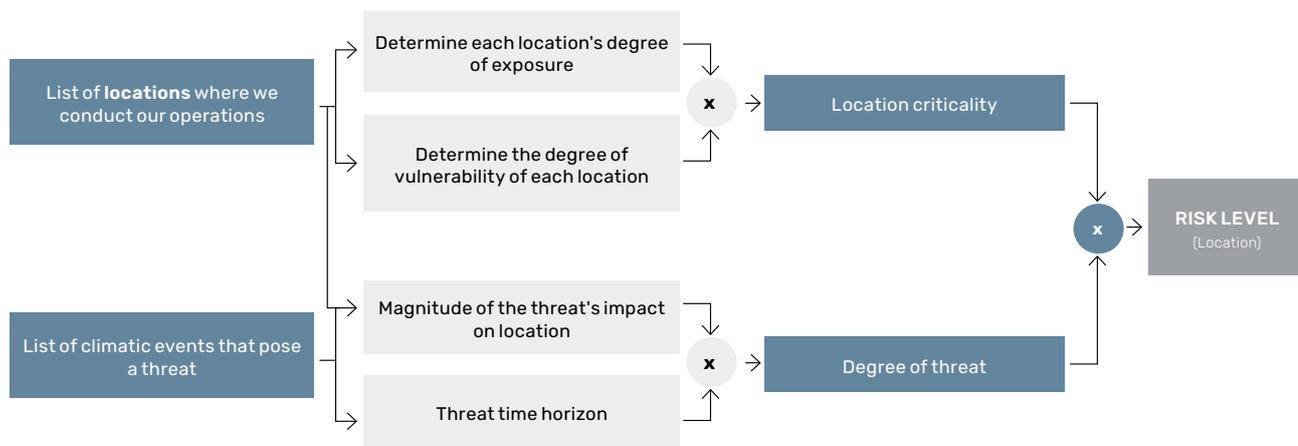
5.3.1.1 PHYSICAL RISKS

a) Valuation method

In its *Sixth Risk Assessment (AR6)*, the Intergovernmental Panel on Climate Change (IPCC) projects different Representative Concentration Pathways (RCP) of greenhouse gases and analyses their impacts on the global increase in surface temperature, the intensification of the global water cycle and the reduction of the planet's CO₂ absorption capacity. These impacts will potentially lead to climate events that, in accordance with the recommendations of the *Carbon Disclosure Project (CDP)* and the *Task Force on Climate-related Financial Disclosure (TFCD)*, are categorised into:

- **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 and decreasing rainfall.

Within the framework of the Comprehensive Risk Management System, we consider that these threats represent an operational risk directly linked to the global locations in which we work. Therefore, we have proceeded to assess the risk taking into account the following considerations:



In order to quantify the degree of each of the threats, we have used two different scenarios:

- **Very conservative scenario:** Consider IPCC RCP 8.5, in which no action is taken globally to combat climate change and, therefore, greenhouse gas emissions continue to grow. Under this scenario, temperature increases compared to pre-industrial levels of up to 4.8°C could be reached by the end of the century.
- **Plausible scenario:** Consider a scenario in which the increase in average surface temperature is 2°C.

b) Main physical risks identified

As a result of the application of the assessment process described in the previous section, two physical risks were assessed with a high risk level in this exercise:

- The **chronic threat of rising temperatures** can pose a challenge for CAF, and could have a high impact in the main geographies in which we have facilities.
- The **acute threat of an increase in extreme precipitation events** could become relevant, especially in France. In the Group, we have a contingency plan that includes both preventive and corrective measures to deal with this type of situation.

5.3.1.2 TRANSITION RISKS AND OPPORTUNITIES

a) Valuation method

Transition risks and opportunities encompass the potential impacts derived from the uncertainty generated by the actions taken worldwide to combat climate change.

Based again on the recommendations of CDP and TFCO, we have analysed, among others, the risks and opportunities that concern the following categories: Market, regulations, technology, resilience, energy sources and resource efficiency.

We have carried out the assessment of both risks and opportunities following our usual procedures, in which, for each event, we estimate a probability of occurrence and an economic impact. Additionally, for risks that may generate a reputational impact, this impact is also assessed on a five-level scale based on the intensity of the damage.

b) Main transition risks and opportunities identified

The trend towards sustainable mobility solutions is one of the main pillars underpinning the fight against climate change: For CAF, this commitment to mobility constitutes, without a doubt, a great opportunity. With a broad portfolio of sustainable products, being already leaders in certain markets such as urban electric mobility for buses, the growth of the markets in which we are already present and the possibility of accessing new markets with sustainable mobility proposals represent strategic opportunities for us.

All of this also places us in a privileged position to opt for sustainable financing sources that can lead to savings in financial costs.

Furthermore, we identify **the transition from the composition of our current order book to a portfolio** that tends to be 100% sustainable as the main risk to manage in this category.

5.3.1.3 MONITORING, CONTROL AND IMPROVEMENT

The monitoring and control of the risks and opportunities of climate change is carried out through the same channels established for all risks within the framework of the Comprehensive Risk assessment and Management System.

Due to their characteristics and areas of impact, we map these risks under the common structure of our catalogue which marks the first and second lines of defence for each one. The different risks associated with our impact on climate and vice versa are categorised into strategic, operational and compliance areas. (More information about risk management in the CAF Group in section 7.1).

Thus, our periodic risk reports for Management and the Audit Committee are always based on the complete catalogue of risks, paying special attention to the most relevant on each occasion.

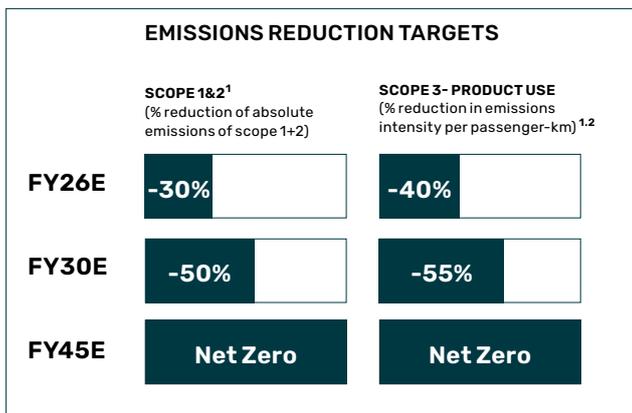
In 2023, progress has been made in the development of the management of risks and opportunities arising from climate change within the Integrated Risk Management System. Specifically, the level of detail of the analysis has continued to increase so that, in 2024, physical risks can be analysed at the facility level, instead of at the country level. In this way, we hope to obtain more precise data that facilitate decision-making and the definition of ad-hoc mitigation measures for the centres analysed. Likewise, by increasing the level of detail, we will be able to assess and quantify these risks even more precisely.



5.3.2 DECARBONISATION STRATEGY

CAF continues towards the challenge of decarbonisation as the main axis of its strategy, with a commitment to sustainable growth focused on the environment, and leading the transition towards net zero emissions mobility.

Our strategic commitment to decarbonisation and the energy transition is reflected in the 2021 accession to SBTi (Science Based Targets Initiative) and Race to Zero, international alignment initiatives in the fight against climate change and the Paris Agreement. In addition, through our [2023-26 Strategic Plan](#), we have made public our ambition to achieve Net Zero carbon emissions by 2045, as well as our near-term emissions reduction targets within the 24-26 strategic cycle:



1. Base year 2019, since it is the most recent year for which complete and validated information is available on the Group's climate footprint. A fixed base year is considered and the recalculation method used is the pro-rata method.

2. Given the relevance of category 11 - Use of scope 3 product (c. 96% of total Scope 3 emissions in 2019) an intensity target is set for this category. The reduction in the ratio of emissions generated by the lifetime energy consumption of our products delivered in the period (Rail and Bus) is calculated on a normalised per passenger kilometre basis.

In response to these objectives 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 the 2023 reporting period within the "Net Zero Emissions" Initiative, included in the Sustainability Management Plan 23-24:

- Recalculation and verification of the Group's 2022 carbon footprint and the¹³ 2019 base year to reflect the inclusion of CAF Reichshoffen in August 2022, thus maintaining full coverage of the emissions generated by the Group's activities over which it has operational control.
- Calculation and external verification of the carbon footprint of the CAF Group¹⁴ for the 2023 reporting period, including Scopes 1, 2 and 3, following the guidelines and requirements described in the GHG Protocol, IPCC (*International Panel for Climate Change*) and ISO 14064:2018.
- Completion of the CAF Group's second report to CDP (Carbon Disclosure Project), in which we have maintained the B rating.
- In November 2023, the technical validation process of the short- and long-term reduction objectives by SBTi began.

Additionally, in line with the established GHG emissions reduction plans, and within the CAF Group's "Net 0 Emissions" initiative, the following actions have been carried out throughout 2023:

- Expansion of the scope of the sites that consume 100% renewable electricity with guaranteed origin to all CAF-owned centres based in Spain.¹⁵
- Implementation of the installation of charging points for electric vehicles at the headquarters of the parent company.
- Promotion of sustainable mobility (use of bicycles, public transport and walking) through participation in challenges within the company, installation of new shared car parks and extension and improvement of bicycle and scooter parking facilities (covers, enclosures, fencing, plugs and repair stations).
- Maintain mitigation of emissions from the business travel chapter in Scope 3, by Sustainable Aviation Fuel (SAF) reserve, collaboration with airline.
- It should also be noted that through the engineering development and construction (EPC) of solar photovoltaic plants of one of the subsidiaries of the CAF Group, plants have been built in Italy with a total installed capacity of 50 MWp, which contribute to avoiding the emission into the atmosphere of nearly 12,641 t CO₂e.

13 Fixed base year, recalculation by pro rata method. This year emissions are included for the entire base year, since the plant was acquired in August 2022, so in 2023 data is available for the entire calendar year. In addition, in order to ensure comparability, the base year has been recalculated for four Group companies due to variations of a certain amount: New centres, improvements in data quality and/or methodological changes

14 Consolidation approach by operational control. Complete coverage (100%) of workplaces over which operational control is exercised.

15 With the exception of Trenasa, which will switch to 100% renewable sources at the beginning of 2025.

Sustainable Mobility



During 2023, at the Beasain (head offices and rail vehicle manufacturing) and Irun (rail vehicle manufacturing) sites, various actions have been carried out as part of the Mobility Plan:

- Installation and/or expansion (if applicable) of 113 spaces in the parking lots for the use of car sharing.
- Review and adaptation of the **current routes of the buses** that transport workers to the Beasain factory.
- Installation of **chargers for electric vehicles** in the different factory parking lots, delimiting and marking the parking spaces reserved for them.
- **Public transport:** To facilitate its use, the entry time for fixed-hour staff has been made more flexible.
- Expanding the number of spaces for **bikes** and improving the conditions and safety of *bike racks* (fences, closures, cameras, repair kit installation).
- Design and implementation of a **specific training plan on sustainable mobility**.
- Launch of an APP to promote **sustainable transportation**, through challenges and prize draws.



**TRUST
IN MOTION**

In the next financial year (FY 2024), the "Net Zero Emissions" initiative will continue to develop actions aimed, fundamentally, at the deployment of the businesses' reduction plans. Specifically, we will work on the following aspects:

- Plans to reduce the energy consumption of production facilities (investment in more efficient facilities).

- Expansion of the scope of sites consuming 100% renewable electricity with guarantee of origin to international manufacturing sites.
- Product innovation plan - zero emissions.

It should be noted that the resources assigned to achieve the reduction objectives will be defined in the corresponding management plans of the Group's activities.

5.3.2.1 Evolution of greenhouse gas (GHG) emissions: Carbon Footprint of the CAF Group

[GRI 305-1, 305-2, 305-3, 305-4, 305-5, 305-7]

The calculation of the carbon footprint has been carried out following the criteria of ISO 14064:2018 and the *GHG Protocol*, with a consolidation approach by operational control. Previously, a materiality analysis was carried out to identify the most significant emission sources generated in the activities carried out by the Group. As a result of this analysis, the following sources are included in the footprint calculation:

- **Direct emissions (Scope 1):** From fuel consumption in stationary and mobile installations, as well as fugitive emissions from the recharging of fluorinated gases.
- **Indirect emissions (Scope 2):** emissions from electricity 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 above calculations are expressed in tonnes CO₂ equivalent (tCO₂e), and include emissions of carbon dioxide, methane and nitrous oxide (CO₂, CH₄ and N₂O respectively), as well as hydrofluorocarbons (HFCs) associated with refrigerant gas leakage.

Below are the results of the calculation of the CAF Group's carbon footprint and its evolution, verified by an accredited company (LRQA) and calculated with the methodology defined in the previous points.

The data presented below correspond to the actual emissions within the scope of the CAF Group in each of the periods; they do not include recalculations.

Scope 1 and 2 emissions

GHG tCO ₂ e EMISSIONS	2023 ¹	2022	2021	2019
Scope 1	28,973	28,116	28,665	31,463
Scope 2 (location-based method)	18,622	19,962	30,872	26,672
Scope 2 (market-based method)	7,662	7,089	16,407	18,809
Scope 1+2 (market)	36,635	35,205	45,072	50,272
% Change from base year (Scope 1+2 - market)				
	-32.6% ²	-31.9% ²	-10%	
Objective - Net-Zero Pathway (SBTi)				
	-16.8%	-12.6%	-8.4%	
Emissions intensity per sales (tCO₂e/€M)				
	9.6	11.1	15.3	19
% Change from base year				
	-51%	-43%	-21%	

1. Data for December and part of November have been estimated on the basis of a previously defined methodology. In future reports, the historical data will be updated with real values.

2. The base year has been recalculated to allow comparability with the reported scope in 2022 and 2023. The recalculated values for the base year in 2022 were: Scope 1 32,387 tCO₂e, scope 2 19,374 tCO₂e. In 2023, the recalculated values for the base year were: Scope 1 34,707 tCO₂e, scope 2 219,636 tCO₂e

With the objective of reducing Scope 2 GHG emissions derived from the consumption of electricity and thermal energy, the Company has established an Action Plan to increase the percentage of renewable energy used in its facilities. Thus, 75% of the Group's electricity consumption currently comes from renewable sources with guarantee of origin, which has resulted in a reduction of Scope 2 emissions of 61% compared

to the base year (2019) during the 2023 financial year. In this regard, it should be noted that the main companies of the Vehicle manufacturing and Services activities at national level in the railway segment and the main activities in the Bus segment, consume 100% renewable electricity with guaranteed origin and, in 2024, it is expected to continue expanding the scope of this measure to other centres at international sites.

Scope 3 emissions

In relation to Scope 3, following a materiality analysis of the categories identified by *GHG Protocol* in this scope, the following categories have been included in the Group's carbon footprint: 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 category for which reduction targets have been set based on SBTi methodology is the emissions from the use phase of our products during their lifetime, as it constitutes about 96% of the Group's scope 3 emissions in 2019. The defined target measures the ratio (g eq CO₂/passenger-km) of emissions generated by energy consumption in the product use phase during the useful life of vehicles, both in the Rail and Bus segments, delivered in 2023, considering the base year 2019 as a reference.

It should be noted that for the calculation of scope 3 emissions - Product use, CAF has developed its own methodology validated by an independent auditor that allows us to have a solid and stable basis for the calculation of these emissions. Although this methodology guarantees the reliability of the data obtained in our calculation, **the lack of a sector-specific methodology that establishes the parameters considered makes it impossible to compare the data between the different actors in the sector**, as it cannot be guaranteed that the same parameters and scopes have been used for the calculation.

Below is the evolution of scope 3 emissions and the performance of product use emissions with respect to the proposed reduction objective:

GHG tCO ₂ e EMISSIONS	2023 ¹	2022	2021	2019 ²
CAT. 11: USE OF SOLD PRODUCTS	3,438,358	2,898,192	2,945,993	6,749,610
CAT. 11: USE OF SOLD PRODUCTS (GCO ₂ /PASSENGER KILOMETRE)	6.35	9.21	6.90	11.87
% CHANGE COMPARED TO BASE YEAR (GCO ₂ /PASSENGER KILOMETRE)	-46.8%	-22.9%	-41.9%	-
OBJECTIVE - NET-ZERO PATHWAY - SBTi	-25.2%	-19.6%	-13.5%	-
CAT.1: PURCHASED GOODS AND SERVICES	77,989	80,121	70,186	71,874
CAT. 4: UPSTREAM TRANSPORTATION AND DISTRIBUTION	2,844	2,265	3,888	5,824
CAT. 5: WASTE	843	1,123	711	1,156
CAT. 6: BUSINESS TRIPS	5,913	3,704	2,877	8,735
CAT. 7: COMMUTE TO WORK	14,024	11,117	18,567	18,180
CAT. 9: DOWNSTREAM TRANSPORT AND DISTRIBUTION	7,568	6,664	7,821	15,350
CAT. 14: FRANCHISES	15	21	21	-
SCOPE 3 EMISSIONS (EXCLUDES CAT.11)	109,196	105,016	104,072	121,120
TOTAL EMISSIONS SCOPE 3	3,547,554	3,003,208	3,050,065	6,870,730

1. Data for December and part of November have been estimated on the basis of a previously defined methodology. In future reports, the historical data will be updated with real values

2. Base year.

As can be seen in the table above, the ratio of emissions from product use in Scope 3 in 2023 has been reduced compared to 2019 by 46.8%, with an expected reduction target of 25.2%. This is due to the fact that less fossil-fuelled vehicles have been delivered during 2023 than projected in the reduction targets. For the next few years, a progressive reduction in the delivery of fossil fuel vehicles is expected, accompanied by the improvement initiatives of the Zero Emissions Programme of the Innovation Management Plan, described in the next

section, which will result in a reduction of emissions of this scope.

Volatile Organic Compound (VOC) Emissions

Regarding the emission of Volatile Organic Compounds, the CAF Group complies with the provisions of the regulations on limiting VOC emissions due to the use of solvents in certain activities¹⁶.

¹⁶ 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.

It should be noted that in the case of the parent company (CAF S.A.) VOC emissions have been reduced by approximately 50% in the last 11 years, which is equivalent to a reduction of 176 g of VOC/m². In the bus painting activity, a reduction of 38% has been achieved in the last 3 years¹⁷.

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.

5.3.3 ZERO AND LOW EMISSIONS PRODUCTS

In the European Union, greenhouse gas emissions from transport have increased by approximately 28% from 1990 to 2017. Currently, the transport sector contributes almost 25% of global CO₂ emissions, while rail accounts for only 0.5% of this total¹⁸.

The European Green Deal, driven by the European Commission, sets the objective of reducing CO₂ emissions from transport by 90% by 2050. This challenge requires an exceptional effort in the coming years to decarbonise transport.

On the other hand, in recent decades, the growth of the urban population has generated increasing problems of congestion on the roads and a notable deterioration in air quality. Faced with this reality, transportation authorities are forced to adopt measures to restrict the circulation of private vehicles.

In this context, rail and bus transport stand out as sustainable, high-capacity means of transport that have considerable potential to curb climate change and urban congestion. These means of transportation can significantly reduce environmental impact, improve the quality of life of citizens and play an active role in preserving the ecosystem.

At CAF, aligned with these objectives, we prioritise developments that allow the substitution of fossil fuels and the reduction of energy consumption in transportation. These solutions promote highly efficient mobility alternatives, thus charting the path towards a sustainable, clean, environmentally friendly and emissions-free future.

Following the Decarbonisation Strategy detailed in the previous section, CAF has achieved a 46.82% reduction in the g CO₂e/km-passenger ratio in Scope 3 emissions - Product use. In the coming years, a progressive decrease in this index is anticipated, driven by the increase in sales of zero and low emission vehicles and the developments of the Zero Emissions Programme of the Innovation Management Plan. Furthermore, emissions related to electric passenger transport solutions (buses, trolleybuses and rail vehicles) delivered in 2023 average 3.4 g CO₂e/passenger-km¹⁹.

In 2023, CAF consolidated itself as the European leader in the electric bus segment²⁰. In fact, at the end of the year, **zero and low-emission buses accounted for 82%** of all the company's deliveries. It is important to highlight that **zero-emission buses** constitute a notable **67%**²¹ of the total buses delivered.

In the rail segment, **86% of the trains delivered in 2023 are zero or low emission**, with 84% of zero emission trains delivered in relation to the total number of units delivered.

SUSTAINABLE SOLUTIONS

At CAF, we place emphasis on continuous innovation of our products and services, in response to the growing need to reduce fossil fuels and the emissions associated with the use of our products.

We are committed to providing customised mobility solutions for transport operators seeking to migrate towards low or zero emission mobility. We recognise the diversity of challenges that public transportation faces in the future, and that is why we offer the most extensive and diverse portfolio of vehicles adapted to these market needs.

Within our portfolio of sustainable products, the following solutions stand out:

Zero emissions

Our zero-emission vehicles include electric and hydrogen options, created to meet the diverse needs of operators, passengers and drivers.

Today, electric and hydrogen buses can offer driving ranges similar to vehicles with conventional combustion engines, without generating local emissions. At CAF we distinguish ourselves by our practical experience and our market share, which exceeds that of our competitors.

¹⁷ Data related to the report made on this matter to the Administration until the date of publication of this report.

¹⁸ 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.

¹⁹ To calculate this ratio, in the absence of specific regulations for the sector, CAF has established its own calculation methodology that has been validated through an audit. Thus, the comparability of this data with other actors in the sector is limited.

²⁰ Source: <https://www.sustainable-bus.com/news/solaris-man-byd-adl-heres-the-podium-of-the-european-electric-bus-market-for-the-first-half-of-2023/> accessed 15/01/2024.

²¹ Includes trolleys.

In the field of rail vehicles, CAF is proud to have been awarded the world's largest contract for battery-powered vehicles. Furthermore, in mid-2022, we put into operation one of the first hydrogen-powered trains, capable of also operating with electricity from the catenary on electrified sections.



URBOS TRAM

Electric vehicles that may include an energy storage system (ultracapacitors and/or batteries) to operate on non-electrified sections.

At CAF, we have been pioneers in innovative solutions, introducing trams into passenger service on non-electrified sections since 2010. In addition, we were the first in the world to implement a completely catenary-less tram system, in 2018.



METRO INNEO

Electric vehicles used in major European cities (London, Amsterdam, Brussels, Rome, Madrid, Barcelona, etc.) for their high capacity, reliability and low consumption.



CIVITY REGIONAL TRAIN

Efficient trains with zero-emission electric, battery and hydrogen options.

In 2021, CAF won a record contract to supply 63 battery electric trains to German transport authorities (ZV VRR and NWL). In addition, this contract was expanded by 10 additional trains in 2022. This same year, Renfe awarded a contract for another 28 electric trains equipped with batteries.

In addition, in June 2023, CAF obtained authorisation to carry out tests of the hydrogen prototype train on the Spanish Railway Infrastructure (RFI), becoming the first train to obtain this authorisation. This type of vehicle uses hydrogen cells and batteries, and generates only heat and water vapour as by-products, without emitting CO₂ or substances harmful to health or the environment.



URBINO ELECTRIC BUS

Silent, emission-free electric buses, versatile and adapted to different cities.

CAF electric buses offer a wide range of options: From different lengths (9, 12, 15, 18 and 24 meters) to different alternatives in motorisation, types of batteries and charging methods. This versatility allows precise adaptation to the specific needs of each client and city, considering the climate, urban traffic, demand on routes and even topography. CAF stands out as the main supplier of electric buses in Europe, with more than 2,000 units delivered in more than 20 countries²².



URBINO HYDROGEN BUS

Hydrogen buses for greater autonomy, zero-emission operation and quick recharging.

CAF's hydrogen bus range currently consists of two models: 12 and 18 meters in length. These vehicles are especially useful in transportation areas that demand great autonomy and flexibility in the provision of services. The synergy between electric and hydrogen buses accelerates the transition towards zero-emission public transport, ensuring effective decarbonisation of the sector. This transition is essential to ensure safe and sustainable urban environments in the future.

In 2023, CAF won the largest hydrogen bus order in Europe with the supply of 127 units for the city of Bologna (Italy).



TROLLINO TROLLEYBUS

Silent, emission-free electric trolleybuses, including hybrid models with batteries and/or hydrogen cells to operate on non-electrified sections.

Trolleybuses offer a wide variety of options in terms of vehicle length (12, 18 and 24 metres), motorisation, battery/hydrogen cell capacity, and type of catenary connection. Their low environmental impact, consolidated technology and reduced infrastructure costs, together with silent and comfortable driving, position them as fundamental elements in the transformation of urban transport towards a modality that is more respectful of the environment and residents.

22 Source: <https://www.solarisbus.com/en/press/solaris-is-the-leader-of-the-european-electric-bus-market-after-first-half-of-2023-2012> accessed 15/01/2024.

All of these zero-emission vehicles demonstrate CAF's commitment to sustainable mobility, offering solutions adapted to the specific needs of each city and transport operator, accelerating the transition towards zero-emission mobility.

LOW EMISSIONS



CIVITY BI-MODE AND TRI-MODE REGIONAL TRAIN

Trains capable of operating in electric, diesel (bi-mode) and battery (tri-mode) modes, making them extremely versatile units due to their ability to use different propulsion technologies in electrified and non-electrified sections of the network.

In addition, in three-mode trains, the batteries allow braking energy to be recovered, which reduces the train's consumption. This is especially relevant when the train operates on diesel fuel, as it leads to a relevant reduction of emissions, thus providing a more sustainable and environmentally friendly transport.

In 2023, CAF has been awarded the first three-mode Intercity train contract in the United Kingdom, with the delivery of 10 units to serve the East Coast Main Line.



URBINO HYBRID

Urbino hybrid buses have a driveline consisting of one or more electric motors and a conventional diesel generation. These buses can employ energy storage in the form of batteries or supercondensators. This solution allows a reduction in fuel consumption of 20-30% on average, compared to traditional diesel vehicles. In addition, they can cover certain distances without emissions. The range includes 12 and 18-metre models.

CAF also offers Mild-Hybrid solutions that recover braking energy for storage, reducing emissions beyond the rigorous Euro 6 standards for diesel engines. These solutions achieve a 5% reduction in diesel fuel consumption.



URBINO CNG

Urbino low-floor city buses (12 and 18 meters) are also available with Compressed Natural Gas (CNG) propulsion, which significantly reduces harmful emissions and promotes more environmentally friendly transportation.



An internationally recognised product portfolio

The bus segment's portfolio of emission-free products has had a significant impact on public transportation globally, receiving international recognition, among which we highlight the following received in the last three years:

2023

Corporate Social Responsibility Silver Leaf (Polityka weekly - Poland) for supporting the Sustainable Development Goals and the Urbino E18 H2 hydrogen bus.

2022

Busplaner Innovation Award (International): The Urbino E9 LE electric bus won in the "Electric bus:" category Interurban".

2022

International Public Transport Fair (Kielce Trade Fair Medal) (Poland): Prize for the Urbino E18.75 electric bus.

2022

Green Eagles of the newspaper "Rzeczpospolita" (Poland) to Ecological Innovation on an Industrial Scale for its electric and hydrogen buses.

2022

Corporate Social Responsibility Silver Leaf (Polityka weekly - Poland) for supporting the Sustainable Development Goals and the Urbino E9 LE electric bus.

2021

Sustainable Bus Award (International): The Urbino E15 LE electric bus won an award in the Urban category.

2021

Sustainability Award from "Busplaner" (International): Award to the electric bus Urbino E15 LE.

Kielce Trade Fair Medal (Poland): Recognition of the Urbino E12 H2 hydrogen bus as the best product in its category.



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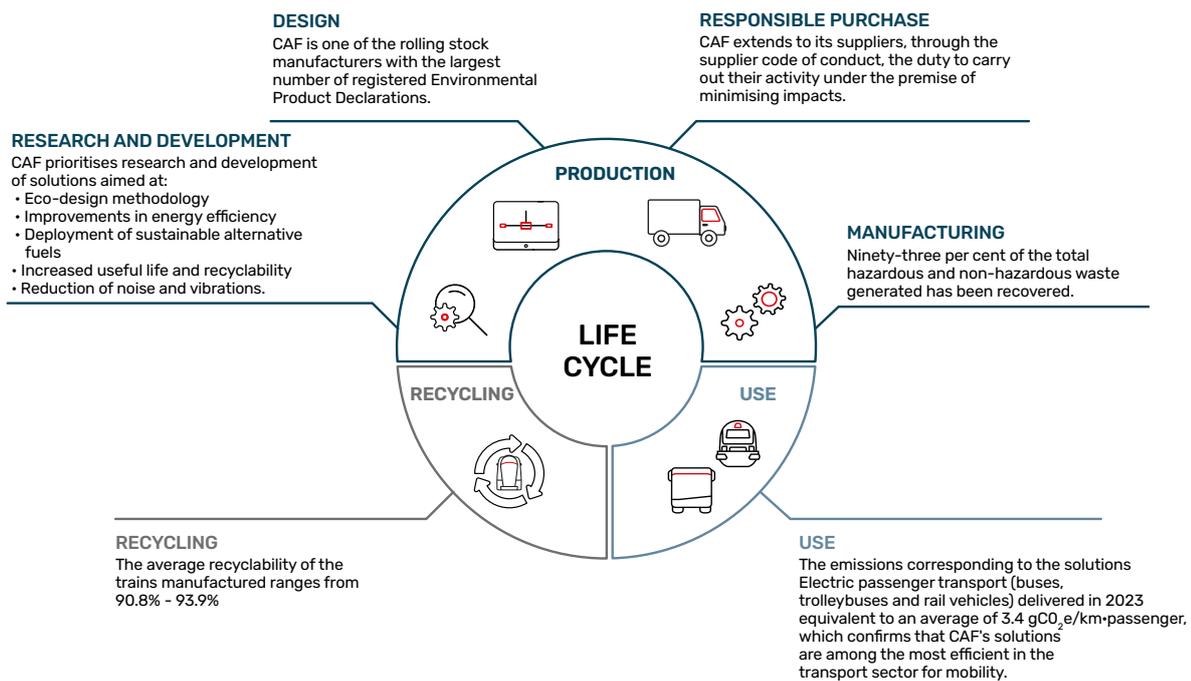
In the rail segment, CAF received the Highly Commended award from the Global Light Rail Awards 2020 for the renovation of the Birmingham tramway to incorporate an on-board energy storage solution. In 2019, it won the Manufacturer of the Year and Project of the Year award for the supply of the first catenary-free light rail system

at Newcastle Light Rail (Australia). Additionally, it was recognised as Supplier of the Year in 2018 for its modular and flexible traction systems. It also won the Technical Innovation of the Year award for its Greentech on-board energy initiative, highlighting its most efficient and environmentally friendly products for trams.

5.4 CIRCULAR ECONOMY AND SUSTAINABLE USE OF RESOURCES

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.

During 2023, the evaluation of the circularity of the Company's activity was carried out for the first time, analysing the circularity indicators of the Organisation's performance. In this way, the company's ability to close the materials cycle (based on ISO 59020 and the World Business Council for Sustainable Development (WBCSD) STIs) has been assessed. In 2024, we will work to improve and strengthen information collection and improve the quality and consistency of data, relying on the Responsible Purchasing Programme. (More information in section 7.5 of this Report).



5.4.1 Sustainability and efficiency in production processes

Consumption of natural resources [EG 301, 301-1]

Environmental criteria are taken into account when purchasing materials for manufacturing processes, with particular emphasis on the selection of reusable and recyclable materials. The majority of purchases made are already processed materials and components; metal is the most common element. 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)	2023 ¹	2022	2021
Steel and aluminium profiles and sheets	12,912	16,249	15,605
Steel ingots	52,941	54,965	46,014
Others ²	855	939	994
TOTAL MAIN RAW MATERIALS (t)	66,708	72,153	62,613

1. Data for December and part of November have been estimated on the basis of a previously defined methodology. In future reports, the historical data will be updated with real values

2. Wood consumption for floors and adhesives (Bus).

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 recyclability analysis of the products is carried out in accordance with the ISO 22628 standard. As mentioned in the section, "5.4.2. Product Sustainability", according to the EPD (*Environmental Product Declaration*) carried out by the CAF Group, the trains and buses manufactured by the CAF Group have a high rate of recyclability and recoverability:

RECYCLABILITY RATES / RECOVERABILITY IN PRODUCT (%)	ROLLING STOCK	BUSES
RECYCLABILITY RATE ¹	≈90.8-93.9%	≈94.9-95.1%
RECOVERABILITY RATE ²	≈94.7-98.7%	≈95.9-96.1%

1. Recyclability rate: Includes those materials that can potentially be recycled and/or reused.

2. Recoverability rate: Includes those materials that can potentially be recycled, reused or recovered in the form of energy.

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 2023, the Group's parent company, CAF S.A., extended the use of several alternative cleaning products and degreasers, thereby reducing the hazardousness of the product as well as the consumption of raw materials and the generation of waste.

Water and effluents [EG 303, 303-1, 303-2, 303-3, 303-5]

Most of the water used by CAF is for domestic consumption. In terms of manufacturing processes, water is mainly used in the cooling of equipment and

in the installation to ensure the watertightness of trains. To this end, both mains water and river water is used (only in the Group's parent company, CAF S.A.) in accordance with local limitations and limiting the consumption of river water to its use in closed circuits.

The Group is aware that water is a scarce asset that needs to be preserved and therefore, a series of actions have been carried out with the aim of promoting a more sustainable use of this resource, among which the following stand out:

- implementation and promotion of a rational use of water, through the implementation of closed circuits and environmental awareness-raising among staff;
- establishment and control of the consumption of all water resources through the implementation of procedures defined on the basis of the authorisations and permits defined by each Administration;
- Avoid water withdrawal in water-stressed areas;
- checking leaks and watertightness of installations to reduce consumption and impact.

Likewise, in order to promote the sustainable use of water throughout our supply chain, CAF uses the ECOVADIS tool to evaluate its target suppliers, positively assessing the measures they implement in relation to water management and analysing the suppliers that have a potentially significant impact on this resource, such as battery and tyre suppliers.

The CAF Group's water consumption is shown below:

WATER CONSUMPTION (ML)	2023 ¹	2022	2021
THIRD PARTY CONSUMPTION	110.08	105 ²	86.75
SURFACE WATER CONSUMPTION	57.63 ³	51.89	45.58
TOTAL WATER CONSUMPTION (ML) ⁴	167.71	156.89	132.33

1. The data for December and part of November have been estimated based on a previously defined methodology. In future reports, the historical data will be updated with real values.

2. There is an increase in consumption due to an increase in the coverage of the indicator, which from 2022 includes all activities over which there is operational control. In previous years, only information from manufacturing plants was reported.

3. Increase in consumption due to an increase in production at surface water consuming sites (CAF S.A., Group parent company).

4. In 2023, there has been no consumption of reused/reused water.

All of the water consumed in the Group is water with a concentration of dissolved solids ≤ 1000 mg/l and approx. 70% of the water consumed is from areas of low or medium water stress²³.

With regard to discharges, CAF has authorisations to discharge into sewers or watercourses, and stores chemicals and materials in conditioned places 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. In addition, there are systems for filtering discharges, and the parameters of the water discharged are reviewed and controlled, defining objectives for improvement. The offices have fluid communication with the authorities that manage the discharged water in each location.

Energy [EG 302, 302-1, 302-3, 302-4]

In the Sustainability Policy and the Corporate Environmental Policy, the Group has made a commitment to "define strategies against Climate Change focused on reducing CO2 emissions and promoting renewable energies." To achieve this commitment, the Group has defined the following main objectives: 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 2023, as a result of the action plans for the reduction of energy consumption in the CAF Group, the following efficiency measures, among others, have been taken:

- **Expansion of the scope** of the sites that consume **100% renewable electricity** with guaranteed origin to all CAF-owned centres based in Spain²⁴.
- **Implementation of a new heat treatment line** at the Group's headquarters, with a revamped lay-out, which will substantially improve the energy efficiency of the wheel forging workshop, starting with its commissioning in 2024.
- **Lighting:** Maximisation of the use of natural light, replacement of old luminaires with more efficient ones²⁵.
- **Reduction of fossil fuel consumption:** Replacement of combustion forklifts with electric forklifts.
- **Control and optimisation of energy consumption:** adjusting equipment and heating temperatures, installing gas and electricity meters, programming the operation of air-conditioning equipment, replacing key elements in energy efficiency in production processes (e.g. forklift trucks), carrying out leak checks on pneumatic installations.
- Training and **environmental awareness raising** for the rational use of energy for managers. Definition of **new energy indicators and objectives** in order to identify possible energy efficiency savings.

²³ The method used for the calculation of water stress has been modified compared to previous reports. Current source: World Resource Institute, <https://www.wri.org/data/aqueduct-global-maps-40-data>

²⁴ Except Trenasa, which will switch to renewable energy with a guarantee of origin in 2025

²⁵ This measure is also considered to reduce light pollution in our facilities.

Installation of a new heat treatment line at the Beasain factory.



In August 2023, the assembly of the new heat treatment facility in the wheel forging shop at the vehicle manufacturing matrix began.

This line consists of 2 wheel treatment furnaces, which are equipped with recuperative burners and a heat recovery unit at the smoke outlet, and 4 cooling tanks. It is estimated that this new facility will enable, from its planned start-up in April 2024, a reduction of between 30-50%²⁶ in the consumption of natural gas per treated wheel compared to the current facility.

Promotion of renewable energies

During 2023, 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, in 2023 the company has developed various photovoltaic panel projects in Italy, increasing the installed solar energy power, which now totals more than 250 MWp installed throughout the world.

The CAF Group has also maintained systems for the generation of renewable energies at its facilities. Accordingly, in 2023, the headquarters of the parent company has enabled the generation of renewable energy, equivalent to 8% 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.



26 Dependent on productive factors.

DIRECT AND INDIRECT ENERGY CONSUMPTION IN THE CAF GROUP (MWh)									
SOURCES	2023 ¹			2022			2021		
	RENEWABLE	NON-RENEWABLE	TOTAL	RENEWABLE	NON-RENEWABLE	TOTAL	RENEWABLE	NON-RENEWABLE	TOTAL
ELECTRICAL ENERGY	57,580	19,671	77,251	54,090	18,255	70,941	27,747	60,678	88,425
OTHER ENERGIES	2,664	155,852	158,517	821	150,111	150,932	83	154,524	154,607
NATURAL GAS ²	0	129,205	129,205	0	122,438	122,438	0	122,972	122,972
THERMAL ENERGY ³	2,465	15,144	17,610	766	16,048	16,814	0	18,901	18,901
HYDROGEN	199	0	199	55	0	55	83	0	83
DIESEL ⁴	0	7,964	7,964	0	8,283	8,283	0	8,168	8,168
LPG/GASOLINE	0	3,539	3,539	0	3,342	3,342	0	4,483	4,483
TOTAL ENERGY CONSUMPTION (MWH)	60,244	175,523	235,768	54,911	168,366	221,873	27,830	215,202	243,032
%RENEWABLE/ NON-RENEWABLE	26%	74%	100%	25%	75%	100%	11%	89%	100%
INTENSITY (MWH/€M SALES)	15.8	45.9	61.6	17.3	53.2	70.5	9.5	73.1	82.6

1. The data for December and part of November have been estimated based on a previously defined methodology. In future reports, the historical data will be updated with real values.

2. The consumption of natural gas to heat the facilities represents approximately 20% of the total consumption. This includes CNG consumption.

3. Fourteen percent of thermal energy consumption comes from renewable sources, with a guarantee of origin.

4. Consumption related to material transport equipment.

75% of the Group's electricity consumption comes from renewable sources, with a guarantee of origin. This indicator has been maintained for the 2022 reporting period, and is expected to continue to increase progressively in the coming years.

Waste

[EG 306, 306-1, 306-2, 306-3, 306-4, 306-5]

The CAF 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.

The management of waste²⁷ is carried out according to the following premises:

- Reduce waste generation at source, e.g. through the use of returnable tools and return of surplus material to the supplier.
- Maximise the reuse, recycling and recovery of waste. Along these lines, by 2023, 92% 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.

- Promote awareness campaigns on waste segregation and minimisation.
- Proper treatment and management of waste, based on defined waste management procedures, and with managers close to the facilities and assessing our supply chain partners for their environmental performance.

During 2023, it is worth highlighting the objective of reducing expired materials defined and controlled at several of the Group's railway maintenance sites. Likewise, with the same objective, at the vehicle manufacturing sites, an 84% 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.

²⁷ Actions to combat food waste are not considered because this content is not material to the CAF Group's business, as concluded in the Materiality Analysis 2021.

WASTE GENERATED IN THE CAF GROUP BY TYPE OF WASTE AND FINAL DESTINATION (t) ¹												
WASTE TYPE	2023 ²				2022				2021			
	TOTAL RECOVERED	%REC.	TOTAL REMOVED	%REM.	TOTAL RECOVERED	%REC.	TOTAL ELIMINATED	%REM.	TOTAL RECOVERED	%REC.	TOTAL REMOVED	%REM.
NON-HAZARDOUS WASTE (NHW)	28,926	95%	1,556	5%	28,980	88%	3,843	12%	16,473	79%	4,278	21%
HAZARDOUS WASTE (HW)	2,350	69%	1,057	31%	1,896	61%	1,216	39%	905	39%	1,445	61%
TOTAL WASTE GENERATED (t)	31,277	92%	2,613	8%	30,876	86%	5,059	14%	17,378	75%	5,723	25%

1. Table with full details in Annex 9.4.2

2. Data for December and part of November have been estimated on the basis of a previously defined methodology. In future reports, the historical data will be updated with real values.

Protection of biodiversity [EG 304, 304-1]

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 to protect biodiversity and to avoid deforestation in the places where it operates, and therefore controls this impact by carrying out Environmental Impact Assessments (EIA) in the places/projects that require it, and by developing products that respect the environment (more information in section "5.3 Product sustainability").

At present, the Group's sites are not located in protected areas where there may be a particular impact on biodiversity.

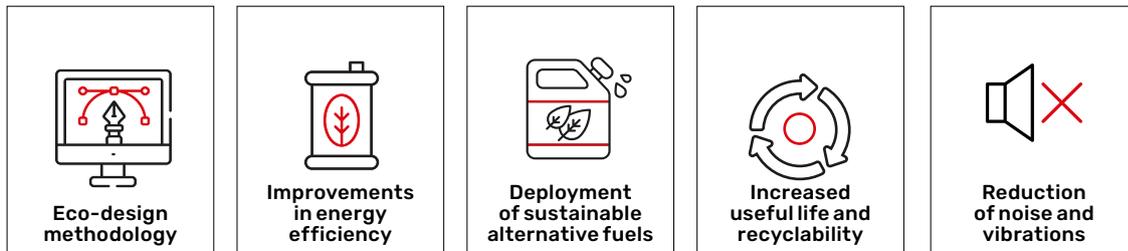
Throughout 2023, the [Corporate Environmental Policy](#) was updated in order to include the CAF Group's commitment to the protection and restoration of

biodiversity. Likewise, to reinforce its commitment to protecting biodiversity and fighting deforestation, CAF will report to CDP Forest in 2024.

5.4.2 Product sustainability

At CAF, we are committed to the development of sustainable products that promote a positive impact on society and the environment. Our dedication to eco-friendliness drives a continued focus on innovation and collaboration with leaders in research and education.

Through strategies focused on eco-design, energy efficiency, the adoption of sustainable fuels, durability and recycling, as well as noise and vibration reduction, we constantly seek to improve sustainability across our entire range of products, from vehicles to signaling systems and infrastructure.



Ecodesign methodologies

CAF has been an active player in promoting methodologies for the ecological transformation of the sector. For example, we have collaborated in the "Life Cycle Assessment" working group of the railway association UNIFE, which focuses on defining how to implement environmental legislation and regulations in the life cycle processes of railway products.

To promote more efficient and environmentally friendly means of transportation, CAF has incorporated the Product Sustainability Function. This integration of ecodesign methodologies in our engineering processes aims to optimise and control environmental impacts from conception to the complete life cycle of products. This translates into concrete actions: maximise energy efficiency, use eco-friendly and recycled materials while minimising their quantity, reduce noise and vibrations, reduce atmospheric emissions and promote the circular economy.

Making the ecological footprint visible

CAF evaluates the environmental footprint of its products through life cycle analysis (LCA). These analyses form the basis for the elaboration of Environmental Product Declarations (EPDs) for our customers.

In 2011, CAF established the world's first verified EPD for a tram, the Urbos tram in Zaragoza, in accordance with ISO 14025. This study was based on the LCA following the guidelines of ISO 14040 and 14044. Since then, CAF has certified trains representative of its wide range of products, including trams, metros and regional trains, accumulating an extensive EPD record and consolidating its position as one of the railway manufacturers with the highest number of declarations.

During the year 2023, at CAF we have begun the development of a method to calculate the environmental impact of our products from the first design phases, considering their entire life cycle. In addition, we are creating tools that will allow us to obtain a Materials Passport for our vehicles, thus facilitating the identification of the materials used in their manufacturing and improving their management at the end of their useful life. In the same period, CAF launched a new EPD for the Inneo Underground in Docklands (London, UK) and the first EPD for a wheel of rail vehicles.

Life cycle analyses have enabled us to identify the processes, materials and components with the greatest environmental impact. Thanks to this information, we can more effectively direct our efforts toward reducing the adverse environmental impact of our products. In the coming years, we plan to expand our work in this area, broadening the scope of analysis to include other vehicle types.

ECOAPPROVED by MiIRA



In the railway segment, in the activity of design, manufacture and maintenance of wheels, axles, mounted axles and reduction gears, we have implemented the **ECOAPPROVED** label

based on the guidelines of the ISO 14021 standard *Self-Declared Environmental Claims*.

This label seeks to highlight the environmental commitments adopted by the Company that ensure that our products comply with a set of environmentally friendly practices: use of low-emission steel (green steel), application of eco-design criteria (lightweight products, low consumption and low maintenance), use of 100% renewable energy in production facilities, use of waste generated during the manufacture of our products to produce the steel that will be used in our new products, and commitments adopted in terms of sustainability (SBTI commitment - *Science Based Targets Initiative and Race to Zero*).

Furthermore, in line with our environmental awareness, we comply with the European Regulation EC 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). Additionally, in the railway segment we comply with the requirements of the UNIFE Railway Industry Substances List (RISL), which lists the materials and substances prohibited by European and international legislation specifically for the railway industry.

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](#)
- [INNEO for Docklands Light Railway of London](#)
- [Forged and rolled monobloc steel wheels for railway applications](#)
- [URBINO 18m Electric](#)
- [URBINO 12m Hybrid](#)

Energy efficiency improvement [GRI 302-5]

At CAF we prioritise improving energy efficiency in our products and services. Thanks to the measures mentioned below, we have achieved a significant reduction in the energy consumption of our vehicles. For example, the Urbino 12 Electric bus experienced a 28% saving in energy consumption between 2019 and 2023, while the Urbino 18 Electric bus reduced its consumption by 25% between 2020 and 2023. Likewise, improvements on the 12- and 18-metre hydrogen buses have been 30% and 15%, respectively^{28]}.

Regarding the railway segment, in 2023 a goal has been established to reduce vehicle consumption by 20% within a period of 6 to 7 years.

Consumption reduction measures

Among the measures adopted to reduce the consumption of our products, the following stand out:

Efficient traction systems

We use high-efficiency equipment in traction systems to minimise losses and optimise consumption.

We adopt advanced technologies to improve energy efficiency:

- We introduce SiC (Silicon Carbide) transistor technology, reducing energy consumption by between 8 and 10%.
- We develop advanced control strategies to minimise losses in electric motors.

Energy recovery during braking

We prioritise energy recovery during braking to reduce consumption and improve the efficiency of trains, buses and trolleybuses.

Modular storage and intelligent battery management systems

We create modular accumulation systems that store the energy generated during braking.

We incorporate the BMS (*Battery Management System*) to optimise the performance and useful life of the batteries.

Energy optimisation during trips

The DAS (*Driver Advisory System*) and ATO (*Automatic Train Operation*) assess in real time how to obtain the best energy efficiency according to the planned route and travel time. This information allows driving to be optimised from an energy efficiency perspective and thus obtain reductions in vehicle consumption between 15% and 30%.

We adopt strategies that reduce energy consumption, such as partially disconnecting the traction system when power demand is low.

Weight reduction and drag

We design lighter vehicles to reduce energy demand, while maintaining high quality and safety standards. To do this, we reduce the weight of the components (bogies, gearboxes, battery modules, etc.) and adopt lightweight vehicle and system architectures.

We optimise vehicle geometry to reduce drag using CFD (*Computational Fluid Dynamics*) simulations.

Reduction of energy consumption of auxiliary equipment

We define different operating modes (parking, cleaning, maintenance, etc.) to activate only the auxiliary equipment necessary in each case and ensure that they operate efficiently.

To reduce energy consumption during operation, we implement strategies that allow auxiliary systems to operate at their optimal point and make the most of internal energy flows.

28 Values verified by testing according to the requirements of the UITP standard E-SORT1.

Efficient air conditioning and thermal insulation

We optimise the efficiency of the air conditioning system, second in energy consumption after the traction system, using efficient refrigerants that are respectful of the environment and improving energy efficiency by adopting various solutions such as the use of heat pumps and the regulation of outside air according to indoor CO₂ levels.

With the aim of improving thermal insulation, CAF installs insulating panels on the entire surface of vehicles and establishes maximum limits of thermal transmission in key components such as doors, windows and intercirculation corridors. For example, between 2019 and 2020, our buses experienced a 10% improvement in their thermal insulation thanks to various measures, such as changing the insulating material.

From 2023, CAF has started to use natural refrigerants in the air conditioning systems of its vehicles, replacing the current technology based on fluorinated gases that have a higher environmental impact in terms of greenhouse effect.

Efficient equipment sizing

In our vehicles we adjust the performance of the equipment according to needs to avoid oversizing that could lead to increases in weight and consumption. To this end, we have refined our dimensioning tools and monitor our vehicles during service to gain a better understanding of their operation and performance.

Our vehicles are not the only ones that have evolved to reduce their consumption. The following measures have been taken to improve energy efficiency in the design of the railway depots:

- Green roof to regulate the temperature of the building, improving energy efficiency due to its water retention capacity (cooling in summer) and contribution of thermal mass (heating in winter).
- Photovoltaic power plant on the roof.
- Sawtooth roof to let in natural light, reducing electricity consumption and creating a more comfortable and healthy environment for workers.

Deployment of sustainable alternative fuels

Offering our customers green alternatives to diesel propulsion is a key priority for CAF. In recent years, we have developed several new vehicles with reduced or zero emissions.

Buses and trains with on-board energy storage systems (batteries) stand out. To date, we have supplied more

than 2,000 such buses in more than 20 countries. Additionally, in 2021, CAF was awarded the world's largest contract for battery electric trains for the German transport authorities ZV VRR and NWL.

On the other hand, Solaris has deployed buses powered by Hydrogen and Compressed Natural Gas (CNG) in different European cities. Hydrogen vehicles are considered zero emissions as they emit only water vapor, while CNG vehicles reduce the emission of harmful particles.

In the bus segment, we have been pioneers in offering these technological solutions to the market, positioning ourselves as the European leader in zero-emission buses²⁹.

Furthermore, CAF has developed a prototype train powered by hydrogen that is being tested on track since mid-2022. This project (FCH2RAIL) is supported by the Clean Hydrogen Partnership (formerly FCH2 JU), an agency of the European Commission that promotes the development of hydrogen and fuel cells.

²⁹ Source: <https://www.sustainable-bus.com/news/solaris-man-byd-adl-heres-the-podium-of-the-european-electric-bus-market-for-the-first-half-of-2023/> accessed 01/15/2024.

FCH2RAIL hydrogen train prototype



The FCH2Rail project is carried out by a consortium made up of prominent companies such as CAF, DLR, Toyota, Renfe, Adif, CNH2, IP and Stemmann-Technik. This project, started at the beginning of 2021, aims to be completed at the end of 2024. With a budget of 14 million euros, it has financing of 10 million from the Clean Hydrogen Partnership, formerly known as FCH2 JU, an agency of the European Commission dedicated to the development of hydrogen and fuel cell technologies.

The initiative is based on a current Renfe commuter unit, where CAF has implemented an innovative solution to generate electric energy by hybridising hydrogen cells and batteries. This solution has been successfully integrated into the vehicle's existing drive system. After the static tests carried out at the CAF plant in Zaragoza and the first hydrogen supplies, dynamic tests began on a closed track in mid-2022. These tests have been fundamental to optimise the new system before the testing phase on representative lines of the General Interest Railway Network (RFIG), which began in 2023.

The beginning of this new stage of testing marked a significant milestone by obtaining the first authorisation from Adif for the test circulation of a hydrogen train in the RFIG. This achievement passed rigorous risk analysis and security validation processes inherent in the incorporation of new technologies. At the same time, Renfe train drivers and train managers have received the necessary training to operate the CIVIA train, converted into a bi-mode hydrogen train.

The CAF Group also supplies diesel vehicles with batteries to reduce fuel consumption (hybrid solutions), achieving consumption reductions of between 20-30%. In 2023, CAF has been awarded the first three-mode (electric/diesel/battery) Intercity train contract in the United Kingdom, with the delivery of 10 units to serve the East Coast Main Line.

Likewise, the diesel engines of the bi-mode trains supplied to the Nordic market can operate with paraffinic diesel or B30 biodiesel.

The focus on offering alternatives to diesel is not limited to vehicles. In our infrastructure activity, we have developed charging points for electric vehicles.

Additionally, in 2020, we created a tool to simulate the intelligent charging management of a fleet of electric buses and in 2021 another tool to simulate the refuelling of heavy hydrogen-powered vehicles, such as buses and trains. In 2022, we started the AVOGADRO research project on hydrogen refuelling stations (HRS), which has been extended throughout 2023. This project seeks to create a simulation model of the operation of these stations to define optimal refuelling protocols according to the operational needs of hydrogen train fleets. We are also carrying out a generic safety analysis for hydrogen refuelling stations, as they currently lack specific regulations.

Increased useful life and recyclability

Useful life

CAF Group vehicles are designed to meet the most demanding useful life standards on the market. Trains have a useful life that ranges between 30 and 40 years, while for buses it is 10 to 15 years. We achieve these life cycles through continuous improvements in the durability of components from their conception.

Structural elements of trains, such as the body structure, chassis and bogie axles, are designed, calculated, manufactured and tested to ensure durability. The rest of the train systems, such as couplings, propulsion systems, brakes, air conditioning, doors and control systems, are subjected to shock and vibration tests according to the IEC 61373 standard to ensure their resistance in service.

As for buses, new or significantly modified models undergo a 1 million kilometre road endurance test in various extreme conditions. This test seeks to adjust the vehicle to reach the standards expected by the design team and our clients, always guaranteeing maximum safety.

At CAF we are constantly working to improve the useful life of components that suffer wear and tear during use, such as batteries, wheels, tyres, axles, gearboxes, brake discs, seals, bearings, shock absorbers, bumpers, linings, gaskets, filters and lubricants. In addition, thanks to our extensive experience in the supply and maintenance of vehicles, we guarantee the optimisation of consumables (lubricants, sand, brake linings, etc.), thus reducing their consumption.

The service lives of our vehicles are linked to the respective Maintenance Plan. We have a department dedicated to improving the reliability, availability, maintainability (RAM) and life cycle costs (LCC) of our vehicles. CAF has its own maintenance optimisation process, which details the activities to analyse and implement improvements in the frequency of preventive maintenance, thus prolonging the useful life of the components involved. All the maintenance services we offer include the application of this process, to improve preventive frequencies and, consequently, increase the durability of the components.

On the other hand, the systematic monitoring of our vehicles allows us to detect early deviations, which makes it possible to take corrective actions based on years of data analysis. This action optimises maintenance strategies and leads to significant improvements in component life. For example, the Wheel Life Optimisation initiative has achieved improvements of 20 to 200% in wheel life, thanks to the development of knowledge, tools and optimised maintenance processes.

Recyclability

At the CAF Group we carefully select materials during the design stage, following ecodesign principles and considering their recyclability, always respecting technical and functional requirements. We are committed to designing products that can be easily disassembled at the end of their useful life and, where possible, we use homogeneous materials to facilitate separation and recycling.

Our trains have high rates of recyclability and recoverability, ranging between 90.8% and 93.9% in recyclability, and between 94.7% and 98.7% in recoverability, according to the Environmental Product Declarations (EPD) made.

In addition, we generate recycling/end-of-life manuals at the client's request. These manuals offer detailed instructions on how to proceed at the end of the life of the vehicle and the materials used in operation and maintenance. This manual includes instructions for the proper disassembly of each item into its minimum parts and the appropriate final management treatments applicable to its composition, which may be (in order of preference): a particular known and applicable recycling process, energy recovery, or final disposal in a landfill or with an authorised manager.

Solaris buses also show high recyclability and recoverability rates, between 94.9% and 95.1% in recyclability, and between 95.9% and 96.1% in recoverability, according to the EPDs carried out. We guarantee the recyclability of the components of our vehicles by marking parts made of metals, plastics and elastomers, complying with applicable regulations.

In relation to battery recycling, we have established agreements with specialised and authorised partners for the treatment of waste batteries and accumulators, complying with ISO 9001, ISO 14001 and the applicable regulations for Batteries and Accumulators. By processing batteries, we recover metals (aluminium, zinc, cadmium, cobalt, lithium, copper, nickel, lead, manganese, brass, mercury, etc.) and other materials (plastics, paper, etc.), promoting reuse in various industrial processes and contributing to the saving of natural resources, energy and water.

In addition, we are working on finding a second life for our batteries to increase their useful life. In partnership with an energy holding company, we are developing an innovation project to reuse the batteries of Urbino electric buses in new applications such as the stabilisation of electrical networks in modern energy distribution infrastructures.

On the other hand, our vehicles are mainly made up of metal parts with a recyclability rate close to 100%, which also include a high percentage of recycled material. As an example, a study on the recycled material content in the stainless steel structures of our buses reveals a range of recycled content between 89.8% and 93.9%. This recycled material content is not limited to metal parts. For example, plastic inspection hatches on buses include 50% recycled material in their composition.

Reduction of noise and vibrations

Noise, in addition to affecting humans, influences nature by altering the habitats of animals and ecosystems.

The main sources of noise in a vehicle³⁰ come from its equipment, rolling and aerodynamics. At CAF, we have a specialised noise and vibration area dedicated to reducing noise levels both inside and outside the vehicle, as well as minimising vibrations transmitted to the ground. From the initial phase of the project, this team collaborates to achieve an optimal design that meets regulatory and contractual standards, continually improving the acoustic and vibrational performance of our products. Additionally, our technical team has developed knowledge, tools and methodologies to accurately predict the noise and vibration levels of our solutions.

To reduce noise levels, our team exhaustively analyses the causes (through calculations, wheel-rail interaction studies, etc.) and applies effective mitigation measures: use of insulating and absorbing materials, vibro-acoustically optimised construction solutions, efficient aerodynamic shapes and optimised rolling profiles,

among others. We develop internationally recognised tools such as DARDAR and CRoNoS to minimise rolling noise and vibrations transmitted by trains. Additionally, we continue to improve our current tools and methodologies, including modeling public address systems to ensure effective message delivery, especially to people with hearing impairments. During 2023 we have made progress in the development of the CAF Virtual Noise Suite package, which brings together various simulation tools for interior and exterior noise, ground and vehicle vibrations, and speech clarity.

Once manufactured, our trains undergo static and on-track noise testing to validate compliance with contractual and regulatory requirements.

In addition, our buses are subjected to the "1 million kilometre test", a rigorous road endurance test that is carried out for every prototype and relevant design modification. This test is carried out on different types of pavements and extreme conditions to perfect the design, reach the standards expected by the company and its customers, optimising driving, and minimising the noise and vibrations generated. Among the improvements made to reduce the noise generated by electric buses between 2018 and 2022, those related to the selection of absorbent materials, insulators and suspension elements stand out, as well as improvements in the cooling and thermal conditioning system of the batteries.

Road tests have shown that zero-emission buses equipped with an electric motor generate significantly less noise than their conventional equivalents with combustion engines.



30 Regarding our facilities, the preventive and control measures established in the applicable permits are carried out to minimise noise pollution.

6

OUR COMMITMENT TO PEOPLE

6.1 People

6.2 Occupational Health and Safety

6.3 Product quality and safety

6.4 Product cybersecurity

6.5 Society



6.1 PEOPLE³¹[2-7, 2-30, EG 401, 401-1, 401-2, EG 402, EG 404, 404-1, 404-3]

The people who make up CAF are key to the development of a sustainable project and, being consistent with this principle, CAF establishes commitments in this area in the [Sustainability Policy](#) and in the [Code of Conduct](#).

These commitments are mainly 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.

In this area, the following risks related to the adequate professional development of employees are identified: (i) staff turnover (ii) insufficient training and professional development (iii) lack of diversity and equal opportunities.

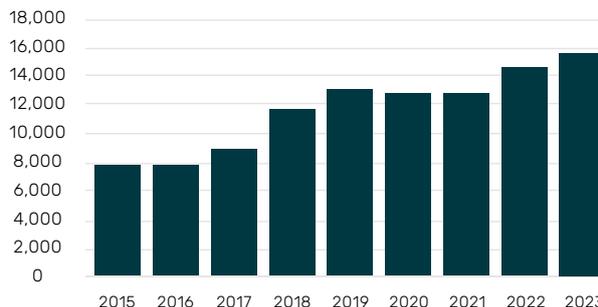
The impacts derived from such risks may result in reduced employee productivity, deterioration in employee loyalty and motivation, and fines related to compliance with labour regulations. Since these risks and their impacts materialise gradually over time, this will occur in the medium term.

The aforementioned policies, [Code of Conduct](#) and processes, specify the basic principles of action, procedures and controls necessary to deal with people-related issues.

The corporate risk assessment 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.

6.1.1 Talent attraction

Evolution of the workforce 2015 - 2023



In 2023, the Group's average number of employees increased to 14,911 and to 15,451 as at 31 December. The workforce at the end of the period increased by 925 people, thus adapting to the Group's needs in its various activities and geographies.

The change in staffing levels in 2023 responds to the need to respond to the implementation of the project portfolio. Growth is monitored for adequate growth in both the rail and bus segments and in corporate functions.

Talent acquisition is one of the key levers for meeting the business challenges of the Group's various activities and special focus is placed on both its execution and on improving its performance. CAF has a specific appointments activity, included in the people management process, which defines the common corporate framework for appointments 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. Through this process, equal opportunities in access are guaranteed.

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 2023, 2,129 recruitment processes were carried out in the Group's various activities.

31 Detailed tables of the indicators in this section can be found in Annex 9.4.3.

Turnover in the Group has been 8.5%, which is broken down into 7% voluntary turnover and 1.5% non-voluntary turnover. Within the non-voluntary turnover, dismissals account for 63% of these departures. This type of non-voluntary dismissal affects 1% of the workforce, a reduction of 2 percentage points compared to the previous year. The adjustment of capacity to the needs of ongoing projects is the main reason for these workforce reductions. This adjustment is smaller than in the previous year.

Definition of CAF's talent attraction strategy



During 2023, an initiative has been developed to define a **shared corporate talent acquisition strategy** to ensure business growth with a focus on key geographies. The long-term vision has been incorporated and synergies have been captured by taking advantage of the knowledge and experience of the set of activities in the different geographies.

As part of this initiative, a new value proposition for employees has been defined. This value proposition pivots on the following four elements:

1. **Trust in a Better World.** Sustainable mobility and its positive impact on the environment stands out as an element of pride and differentiation for the people of CAF.
2. **Challenge in Motion.** Innovation and technology is present in CAF as a constant challenge that offers opportunities for learning and professional growth.
3. **Trust in Your Future.** The company's history reinforces the stability offered by the project and its long-term vocation.
4. **People in Motion.** CAF teams thrive in a diverse and collaborative environment with special care for health and safety at work.

In addition, a **strategy has been defined to increase the perceived value of working at CAF** for both candidates and current employees. The deployment of this strategy is based on three axes: **communication, attraction and loyalty**, and it is embodied in a plan of initiatives combining global and local activities that have already been launched. The deployment of a **new technology-supported recruitment** and selection process in most of the Group's activities and the definition of a **brand strategy** are examples of this.

Finally, in this chapter, it is worth mentioning a common indicator in the realm of human resources such as the absenteeism rate. This indicator measures the hours lost in relation to the theoretical hours. This year, this rate stood at 5.1% in the Group (in 2022: 5.9%)³².

6.1.2 Quality employment

Quality and stable employment continues to be a characteristic that CAF is committed to. 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 94%, an increase over the previous year (93%). If we look at the distribution by gender, age, professional group and region, the percentage of permanent contracts has increased³³.

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 reflected in the Group's defined and applicable remuneration and industrial relations management policy and guidelines. 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 present 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. 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. It also includes measures concerning the right to digital disconnection.

6.1.3 Talent development

The skilling of CAF professionals is another critical element, and the training process is a key element in skills-building activities. This is evident both in the parent company and in the set of national subsidiaries linked to its main activities.

In order to ensure an effective and efficient training plan, three large blocks of activity are defined within the process that are periodically monitored through 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 2023, progress continued to be made in the deployment of a more flexible learning model combining different formats such as face-to-face, virtual and training through CAF's e-learning platform. During 2023, there have been relevant advances in the use of technology based on artificial intelligence for the generation of content and its location in different geographies. Nearly 500 pieces of content have been generated to facilitate the implementation of new processes and tools and to accelerate onboarding plans.

At Group level, more than 230,000 training hours were received, with each person having received an average of 20 hours of training³⁴, two more than in the previous year. In terms of gender, women have received on average 5 hours more training than men. The average number of training hours for employees has been higher on average, receiving 26 hours of training, four hours more on average than operators.

Similarly, the satisfaction results and the effectiveness of the training actions as a whole exceed the objectives set in the people process for the period 2023, standing at 8.6³⁵ in both cases.

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-five percent of people from both the parent company and all national and international companies

³² The absence rate for 2022 and 2023 corresponds to 88% of the group's average workforce and takes into account hours lost due to accidents and illnesses, which amounts to 1,109,708 hours lost.

³³ 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.

³⁴ Data representative of 80% of the Group's workforce.

³⁵ Data relating to those sites where the system of evaluation of the training received is implemented.

have received an evaluation, following the defined systematic approach³⁶. 74% of women have received an evaluation and 90% of men. Likewise, 100% of workers have been evaluated in 2023, as well as 74% of 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 2023, improved and reinforced evaluation processes have been launched in the Group's main activities, continuing with their deployment in the following period. The evaluation processes launched have been adapted to the needs of the different activities and groups. Self-assessment by employees, calibration processes, the deployment of the objectives included in the annual plans to people and/or the promotion of continuous feedback are elements on which improvements have been included.

Creation of Talent Hub, the CAF Group's learning ecosystem



The **creation of the Talent Hub is the most relevant strategic initiative** in the field of people development that aims to accelerate talent and add value to achieve the objectives of CAF's businesses and activities as a whole. Behind four strategic axes: commercial focus, operational efficiency, innovation and sustainability, there are ambitious challenges and objectives that demand the agile development of increasingly complex knowledge and technology.

In this context, Talent Hub will facilitate **ongoing talent development** in all areas. Managing learning processes in a **holistic, agile and practical way** is critical for teams to contribute the most and be competitive in markets with the best solutions and services.

Talent Hub was officially launched last October, and has already begun its activities. In addition to **deploying the** Talent Hub identity in all the learning activities that CAF has been developing and thus being able to transmit the commitment to the employability and development of people consistent with CAF's values and strategy, work is being carried out on **three initiatives** that have been prioritised:

- Development of a **values-aligned leadership programme** that is consistent with the leadership model we have defined. This programme will be deployed in different activities and geographies for different segments.
- Definition of a process and a methodology for the **development of induction programmes**, supported by technology to accelerate the acquisition of the necessary knowledge for new recruits and for the needs arising from internal mobilities. It includes both general and technical knowledge.
- Implementation of a methodology that allows the **development of key knowledge** at different stages of the professional career in an accelerated manner and adapted to business needs.

These are three of the initiatives, but they will not be the only ones. Talent Hub is an **investment in the future**.

36 Data relating to those sites where the performance appraisal system is in place.

6.1.4 Internal mobility

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.

In 2023, the dynamic 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.

In this area, during 2023, the process by which successors are identified for those positions that are considered critical has been reinforced. This process started to be rolled out in 2023 and will continue in the following period as it is designed to be global. This activity is part of the initiative that aims to adopt good practices in talent management.



6.1.5 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.

In 2023, the procedure for the constitution of a European Works Council in the CAF Group began, in accordance with the provisions of Directive 2009/38/EC of the European Parliament and of the Council, on the constitution of a European works council in companies and groups of companies with a community dimension, as well as Law 10/1997, on information and consultation rights of workers in companies and groups of companies with a community dimension, in accordance with the regulations applicable in this matter. At the end of the year, the election and/or appointment of the members of the negotiating committee has not been completed.

In 2023, all employees of the parent company and the national subsidiaries of all the Group's activities are covered under sectoral or company collective agreements, which as a whole are of general application to all workers. At the international level, collective bargaining on different issues (pay, working time and working hours) is also noteworthy in different geographies. 70% of the CAF Group's workforce is subject to a collective agreement.

In addition, with the aim of promoting internal communication in a systematic, agile and widespread manner, adapted to current habits, throughout 2023, constant communication has been maintained through the publication of nearly 500 news items in the CAF Group's communication application.

In addition, since 2018 and at least every two years, studies are systematically launched on the perception of CAF people on aspects related to management practices and their leaders, organisational culture, satisfaction, commitment, etc., in all relevant Group activities. In 2023 this activity has a scope of 94% of the consolidation perimeter. Additionally, and as in 2022, direct communication activities have continued to be promoted both in virtual and in-person formats.

6.1.6 DIVERSITY AND EQUAL OPPORTUNITIES

[EG 202, 202-1, EG 405, 405-1, EG 406, 406-1, 2-21]

6.1.6.1 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 2023, women represented 22% of new hires to the CAF Group, raising the overall presence of women in the Group's workforce that has increased slightly to 17%.

Likewise, equal access for men and women to training is guaranteed, in order to promote the development of their professional career and its adaptability to the requirements of jobs, improving their 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 will adopt the appropriate measures and decisions in the event of any action that constitutes or causes discrimination based on sex.

In order to keep a comprehensive control of these commitments and their respective initiatives, all Group companies at year-end complied with the legal regulations regarding the development of equality plans and have various management mechanisms in place, such as the protocol for action in the event of sexual harassment or gender-based harassment and equality commissions,

with representation from the company and employees, to prevent and, where appropriate, resolve cases of sexual harassment and gender-based discrimination in the workplace. Noteworthy due to its size at the Parent Company 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 in the CAF Group are included in the [Code of Conduct](#). Within this framework, in 2023, three actions were initiated in relation to harassment for reasons of gender, sexual orientation, identity and/or expression, which have been investigated internally, processed and resolved by applying the relevant employment measures.

6.1.6.2 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 employees³⁷ amounted to €43,299.

³⁷ All annual fixed remunerative items for full-time employees available to all the Group's employees were used. It includes short-term variable concepts linked to an evaluation of objectives considering the amount at 100% achievement. The average exchange rate for the year was used to translate the data to euros.

	2023	2022	2021
Average remuneration	43,299	41,128	38,353

The salary gap in the Group's activities as a whole is 0.4%. Changes in the configuration of the workforce with a greater presence of female employees have had an impact on the average remuneration of this gender, reducing the gap of the previous period.

	2023		2022	2021
	REMUNERATION AVERAGE €	GENDER PAY GAP	GENDER PAY GAP	GENDER PAY GAP
BY GENDER³⁸				
Female	43,141	0.4%	1.4%	-0.5%
Male	43,332			
BY AGE				
Less than 30 years	28,850	-8%	-7%	-8%
30-50 years	44,275	-4%	-3%	-5%
Over 50 years	50,781	12%	9%	7%
BY PROFESSIONAL GROUP				
Employee	50,881	16%	17%	16%
Operators	33,547	15%	16%	10%

The average remuneration by age at the CAF Group³⁹ reveals a correlation between age and remuneration earned, as shown in the table. Likewise, as regards the gender pay gap, if we analyse the data by age bracket, in the under-30 segment the pay gap is negative (-8%), with women being paid more than men. The gap is also negative in 30–50 years of age segment (-4%). However, in the over 50 years of age segment women's remuneration is lower, with a positive gap of 12%.

Remuneration in the CAF Group for professional groups is organised into two broad categories: employees⁴⁰ and operators. The average remuneration for employees is €50,881 compared with €33,547 for operators. In both groups, as in previous periods, the gender pay gap is positive. Within the employed group the gap is 16% and in the blue-collar group it is 15%, in both cases narrowing slightly.

If we analyse the data by group, the seniority factor is identified as one of the causes of the gender pay gap. On average, men's length of service across all CAF activities is 25% higher among employees and 26% among operators.

	2023	
PROFESSIONAL GROUP	GENDER PAY GAP ⁴¹	DIFFERENCE IN LENGTH OF SERVICE ⁴²
Employee	16%	25%
Operators	15%	26%

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 0.4% lower than the average total remuneration of men, when comparing the averages of both groups by professional category, the difference widens. The reason is the lower number of women compared to men in general (17% of the total are women), as well as their asymmetric distribution by professional group. The following table shows the distribution of the workforce by professional group and gender at the end of the year.

³⁸ The data on the wage gap for 2021 and 2022 are those published in the 2022 Non-Financial Information Statement.

³⁹ The gender pay gap was calculated on the basis of all employees, including senior management and executive directors and senior managers.

⁴⁰ The Professional Group of Employees includes University Graduates, Middle Management and Administrative Staff.

⁴¹ (Average Remuneration of Men by Group – Average Remuneration of Women by Group) / Average Remuneration of Men by Group.

⁴² (Average Length of Service of Men by Group – Average Length of Service of Women by Group) / Average Length of Service of Men by Group.

PROFESSIONAL GROUP	2023	
	FEMALE	MALE
Employee	90%	49%
Operators	10%	51%
Total	100%	100%

This is due to the fact that the majority of women belong to the employees' category (specifically 90%) and the average remuneration for the this category is higher than that of the operators' category. Meanwhile, 51% 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 Report on Corporate Governance of Listed Companies.

Finally, within this chapter, the ratio between the remuneration of the highest paid person and the average remuneration of his or her employees ("CEO to worker compensation ratio") is 18.6. For its calculation, the CEO's remuneration included in the Annual Report on Remuneration of Directors (ARRD) and the average of the remuneration accrued corresponding to the rest of the Group's workforce have been taken as a reference.

6.1.6.3 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.

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 disability⁴³ and through the adoption of alternative measures envisaged in current legislation.

6.2 OCCUPATIONAL HEALTH AND SAFETY

[GRI 403, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10]

In the CAF Group, we know that carrying out our activity can generate risks for the health and safety of people, so we work to develop actions that build safety, promoting measures that contribute to protect people against occupational risks.

In the activities of the CAF Group, workers and subcontractors are exposed to different health and safety risks at work. 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 (OHS) 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, ergonomics, hygiene and psychosociology risks to which our workers and subcontractors are exposed are of a different nature.

Given the diversity of activities and locations in which we operate, and the Health and Safety of our employees being one of our main challenges in the CAF Group, we have a [Corporate Occupational Health and Safety Policy \(OHS\)](#) and controls to ensure compliance with the applicable legislation in this area in the geographies where we are present.

6.2.1 Occupational health and safety policy [GRI 403-1]

[The Corporate Occupational Health and Safety Policy \(OHS\)](#) (available www.caf.net) applies to all the people who form part of our Organisation, including both workers and subcontractors, and covers all the companies that make up CAF. The Policy aims to guarantee the health and safety of people, highlighting its commitment to use the means to eliminate or reduce occupational risks by promoting a preventive culture among those who work at CAF. Likewise, this Policy complies with international OHS standards and regulations, taking as a reference international organisations such as the World Health Organisation (WHO) or the International Labour Organization (ILO), among others.

Through the deployment of the Corporate OHS Policy that we are carrying out in the Group, we are responding to the commitments established, taking as a reference the basic principles of action included in this policy and developed in the Manual for the Development of the Corporate OHS Policy.

Both the Corporate Policy and the Development Manual have been prepared within the Corporate Forum on OHS, 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 we are driving the deployment of the Corporate Policy in the Group.

Throughout 2023, improvement action plans have been carried out to achieve the objectives set in order to achieve alignment with the Policy. Through these action plans, significant progress has been achieved in the Group's businesses with respect to the principles defined in the Policy. In addition, during the year, the unified occupational health and safety risk management methodology for the CAF Group was updated and its deployment began in the Group's most representative companies.

43 The CAF Group employs 135 people with certified disabilities (149 in 2022).

6.2.2 OHS management systems

[GRI 403-1, 403-8]

One of the principles of the OHS Policy is to establish or reinforce OHS Management Systems focused on continuous improvement, and that contribute to integrating the preventive culture into all of its activities. Through these management systems, the applicable legal requirements are identified and evaluated, with periodic monitoring of 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 manage prevention in company activities and decisions, technical processes, work organisation and development conditions, and promote hierarchical integration: executive, management, employee and trade union representative.

To this end, the human and material resources necessary to achieve these objectives are made available.

To achieve zero accidents and improve occupational health and safety conditions, and responding to the principles of the OHS Policy, at CAF we have implemented OHS Management Systems and we promote their extension.

In the field of OHS, the Group has certifications and evaluation and monitoring mechanisms that go beyond the legal requirements in each of the countries in which the Group is present. Accordingly, in 2023, we achieved its target of 75% of the total workforce covered by an OHS management system certified under the requirements of the ISO 45001:2018 standard. The achievement of this objective is due, in large part, to the certification obtained in vehicle manufacturing plants, such as CAF Reichshoffen and CAF France. With these milestones, we have managed to certify the majority of vehicle manufacturing plants in this standard. Looking ahead to 2024, we will continue to extend this certification to other national and international subsidiaries of the Group.

CERTIFICATE	2024 TARGET ²	GOAL 2023	2023	2022	2021
ISO 45001:2018 ¹	77%	75%	75%	68%	52%

1. % of the workforce

2. The objective for the year 2024 is estimated based on the current workforce of the year 2023.

Internal audits are conducted at all the plants in order to perform an internal follow-up of the management system implemented, or in the process of being implemented, as per the requirements of the ISO 45001:2018 standard, and the legal requirements applicable according to the legislation in force in each country. Qualified internal auditors evaluate the effectiveness of the management system and the correct application of CAF policies. As a result of these internal audits, corrective actions are established to remedy any non-conformities that may have been identified and improvement actions for the management system.

Furthermore, in addition to the audits of the management systems that are carried out, legal audits are conducted in those companies where applicable, in compliance with the legal requirements applicable in those countries.

The OHS management system is structured to develop, implement and supervise activities that constitute a systematic prevention of work accidents, occupational diseases 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 its employees but addresses issues to prevent or mitigate the risks of workers from other companies that carry out their activities at CAF's facilities and those who visit CAF's facilities. To this end, within the management system, the measures and means of coordination with these companies are established regarding the application of regulations on occupational risk prevention and the coordination of business activities. It also includes procedures for managing visits to CAF facilities in terms of information on the risks and prevention measures to be adopted.

6.2.3 Preventive activities and prevention plans

Risk assessment [GRI 403-2]

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. After identifying the risks by workplace, job or activity, whether in terms of safety, hygiene, ergonomics or psychosociology, an assessment is made of these risks, which include, among others, those that can lead to an injury due to an accident at work with major consequences⁴⁴. 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 of the company's own workers and those of subcontracted companies, managed through the coordination of business activities.

Once the risk assessment has been carried out, employees and non-employees whose work or workplace is controlled by CAF are informed of the risks arising from the risk assessment and of the prevention, protection and emergency measures to be taken. The people who assess the risks are those who have the necessary training and skills as established in the corresponding legislation. 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.



Ergonomic analysis to reduce musculoskeletal injuries



In 2023, we have reinforced and expanded the performance of ergonomic analyses of working postures during manufacturing operations, using the data obtained in the task validation processes in the industrialisation of work processes. To this end, we have carried out observations of the execution of these online operations to improve the manufacturing process ergonomically and reduce musculoskeletal injuries generated by the adoption of inappropriate postures.

⁴⁴ Accident injury with major 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.

Occupational health services [GRI 403-3, 403-6]

At CAF we have occupational health services in the Group companies, complying with the legal requirements applicable in each of the corresponding countries.

In particular, at the parent company we have our own Prevention Service for our Beasain and Irun plants, where we take on the specialities of Occupational Safety and Industrial Hygiene, the rest of the specialities being contracted with an external prevention service, as well as our own Prevention Service at the Zaragoza plant, where we take on the specialities of Occupational Safety, Industrial Hygiene, Ergonomics, Psychosociology and Health Surveillance. In these services, we have competent and qualified personnel to perform the corresponding functions, as well as sanitary services authorised by the competent authority in each case, to guarantee a quality service and allow workers to use them.

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. In the annual plans we include lines of action and specific actions to guarantee health surveillance that covers all workers and that complies with the applicable legal requirements.

The occupational health services of each Group company are responsible for carrying out health surveillance of workers, in compliance with the 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 "the scheduled health examination"; "health consultations on demand" and the carrying out of "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. These documents set out all the details of its development and cover all the factors involved in monitoring the health of workers. Likewise, they consider the current legislation in each case, the guides and protocols published by the health authorities of each country, and serve as a reference for carrying out periodic health examinations as a fundamental tool for health surveillance.

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 that we carry out in the Group companies, as an example to be highlighted, we have procedures for action in situations of pregnancy and breastfeeding, which are generally aimed at 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.

Thus, we have procedures for the labour adaptation of sensitive workers or workers with psychophysical limitations, whose objective is to establish the mode of action for workers who are sensitive to risk factors at work and for those with physical or psychological limitations in order to assign them to suitable jobs 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, we define the objectives to be met in this area, 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, our objective is to collaborate with the national health system in promoting healthy lifestyles that improve the physical and mental well-being of workers. At the parent company, we include these activities in the annual Occupational Risk Prevention Plan and report on its development 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.

Ergoathlon Programme



This is a pilot initiative that we launched in 2022 and that we have extended throughout 2023 at the headquarters of the parent company. 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. For this purpose, we set up a specific installation in the factory where the machines used for the programme were placed.

Several groups of workers participated in the programme, reaching some 90 people. The experience is well appreciated by the participants, and the data extracted from measurements of different factors related to mobility, strength and pain perception have been very positive, and are substantially improving all the above factors. Based on these positive findings, we will continue to strengthen this project throughout 2024.

With regard to health promotion, we should add that in the rest of the Group's subsidiaries we are also tackling this type of activity with campaigns that aim to promote and provide guidelines to ensure that employees acquire healthy habits both at work and in their personal lives.

OHS Social Dialogue and Communication

[GRI 403-4]

In the field of OHS, we promote social dialogue managed through formal worker/company committees. Each of the main manufacturing plants of CAF's rail vehicle and bus activities, as well as the signalling activities, turnkey projects and the subsidiaries of the railway maintenance services activity, have an Occupational Health and Safety Committee, with the participation of the Management, the prevention delegates, the prevention service and, where appropriate, those responsible for the activity. These committees are responsible for collecting information from the different operational levels and approving occupational risk prevention plans, involving workers in their definition. These committees also adopt the appropriate decisions and follow up on the proposed actions, pursuing achievement of the objectives set.

In other Group companies, we have 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 enable the representation of the 95%⁴⁵ of the Group's total employees in the field of OHS.

In addition, in the OHS management system, we have tools and communication channels for notifying situations of danger or incidents, and for proposing measures and actions to reduce risks and avoid incidents or accidents that cause damage to people's health. These are specific working and management forums where we discuss OHS issues, where workers can report hazardous situations, both directly and through workers' representatives in the various consultation and participation bodies available, ensuring that workers are protected from any kind of retaliation. In these forums and through the existing communication channels, we carry out informative campaigns on the need to report this type of incidents in a process of continuous improvement, and to avoid damage to people's health.

Prevention Plans [GRI 403-1, 403-2]

Based on collaboration with the social partners and social dialogue in OHS matters and with the aim of reducing the accident rate and improving working conditions in the plants, we set up different lines of action that we integrate into the annual Occupational Risk Prevention Plans, which constitute the planning of the preventive activities to be carried out in each of the Group's companies.

This planning of preventive activity includes specific objectives, with dates of completion and periodic evaluation of their fulfilment. 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. In locations where there is no Occupational Health and Safety Committee, this monitoring is carried out through the forums defined for the consultation and participation of workers.

Preventive risk control activities [GRI 403-2, 403-7]

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. We collect all these activities in the annual Occupational Risk Prevention Plans.

Safety inspections of workplace conditions or places allow for the dynamic and effective assessment of occupational risks in different work areas. We carry out these inspections periodically, in accordance with the annual plans and the planning of preventive activities, and subsequently follow up on the corrective measures and anomalies identified during the inspections.

Work observations are carried out as a complement to safety inspections, in order to complete effective control of workplace risks. This activity aims to observe tasks to detect and report unsafe situations or behaviours in the processes that may result in harm to people or things. Analogous to safety inspections, task analysis is carried out periodically to check that the worker's manner, safety instructions or any specific instructions received by workers are being carried out correctly.

Additionally, in several Group companies, safety walks are being carried out by those responsible in the workplaces. These walks are intended to observe the tasks and identify the improvements necessary to carry out the work safely, encourage participation and communication with workers, as well as to demonstrate the preventive commitment of Management and improve its relationship with workers. These types of activities are one of the levers that help us generate a positive preventive culture.

⁴⁵ In 95% 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.

On the other hand, and within the framework of the annual Prevention Plans, we manage personal protective equipment (PPE). Taking as a reference the evaluation of risks in the workplace, from the point of view of hygiene (presence of contaminants) or from the point of view of safety (situations that may cause an accident), we define the degree of protection necessary to specify the appropriate equipment. Once defined, we train and inform the operators on the correct use and maintenance of these and, through the different preventive activities of the system, we monitor the use of these by the workers.

Likewise, through the development and definition of safety procedures and instructions, we establish the preventive measures to be adopted in the work processes and operations that we consider critical. These specific documents are available together with the rest of the management system documentation, and we transmit the information on the risks and preventive measures contained in them 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, we have specific procedures 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 in accordance with the Annual Drill Plan included in the annual Occupational Risk Prevention Plan at each headquarters, we carry out training actions in environmental awareness talks and training in OHS, fire extinction and first aid.

With regard to the risks arising from the supply of equipment or materials that may be integrated into CAF's manufacturing processes due to commercial relations with its suppliers, CAF has control mechanisms and procedures to identify and evaluate them, and to define prevention and protection measures to reduce them. In the case of incorporating a product or chemical substance into the production process, we establish methodologies to control and manage its purchase

and introduction, where we establish the criteria for the technical definition and purchase of products and chemical substances. Conversely, if it is a question of incorporating new work equipment, machinery or installations subject to industrial regulations and their subsequent modifications, we establish mechanisms to ensure that they comply with the minimum conditions required to guarantee the health and safety of operators and other persons 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. Thus, we have specific procedures for the design of new workplaces where we establish considerations for the design of workplaces that eliminate or reduce occupational health and safety risks at their source.

OHS training [GRI 403-5]

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. We integrate this training into CAF's annual Training Plan. We have a training/information process on risks, prevention measures, protection and emergency measures to be adopted in the workplace, which we carry out for new employees through an onboarding programme. In addition, depending on the tasks to be carried out by the worker and the risks present in his/her job, we provide specific training in occupational risk prevention, and we update it when new risks appear or there are changes that require updating the training.

At the same time, awareness-raising actions are carried out through training, awareness-raising talks, welcoming plans, workers' meetings, etc.

The training of workers is oriented to the risks that are present in their activities, such as the specific risks of the position, action in emergencies (including fire drills) and first aid, training in prevention of musculoskeletal injuries, in the use of work equipment, at heights or electrical risk, hygienic risk and use of chemical products, among others.

OHS training with virtual reality practices



In the last financial year, OHS training has been provided by incorporating virtual reality practices and dynamic exercises to facilitate learning in the training sessions, which have been very positively evaluated.

Different scenarios are used, simulating situations in which the assistant has to identify risk situations in a hypothetical situation during manufacturing and/or maintenance activities, and even make decisions about the risks and preventive measures to be adopted in these situations.

These tools have been incorporated into the training that is being given according to the training plan, with which we are receiving a very positive assessment, making the training given more effective.

Incident management [GRI 403-2]

Relevant activities of the management system include the investigation of accidents and incidents, the aim of which is to take the necessary measures to prevent their recurrence by obtaining data to define the facts, identify the hazards, assess the risks and establish the basic causes that gave rise to them. The investigation process is carried out in accordance with the criteria established in the specific procedures defined for this process. We analyse accidents and incidents as a whole to detect the organisation's critical points and repetitive root causes, following up on corrective actions. In addition, we carry

out regular statistical analyses of accidents that have occurred in Group companies. Finally, to adopt the measures derived from this process and determine the necessary improvements to the occupational health and safety management system, we take into account the same hierarchy established above. With regard to the reporting of incidents and in order to convey the importance of reporting such situations, we conduct information campaigns 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 [GRI 403-2]

In line with what is included in one of the basic principles of action of the Corporate OHS Policy, in relation to building a positive preventive culture, throughout 2023 we have continued with projects to improve the preventive culture 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 2023 we have continued with the implementation of the plan, which includes specific activities to be carried out. On the other hand, in several Group companies, we have launched processes to diagnose the situation of the preventive culture, through the NOSACQ-50 questionnaire (*Nordic Occupational Safety Climate Questionnaire*), which is used to know the preventive climate of an organisation. Through these processes, we are developing and implementing improvement plans.

In 2024, we will continue with the action plans defined, which will include actions aimed at improving their level of preventive culture.

6.2.4 OCCUPATIONAL RISK PREVENTION IN FIGURES [GRI 403-9, 403-10]

In relation to the accident rate objectives, we mainly measure three indicators:

- Frequency index.
- Severity index.
- Absolute frequency rate.

The tables below show the evolution of these indicators, both for CAF employees and for workers who are not directly employed by CAF, separately and jointly. The rate of identified occupational diseases is also presented.

CAF GROUP (CAF WORKFORCE)									
INDICATOR	2023			2022			2021		
	M	W	T	M	W	T	M	W	T
Frequency Rate ¹	16.9	2.25	14.1	17.66	2.70	15.16	19.68	2.20	17.28
Severity rate	0.44	0.06	0.37	0.41	0.09	0.35	0.46	0.05	0.40
Absolute frequency rate	65.96	9.01	55.13	60.0	8.91	51.44	68.29	8.43	60.09
Occupational illness rate	12.96	3.90	11.4	18.17	0.00	15.26	10.60	0.00	9.10

WORKERS WHO ARE NOT DIRECT EMPLOYEES OF CAF									
INDICATOR	2023			2022			2021		
	M	W	T	M	W	T	M	W	T
Frequency rate	16.25	8.55	14.96	9.53	7.40	9.09	21.74	17.36	20.50
Severity rate	0.4	0.18	0.37	0.20	0.49	0.26	0.47	0.11	0.37
Absolute frequency rate	25.12	14.67	23.36	14.76	12.95	14.39	48.06	26.04	41.82
Occupational illness rate	0	0	0	0	0	0	0	0	0

CAF GROUP (CAF STAFF) & WORKERS WHO ARE NOT DIRECT CAF EMPLOYEES ²			
INDICATOR ³	2023		
	MEN	WOMEN	TOTAL
FREQUENCY RATE	16.75	3.23	14.23
SEVERITY RATE	0.43	0.08	0.37
ABSOLUTE FREQUENCY RATE	58.75	9.89	49.65
OCCUPATIONAL ILLNESS RATE	9.51	3.22	8.53

1. Goal 2023: 14.5.

2. No history is available as this is the first year that these indicators have been calculated jointly for the CAF workforce and other workers who are not directly employed by CAF.

Below is the information on work-related injuries over the last few years and their evolution, for CAF employees and workers who are not direct employees of CAF, separately and jointly.

CAF GROUP (CAF WORKFORCE)										
INDICATOR		2023			2022			2021		
		M	W	T	M	W	T	M	W	T
Fatalities as a result of a work-related injury	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)	No.	1	0	1	0	0	0	0	0	0
	Rate	0.05	0	0.04	0	0	0	0	0	0
Recordable work-related Injuries	No.	319	10	329	1,104	33	1,137	1,173	23	1,196
	Rate	16.9	2.25	14.1	60.0	8.91	51.44	68.29	8.43	60.09
Occupational Diseases	No.	16	1	17	20	0	20	11	0	11
	Rate	12.96	3.90	11.4	18.17	0	15.26	10.60	0	9.10

WORKERS WHO ARE NOT DIRECT EMPLOYEES OF CAF										
INDICATOR		2023			2022			2021		
		M	W	T	M	W	T	M	W	T
Fatalities as a result of a work-related injury	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)	No.	0	0	0	0	0	0	0	0	0
	Rate	0	0	0	0	0	0	0	0	0
Recordable work-related Injuries	No.	66	7	73	31	7	38	42	9	51
	Rate	16.25	8.55	14.96	14.76	12.95	14.39	48.06	26.04	41.82
Occupational Diseases	No.	0	0	0	0	0	0	0	0	0
	Rate	0	0	0	0	0	0	0	0	0

CAF GROUP (CAF STAFF) & WORKERS WHO ARE NOT DIRECT CAF STAFF										
INDICATOR		2023								
		M	W	T						
Fatalities as a result of a work-related injury	No.	0								
	Rate	0								
Serious work-related injuries (excluding fatalities)	No.	1								
	Rate	0.04								
Recordable work-related injuries ⁴	No.	385								
	Rate	16.75								
Occupational Diseases	No.	16								
	Rate	9.51								

3. Frequency rate: no. of accidents with leave * 1.000.000/hours worked (HW); Severity rate: no. of days lost * 1.000.000/HW; Absolute Frequency Rate: no. of recordable accidents * 1.000.000/HW; Occupational illness rate: no. of occupational illnesses * 1.000.000/HW.

4. There is no history available for this indicator as this is the first year that it has been calculated jointly for the CAF workforce and employees who are not directly employed by the Group.

In 2023, there have been injuries due to accidents at work with major consequences in one case.

The main types of occupational injuries that occurred in 2023 among CAF employees were mainly of the following types:

- physical overexertion of the musculoskeletal system.
- Falls and stumbles.
- blows and cuts with tools.

- particle projections.

In the case of non-CAF employees, the injuries were mainly of the following type:

- blows and cuts with tools.
- Particle projections.

Regarding the occupational diseases registered in 2023, they have been mainly due to musculoskeletal ailments.

6.3 QUALITY AND PRODUCT SAFETY [EG416, 416-1, 416-2]

At CAF we consider that to provide safe products and services to our customers and achieve maximum loyalty, we must involve all interested parties in our operational processes (design, supply, manufacturing, validation, delivery, warranty and maintenance).

Thanks to our 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.

6.3.1 Product and service quality

In accordance with the provisions of the Sustainability Policy, on 18/12/2020 we approved the [Quality Excellence Policy](#) (updated on 24/03/2021), of corporate scope, with the aim of establishing the basic principles that enable us to meet the needs and expectations of our clients, offering products and services of high quality, safety, reliability and availability. It is the responsibility of the Executive Committee to ensure compliance with this Policy, under the leadership of the Economic - Financial and Strategy Directorate (CFSO).

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 assessment and management system detailed in chapter 7.1. 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.

In the current financial year, all ISO9001 and IRIS certifications have been maintained, and we have maintained the Silver recognition in IRIS for the Vehicle and Railway Maintenance activities.

CERTIFICATE	FIELD	OUTLOOK	SCOPE 2023	SCOPE 2022
ISO 9001	Quality Management	Unchanged	92% of Group workforce certifiable	93% of Group workforce certifiable
IRIS/ISO 22163	Railway applications – Quality management system	Unchanged	87% staff of the railway activity (design and manufacturing)	91% staff of the railway activity (design and manufacturing)

It should be noted that the CAF Management Model is deployed throughout the Group, so the actual scope of the system in each area exceeds the scope of the certificates. The Model is adapted to local legislation, customer requirements and/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 the awarding of a project or order, the main channels of communication with potential clients are: the website, trade fairs, magazines, social media, meetings, among others, 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.

Typically, the specific communication channels with each client are agreed upon with the client at the beginning of the project or order and typically include monthly reports, project monitoring meetings at Manager level and quarterly high-level project monitoring 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 client, Project Management Plan, scorecard and 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 complete documentation, instructions and full access to the parts and spare parts catalogue, with an online store where the customer can place orders in a fast, 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.

- eSCONNECT 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 2023 have been:

ROLLING STOCK SEGMENT	
MAY	MIDDLE EAST RAIL, ABU DABI. Main railway congress in the Middle East, with Etihad Rail as a collaborating entity.
JUNE	EURASIA RAIL, ISTANBUL. Turkish railway sector fair with institutional support from the Ministry of Transport and Infrastructure and TCDD.
OCTOBER	<ul style="list-style-type: none"> • APTA EXPO, ORLANDO. Fair organised by the <i>American Public Transportation Association</i>. • ELMIA NORDIC RAIL, JÖNKÖPING. Fair focusing on projects in the Nordic countries. • RNTP, CLERMONT-FERRAND. Main fair on public transport in France, both rail and bus.
NOVEMBER	<ul style="list-style-type: none"> • TRANSMEA, CAIRO. Egypt Transport, Logistics and Infrastructure Fair, with institutional support from the Ministry of Transport. • AUSRAIL PLUS, SYDNEY. Australian railway sector fair, organised by ARA (<i>Australian Railway Association</i>) • RAIL LIVE, MADRID. The main railway congress in Spain, organised by Terrapinn in collaboration with MAFEX.
BUS SEGMENT	
JUNE	<ul style="list-style-type: none"> • UITP SUMMIT, BARCELONA. Congress with exhibition area organised by the International Association of Public Transport. • AGIR 2023, BIARRITZ. Event dedicated to sustainable mobility solutions.
OCTOBER	INTERNATIONAL EXHIBITION BUSWORLD, BRUSSELS, Europe's largest bus exhibition.

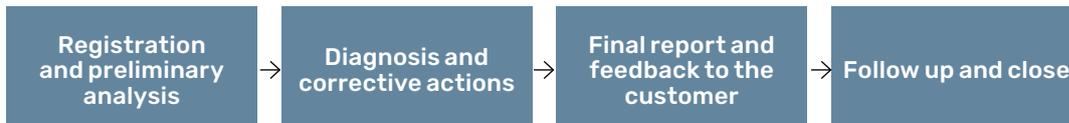
In accordance with the [“General policy regarding communication of economic and financial, non-financial and corporate information, and contacts with shareholders, institutional investors and proxy advisors”](#), CAF uses annual satisfaction surveys with its customers to assess the efficiency of its communication channels, as indicated in the section 2.5. Value creation and Stakeholders. In 2023, in addition to expanding the coverage of the survey, the result has been 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 claim is received, the procedure for managing customer claims is applied, which has the following phases:



- Preliminary analysis or prediagnosis: 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 client: 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.

Tracking and closing the claim: 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.

During the 2023 financial year we have received a total of 10 complaints from customers in the Group. In the rail segment, seven complaints were received, of which two were closed in 2023 and five will remain ongoing in 2024. In the bus segment, three complaints were received, all of which were closed in the current financial year.

To evaluate the correct implementation of this process, in addition to the customer satisfaction indicator⁴⁶ and customer complaints mentioned previously, the non-quality cost indicator is available. Customer complaints form part of the poor-quality cost, among other aspects.

INDICATOR	MEASURE	SCOPE	CHANGE	OUTLOOK
Non-Quality Costs	Internal	>74% sales	Positive. Above target	Scope extension. Stable result



46 The results of the customer satisfaction survey can be consulted in section 2.5. of this Report

6.3.2 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.

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. (More information in section 6.2 of this Report).

As this policy addresses two distinct areas (Security and Cybersecurity), we approved two corporate manuals for its deployment in 2022; (i) the first one to deploy the principles on user security and (ii) the second one to deploy the principles on Cybersecurity.

Health and physical safety

It is the responsibility of the Technology Department to ensure compliance with the [Security 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 in the event that a security problem has occurred or is suspected, (ii) return of products and services suspected of being unsafe, (iii) sanctions and/or legal claims opened by customers or others affected (iv) and reputational damage, impacting the Company in its relationship with all its stakeholders. The management of these risks is integrated into the corporate risk management and control system detailed in chapter 7.1. 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. These 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. Likewise, the majority comply with the provisions of the European reference standard on railway safety: EN 50126: 1999 (or its most recent version of 2017) "Railway Applications - Specification and Demonstration of Reliability, Availability, Maintainability and Safety (RAMS)".

During 2023, the first version of the Security Policy Development Manual continued to be applied normally, under the supervision of the already established Corporate Security Committee, with the aim of increasing its degree of maturity, increasing synergies between the different activities of the Group, and acquiring sufficient information to enable us to make the right decisions on its future evolution.

In 2023, we have identified and considered up to 21 different improvement proposals within the scope of a first transformation initiative, of which three were subsequently explored and discussed in more detail, and two are already (after adoption) under implementation.

In 2023, all existing mandatory and voluntary certifications have been maintained:

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

In addition, it is still common for customers and/or the relevant authorities to require the assessment of all projects developed for the railway sector according to regulated processes, either legally or in accordance with the regulations prescribed for each of these. These project conformity assessments usually require the additional participation of independent bodies, which judge the extent to which Safety Management Systems are specifically applied 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".

Likewise, in the aforementioned [Safety Policy](#), CAF is committed to protecting people against accidents and incidents caused by or related to our products and services, both physical and IT.

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 evolution of the security incident indicator continues with the historical trend of previous years.

HEALTH AND PHYSICAL SAFETY INDICATORS	MEASURE	SCOPE	CHANGE	OUTLOOK
Security incidents	Safety incidents without personal injury per year caused by our products/ services.	CAF	Unchanged	Unchanged
Accidents	Accidents per year, caused by our products/ services, with personal injuries.	CAF	0 accidents	Unchanged

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

CAF continues to be 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.

As a major development in this area, the Group has decided to become more deeply involved in safety-related standardisation processes. In this respect, the company has applied for (and obtained) a seat on the AENOR/UNE CTN 200/SC 56, and is in the process of applying for another seat on the CLC/SC 9X. In this way, CAF is up to date with all regulatory developments relating to national and international standards (ISO, IEC, and soon EN), and is in a position to influence their contents.

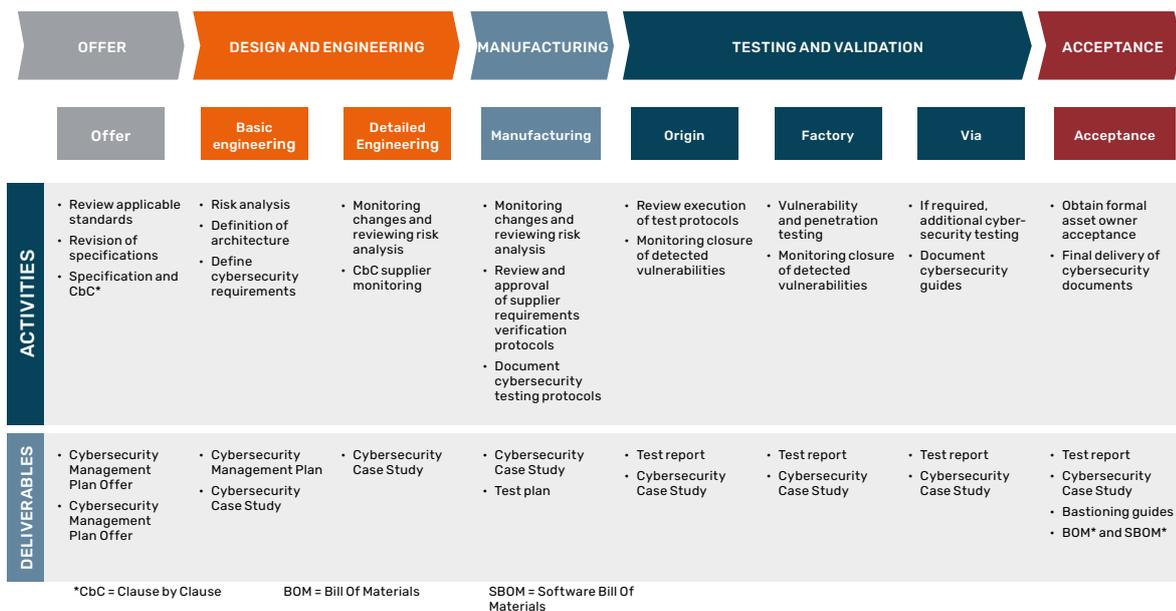
The Corporate Safety Committee continues to integrate and disseminate good safety practices among the Group's companies, as well as to be involved in the effective resolution of emerging "conflicts" (or issues that go beyond the scope of a single Group company).

6.4 PRODUCT CYBERSECURITY

Cybersecurity is integrated into all stages of creation and delivery in all our projects, products and services offered to our clients. All this is carried out under the umbrella of the [Corporate Security Policy \(Cybersecurity\)](#) approved by the Executive Committee and which we have developed in response to the current context and the various stakeholders.

We apply **cybersecurity by design** as our working method, following international standards IEC62443 or TS50701 in our project management, product development, operation and maintenance processes. Likewise, our bus segment continues to deploy the requirements established by the new UNCECE R155/156 regulation with the objective of homologating the product under this standard as of July 2024.

In the railway segment, cybersecurity activities for a programme or project have been defined, proceduralised and formalised. These activities, which are aligned with industry reference standards IEC62443-2-4 and TS50701, range from preliminary design, through the stages of cybersecurity risk analysis and definition of requirements for suppliers, to cybersecurity validation and verification testing. This includes vulnerability and penetration testing, which is essential to gain end-customer acceptance.



Within the existing product development process, a series of activities and processes have also been incorporated that ensure that the cybersecurity of the final product is taken into account from planning, development, manufacturing and delivery to the customer. These activities are in line with the IEC 62443-4-1 and IEC 62443-4-2 industrial cybersecurity reference standards. In this context, new roles have been established that must be considered in the project, such as the cybersecurity engineer or cybersecurity manager, secure development guidelines, product threat analysis methodology, as well as the incorporation of activities aimed at guaranteeing the cybersecurity of both the product (inclusion of cybersecurity requirements with an SL-T 2 security level, reviews of static and dynamic code, vulnerabilities and penetration tests) and the development environment, ensuring the integrity of the binaries and the correct segregation of profiles and

users. This process has already been implemented for signalling products and is planned to be expanded to more products and activities of the CAF Group in the future.

Additionally, over the past year, we have placed considerable emphasis on cybersecurity management within the supply chain. This effort has involved holding regular meetings with the main suppliers of some of our activities. In these meetings, they have been asked for information on the current state of cybersecurity in their respective organisations, with a focus on ISO27001 compliance, as well as the security of their products, with a focus on standards 62443-4-1 and 62443-4-2. In addition, they have anticipated the level of security we expect from their products, aligning with our clients' and our own expectations. This proactive approach ensures that all products we receive meet our cybersecurity standards.

In addition, we want to support our clients during the operation and maintenance of products throughout the entire lifecycle through **cyber security monitoring and services**; threat and vulnerability management, patch management, monitoring and response to cyber security incidents. Thus, we ensure that we meet the expectations of our clients and current and future legal and regulatory requirements (i.e.: NIS2, *Cyber Resilience Act* CRA). To this end, we have launched an initiative that allows us to define the strategy and roadmap to guarantee that we accompany our clients in all phases of a project.

Our objective is to contribute our experience and knowledge to improve the security and efficiency

of railway systems. We believe that **collaboration** between the different actors in the sector is key to achieving regulatory harmonisation that benefits all users. CAF actively participates in the development of cybersecurity standards (new railway sector cybersecurity standard IEC63452) by assisting the working groups of different national and international agents and organisations.

Cybersecurity has been included in CAF's overall **innovation** process. Keeping CAF's cybersecurity offering at the forefront of technology will allow CAF clients to ensure the safety of passengers and the operational efficiency of transportation systems.



6.5 SOCIETY

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.⁴⁷

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 integrated into the corporate risk assessment and management system detailed in section 7.1, which provides a sequence of activities aimed exclusively at their management. This process meets the risk and opportunity analysis of the frame of reference.

6.5.1 ECONOMIC PROMOTION OF THE COMMUNITY [2-28, 203-2]

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, the collaboration at regional level, started more than 10 years ago, stands out, which has resulted in the creation of [Goierri Valley](#) and CAF's participation in the project as a driving company and member of the Tractor Companies Committee. 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).

Regarding the activities carried out by CAF in this association during 2023, the following stand out:

- Active 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.
- Active participation in several of the sessions of the Hydrogen Round Table and the Prevention Round Table, analysing the opportunities and possible collaborations that may result in the coming years between the companies of the association.
- Active participation in the Goierri Investment Board initiative, as part of the DIBERTSIFIKAZIORANTZ project, financed by the *Eskualdeak* programme of the Provincial Council of Gipuzkoa, to explore the collaboration interests of companies in the region, crossing the strategic challenges and investment interests of the companies.

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 taken part in the working groups on ENERGY, and has committed itself to forming part of the project to implement this strategic challenge.

⁴⁷ Contributions to associations and non-profit organisations in the above-mentioned areas amount to €829,480 in 2023.

CAF continues to participate in the activities of economic entities with business or sectoral relevance to a different extent. Below are some of the entities in which it has participated throughout 2023:

		
		
		
		
		IE BUSINESS FOUNDATION

In these entities CAF has a vocation both to represent the interests of the Company, as well as to contribute from its position and to promote aspects that may be of general interest.

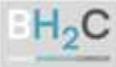
6.5.2 THE GENERATION OF KNOWLEDGE [2-28, 203-2]

At CAF, we are actively dedicated to generating knowledge in our operating environment. We achieve this by collaborating closely with innovative networks, participating in standardisation committees, and promoting learning alongside academic institutions and leading technology centres. Below, we mention some of the most fruitful alliances that have emerged in the field of innovation. These collaborations have allowed us to make significant progress in developing innovative ideas and solutions that make a difference in our industry.

Participation in the network of innovation-oriented associations

CAF is part of various national and international associations linked to transportation and innovation, which include:

	<p>ASSOCIATIONS AIMED AT RESEARCH AND DEVELOPMENT OF THE RAILWAY SECTOR</p> <ul style="list-style-type: none"> • Europe's Rail Joint Undertaking (EU-Rail JU) • European Rail Research Advisory Council (ERRAC) • Chips Joint Undertaking (JU Chips) (formerly KDT JU) • Railway Innovation Hub (RIH)
	
	
	
	<p>RAIL INDUSTRY ASSOCIATIONS THAT ENCOURAGE INNOVATION AND STANDARDS DEVELOPMENT</p> <ul style="list-style-type: none"> • UNIFE (European Rail Supply Industry Association) • UNISIG (Signalling Industry Association) • ERWA (European Railway Wheels Association) • MAFEX (Spanish Railway Association)
	
	
	
	<p>PUBLIC TRANSPORT BUSINESS PARTNERSHIPS</p> <ul style="list-style-type: none"> • UITP (International Association of Public Transport) • VDV (Industry Association for Public Transport in Germany)
	
	<p>ASSOCIATIONS AIMED AT THE DEPLOYMENT OF SUSTAINABLE MOBILITY SOLUTIONS</p> <ul style="list-style-type: none"> • Clean Bus Deployment Initiative

	<p>ASSOCIATIONS AIMED AT THE DEPLOYMENT OF HYDROGEN TECHNOLOGIES AND HYDROGEN VALLEYS</p> <ul style="list-style-type: none"> • Hydrogen Europe (NEW – IG) • European Clean Hydrogen Alliance • Basque Hydrogen Corridor (BH2C) • Masovian Hydrogen Valley • Greater Polish Hydrogen Valley
	
	
	
	<p>ASSOCIATIONS FOCUSED ON INNOVATION IN SPECIFIC AREAS</p> <ul style="list-style-type: none"> • Information Technology for Public Transport (ITxPT) • Polish Scientific Society of Combustion Engines (PTNSS) • Cybersecurity Forums
	

Participation in standardisation committees

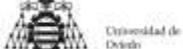
The standardisation entities in which CAF has the most relevant representation are listed below:

	<p>INTERNATIONAL STANDARDS ORGANISATIONS</p> <ul style="list-style-type: none"> • IEC (International Electrotechnical Commission) • CEN (European Committee for Standardisation) • CENELEC (European Committee for Electrotechnical Standardisation)
	
	<p>NATIONAL STANDARDS ORGANISATIONS</p> <ul style="list-style-type: none"> • AENOR/UNE (Spanish Association for Standardisation and Certification) • PKN (Polish Committee for Standardisation)
	



Promotion of knowledge in collaboration with technology centres and universities

CAF constantly develops innovative solutions and expands its knowledge and competence through various means, including important collaborations with technological and educational centres. In some cases, it even participates in the governing bodies of these centres.

	<p>TECHNOLOGY CENTRES</p> <ul style="list-style-type: none"> • BAIC (Basque Artificial Intelligence Centre) • CEIT • CiCnanoGUNE • CITEF (Research Centre for Railway Technologies) • DLR (German Aerospace Centre) • DIPC (Donostia International Physics Center) • FCITICG (Foundation for the Research Centre in Information and Communication Technologies of Galicia) • Foundation for the development of new Hydrogen Technologies in Aragon • IIT (Technological Research Institute) • Ikerlan • Lortek • Tecnalia • Vicomtech • Others: Austrian Institute Of Technology (AIT) – Austria, CiCenergiGUNE – Spain, Cidetec – Spain, Spanish National Research Council (CSIC) – Spain, French Alternative Energies and Atomic Energy Commission – France, Community of universities and establishments University of Burgundy - Franche-Comté (COMUE UBFC) – France, IDEKO – Spain, IDONIAL – Spain, French Institute of Science and Technology for Transport, Development and Networks (IFSTTAR) – France, Institute of Communication and Computer Systems – Greece, ITAINNOVA – Spain, Pilsen Research and Testing Institute – Czech Republic, SINTEF – Norway, Tekniker – Spain, TNO – Netherlands, Virtual Vehicle Research GmbH – Austria, VTT – Finland etc. 	
		
		
		
		
		
		
		
		
		
		
		
		
		<p>UNIVERSITIES</p> <ul style="list-style-type: none"> • University of Navarra – Tecnun • Mondragon University • University of the Basque Country • Deusto • University of Oviedo • AGH University of Science and Technology in Krakow • Poznan University of Technology • University of Huddersfield • University of Melbourne • Others: 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.
		
		
		
		
		
		
		
		
		

6.5.3 COLLABORATION IN THE EDUCATIONAL FIELD [2-28, EG 203, 203-2, EG 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.

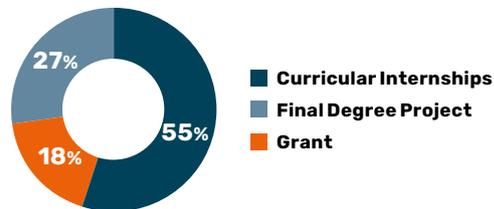
Educational entities or entities for the promotion of employment

STATE-OWNED	INTERNATIONAL
<ul style="list-style-type: none"> University of the Basque Country University of Mondragon Universidad de Deusto University of Navarra (Tecnun) University of Navarra International University of Rioja (UNIR) University of Zaragoza Polytechnic University of Madrid University Carlos III Madrid (UC3M) UAX - University Alfonso X El Sabio Complutense University of Madrid University of Alcalá de Henares IE Business School University of Lleida, Higher Technical School of Engineering (ICAI) Goierri Eskola La Salle FP FP Bidasoa Urola Garaiko Lanbide Eskola (UGLE) IES Virgen de la paz IES Gaspar Melchor de Jovellanos IES Cabanyal ETI - Polytechnic Centre of Tudela IES Professor Raul Vazquez La Caparrella Vocational Training Institute Colegio de huérfanos ferroviarios (School for Orphans of Railway Workers) Guipúzcoa Chamber of Commerce Novia Salcedo Foundation University of Navarra Foundation University of Zaragoza Business Foundation Batterselman Foundation 	<ul style="list-style-type: none"> ESTIA Engineering School Corning Community College Cornell University Alfred University Rochester Institute of Technology Binghamton University Elmira College St Julians High School Liswerry High school Association NQT - NQT Elles Bougent CFAI IUT Haguenau IUT Lille INSA Lycee Stanislas Wissembourg Lycée heinrich nessel Haguenau Lycée Sainte Philomène Haguenau Lycée Schuman Haguenau Myerscough college and Edinburgh College ENIT Tarbes (School Engineer) Autonomous Mexico State University University of the Valley of Mexico U. Anáhuac Tecnológico de Monterrey Technological Institute of Tlalnepantla La salle university Faculty of Higher Studies of Cuautitlán Izcalli College of Public Accountants of Mexico Tepeji University University of Science and Technology in Krakow (AGH), Poland Poznan University of Technology, Poland University of Science and Technology in Krakow (AGH), Poland Motor Transport Institute, Poland

"More than 600 company placements"

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.

In this area during 2023, a process has been initiated to strengthen CAF's relationship with leading engineering schools in key geographies. Specifically in 2023, the university-business classrooms at Tecnun-University of Navarra, University of Mondragon, University of the Basque Country and University of Deusto have been promoted and a new collaboration agreement has been signed with the Polytechnic University of Madrid. These agreements foster closer contact with students early on, allowing them to have contact with the reality of CAF from the facilities of the different educational entities.



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.

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 2023, the international activity promoting scholarships for graduates at CAF Group headquarters has been developed in countries such as the United Kingdom, Finland, Hungary, the Netherlands, Belgium, Sweden, Germany and Norway.



European initiatives coordinated by UNIFE



During 2023 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 was endorsed when the European Commission defined the year 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 2023, activities have been carried out on several fronts. Firstly, the analysis of existing training programmes at European level in the railway sector and the development of training proposals to complement and enrich these programmes in order to respond to the future profiles that our industry will demand. Likewise, a major effort has been made to disseminate content generated through various channels (social media, forums, trade fairs, etc.), such as the specific profiles and skills that will be in demand in the future, both in the field of manufacturers and operators. Efforts have also been focused on developing a strategy to promote the attractiveness of the railway sector as a whole, focusing on specific marketing actions. In this sense, a study has been carried out to identify the elements that employees currently value most in the sector.

6.5.4 Collaboration with social and/or cultural initiatives [2-28]

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 2023, 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 Certificate

At CAF we promote the use of Basque in our workplaces. Proof of this is the possession of the Bikain certificate, both in the Beasain and Irún plants. In both cases, the certificate is silver and that of Irún has been renewed in 2023. Despite having been awarded the same grade, it should be noted that the result has been higher than the previous time, a sign of the work carried out in recent years. This certificate measures the management of language policy and is regulated by the Department of Culture and Language Policy of the Basque Government.

CAF -Elhuyar Awards

These awards are given annually and recognise the work of those who carry out scientific and technological dissemination in Basque. Different areas are taken into account, such as the most original popular science article, articles based on doctoral theses, science journalism and articles on the primary sector. Likewise, the Merit Award is awarded for the work carried out in the normalisation of Basque in a certain area. The creation grant in applied science is also awarded to the scientific society.

Igartza literary creation grant

CAF, together with Beasain Town Council and the Elkar publishing house, is organising this important prize. Awarded for the first time in 1994, its objective is to give young writers an opportunity. The contest has its own essence, since it is not a finished work that is awarded, but rather the project. The final work is presented within one year of the award of the prize and is published the following spring. Thus, in March 2023, the work of the 2021 winner, 'Arrain hezur bat ezterrían' by Olatz Mitxelena, was presented. In September, the winner of the 2022 competition, Lizar Begoña, presented her work, and the winner of the 2023 competition, Irati Irizar from Lazkaotarra, was announced.



7

OUR COMMITMENT TO RESPONSIBLE GOVERNANCE

7.1 Risk management

7.2 Ethics and compliance

7.3 Cybersecurity in the company

7.4 Fiscal transparency

7.5 Responsible supply chain management



7.1 RISK MANAGEMENT [2-12, 2-13]

At CAF, we firmly believe in the importance of correctly managing uncertainty in order to achieve our objectives and realise our vision. This is stated in our [General Risk Assessment and Management Policy](#), approved by the Board of Directors, where we set out the basic principles for the control and management of risks and opportunities of all kinds, which enables us to:

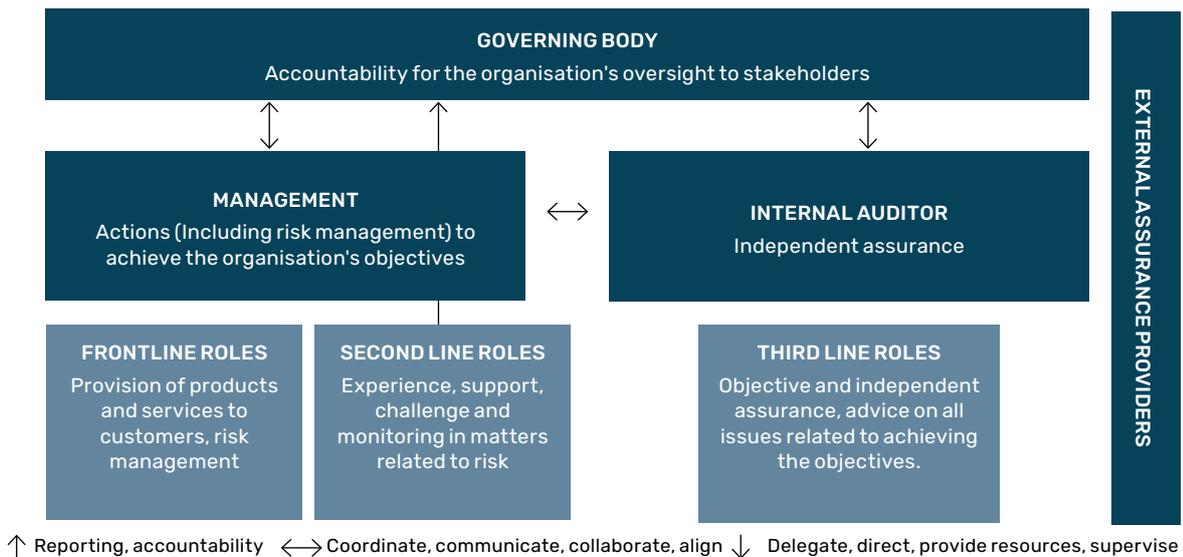
- Achieve our strategic objectives with controlled volatility;
- Provide the highest level of guarantees to our shareholders;
- Protect our results and reputation;
- Defend the interests of our stakeholders; and
- Ensure business stability and financial strength in a sustained way over time.

The comprehensive risk management model that we adopt is aligned with international standards, both in terms of the use of an effective methodology for the analysis and integrated management of risks and opportunities, and in the assignment of responsibilities in a three-line model.

7.1.1 The three lines model

Determining the General Risk assessment and Management Policy and supervising the internal information and control systems are two of the functions and competencies of our Board of Directors, with the Audit Committee being delegated the responsibility of supervising and evaluating the group's risk control and management systems, as well as supervising the internal risk assessment and management function of the Company.

Responsibility for all activities aimed at achieving the Organisation's objectives, including those related to risk and opportunity management, falls on the Company's Management. It fosters a culture sensitive to respect for risk appetite.



Source: Based on the document "The IIA 2020 three lines model. An update of the three lines of defence." IIA 2020

Every activity we undertake involves uncertainties as risks that can divert us from achieving our objectives, or as opportunities to be exploited to maximise them. For this reason, all the

Functions that carry out any activity at CAF, both in the provision of products and services and in support areas, always keep in mind the importance of anticipating and identifying events of uncertainty, evaluating them and, if appropriate, managing them. This is how our first line works.

With an entire organisation focused on risk and **opportunity** management, the work of the second line is crucial in three respects:

1. Ensure the correct evaluation and quantification of risks: From their knowledge and experience, with the independence they enjoy, they challenge the assessments of the front line and support the latter in quantification.
2. Provide management with information on the different types of risks in an understandable and common language that allows risk-based decision making.
3. Ensuring that the company's overall risk level remains within the appetite established by the Board of Directors, maintaining sufficient independence for its proper functioning and reporting directly to the Audit Committee.

In general, the role of second line of assurance is assigned to the Risk Management Department. Integrated in the Economic-Financial and Strategy Department and under the direct supervision of the Audit Committee, this department is responsible for ensuring the proper functioning of the Integrated Risk assessment and Management System, keeping levels consistent with our risk appetite. However, we have complementary second lines of assurance in the Group, depending on specific areas of expertise or internal control systems.

The third line is made up of the Internal Audit team. From the objectivity, authority and credibility conferred by its independence from Management, it evaluates the suitability and effectiveness of risk management and governance. Its systematic analysis and reporting of its findings to both Management and the Governing Body promotes and facilitates continuous improvement.

7.1.2 The risk management methodology

The risk management model is homogeneous for the entire company and for any type of risk.

The model 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: Corporate Risks – Risks affecting the Group as a whole Business Risks – Risks specifically affecting each activity/project, which vary in accordance with the particularities in each case.
4	Risk assessment based on the level of risk that the Group considers acceptable (risk appetite)
5	The measures envisaged to address the identified 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.

With regard to the Recommendations of the Good Governance Code of Listed Companies, CAF complies with all those relating to the "Risk assessment and Management Function" (as detailed in section 2.4 of this document).



7.2 ETHICS AND COMPLIANCE

7.2.1 Corporate Compliance System and Compliance Function

[GRI 2-12, GRI 2-13 and GRI 2-15]

Our Corporate Compliance System is intended for the prevention, detection and early management of compliance risks.

It is made up, among others, of those rules, formal procedures and material actions that aim to ensure that the CAF Group acts in accordance with ethical principles and applicable legislation, preventing and acting against incorrect conduct or conduct contrary to ethics, the law or the Internal Regulatory System, which may be committed within the organisation or in its activity.

The CAF Group Compliance Function is the body with autonomous surveillance and control powers, which is tasked with supervising the operation and compliance of the Corporate Compliance System as a whole and the direct management of some areas. In addition, this function is responsible for supervising other areas managed by different managers. It also coordinates with the other corporate functions with other internal control and risk management responsibilities. All of the above is done based on the following scheme:

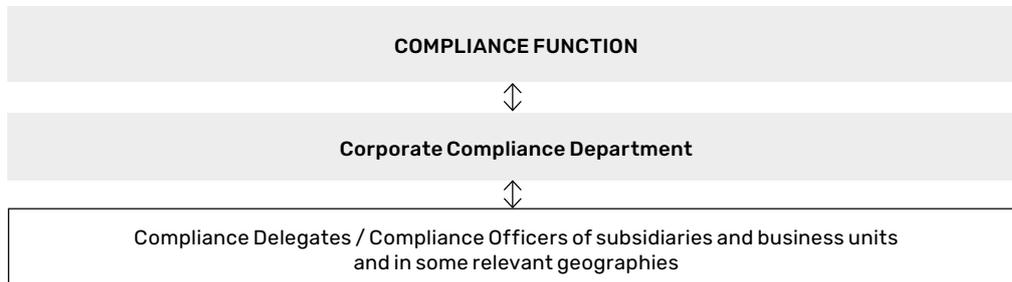
CORPORATE COMPLIANCE SYSTEM



The members of the Compliance Function are appointed, replaced and dismissed by the Board of Directors or by the Chief Executive Officer, and report on their activity to CAF's Board of Directors, either directly or by reporting to one of its Committees according to their competencies, depending on the nature, scope and content of the report (for further details on the structure, functions and competencies of the Board's Committees, see section 2.4).

The aforementioned members of the Compliance Function have the integrity, autonomy and independence necessary to exercise their powers and avoid possible conflicts of interest, to which end the Operating Rules of the Compliance Function contemplate various mechanisms to safeguard such situations.

In addition, the Compliance Function has a Corporate Department to which it delegates certain powers to ensure the correct management of recurring Compliance matters and coordination with the Compliance Officers appointed in the business units, subsidiaries or headquarters of the CAF Group or in geographical areas of those jurisdictions where this is required by local legislation in force, or where it is advisable given the size or characteristics of the subsidiary or headquarters.



The Compliance Function approves at least one activity report for the tax year as an annual report, also reporting to the Audit Committee on compliance with the internal Codes of Conduct and on the [Internal Reporting System](#) (whistleblowing channels), including relevant information on the different areas of Compliance and on significant risks.

7.2.2 Commitments and compliance policies [GRI 2-23 and GRI 2-24]

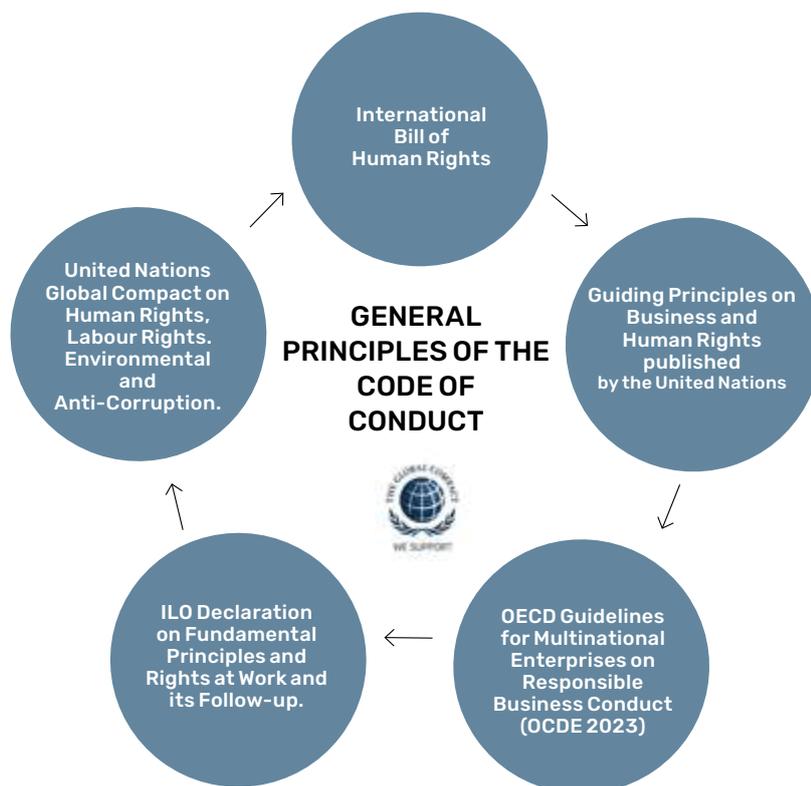
Code of Conduct

At its meeting in December 2023, the Board of Directors of CAF approved the review of the corporate [Code of Conduct](#) (the initial version of which dates from 27 July 2011), reaffirming the commitments made in the initial approval of the Code and updating its content to align it with current best practices in business ethics.

In this way, the [Code of Conduct](#) reflects a responsible declaration at the highest level and a guarantee of the leadership and commitment to ethics, sustainability and good governance of the CAF Group and is the cornerstone that serves as the basis for internal policies and standards of action.

The General Principles of the CAF Group Code of Conduct are rules of conduct and imperative ethical standards that are specified in the scrupulous respect for laws, Human Rights, public freedoms and Fundamental Rights, the principles of equal treatment and non-discrimination, protection against child labour exploitation and any other principles included, as a minimum, in the following instruments and their corresponding present and future developments:





In addition, the General Principles of the Code of Conduct are the minimum basis that must govern any corporate behaviour or actions of CAF and its value chain, in general, and therefore shall be enforceable both for CAF Group Members⁴⁸ and Business Partners⁴⁹ in accordance with the particularity of each type and in accordance with the levels set out in the standards and best practice guides on the subject.



⁴⁸ Employees, shareholders, directors or members of an administrative body of any CAF Group entity.
⁴⁹ Third parties in the value chain with whom the CAF Group has established some type of commercial relationship and especially project partners, agents, suppliers and clients.

In accordance with the General Principles of the Code of Conduct, a number of behavioural criteria have been defined which help to make ethical requirements more specific and facilitate the understanding and application of the ethical standards set.

BEHAVIOURAL CRITERIA	
General Aspects	<ul style="list-style-type: none"> Ethics in business Due Diligence Approach Respect for Human Rights Limitations derived from International Sanctions
Crime Prevention, Anti Corruption and Conflicts of Interest	<ul style="list-style-type: none"> Criminal Compliance Anti-corruption and prevention of bribery, policy on gifts and hospitality, donations and sponsorships Conflicts of interest
Competition and promotional activity	<ul style="list-style-type: none"> Competition Defence Prevention of Unfair Competition Advertising
Market abuse and inside information	
Personal data protection and privacy	<ul style="list-style-type: none"> Confidentiality and privacy Special protection of personal data
Protection of company assets	<ul style="list-style-type: none"> Cybersecurity Responsible use of technology and artificial intelligence Protection of intangible assets
Fiscal responsibility	
Respect versus protection of people	<ul style="list-style-type: none"> Occupational health and safety Occupational health and safety Training and information Equality Moral integrity
Solvency and professionalism of the CAF Group	<ul style="list-style-type: none"> Quality and excellence Reputation and prestige Honesty and integrity
Commitment to Sustainability	<ul style="list-style-type: none"> Sustainable business model Commitment to the environment Commitment to the community
Transparency of information	

Due Diligence Manual on International Sanctions

2023 Update
Due Diligence Policy on Human Rights

These General Principles, in turn, may be developed through specific policies in each area, which complement the aforementioned behavioural criteria through more specific guidelines for action.

CAF Group's Code of Conduct is available on the corporate website (www.caf.net) since its adoption, in an easily identifiable section.

Due Diligence Approach

The CAF Group takes a due diligence approach in accordance with applicable regulations, which determines a set of obligations and responsibilities in terms of identifying, measuring and controlling the impact of activities in relation to the prevention of actual or potential adverse effects.

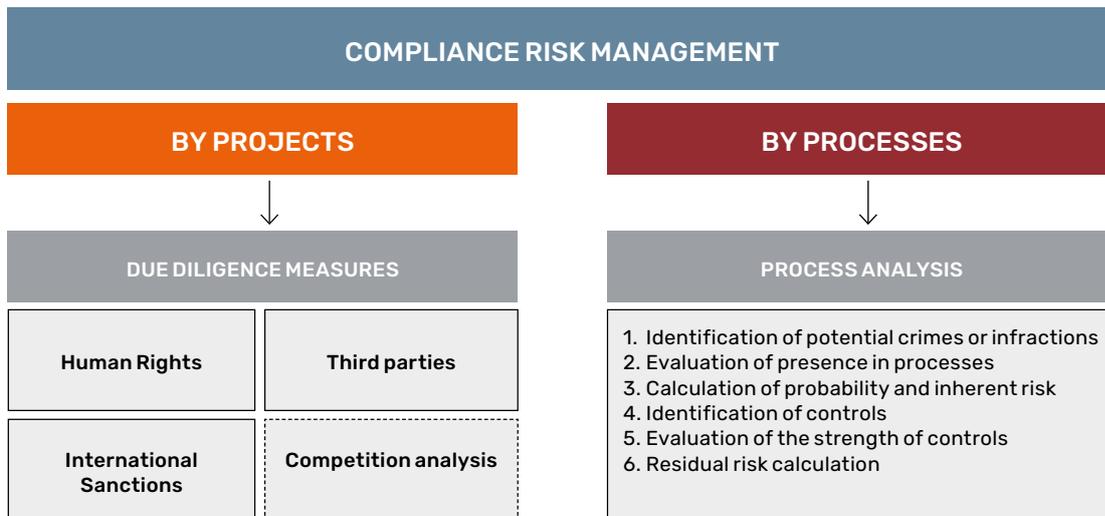
In this regard, we take a proactive approach to due diligence throughout our global value chain on an ongoing basis, which is why we articulate the appropriate frameworks, procedures and processes to monitor and mitigate potential negative compliance impacts.

Risk management

For us, compliance risks go far beyond mere compliance with the applicable legal and regulatory framework, extending the assumed ethical standards to all geographies in which we operate, even where local legal requirements may be less demanding, thus ensuring consistent global performance.

Consequently, Compliance risks also cover compliance with our commitments regarding Business Ethics, contained in the Code of Conduct and in the internal policies and standards that develop or complement it.

Based on the above, our approach to risk management is twofold: By projects and by processes.



7.2.3 Ethical commitments in business processes and relationships with third parties

[GRI 2-23 and GRI 2-24]

The General Principles of the Code of Conduct and other standards that make up the Corporate Compliance System lay the foundations for the adoption of controls and procedures that are incorporated and executed directly in the business processes that make up the Corporate Management and Sustainability System.

Internal coordination

To ensure the harmonisation of the application of the internal rules of conduct at corporate level, the Corporate Compliance Department coordinates with the Compliance Officers of the business units for the proper

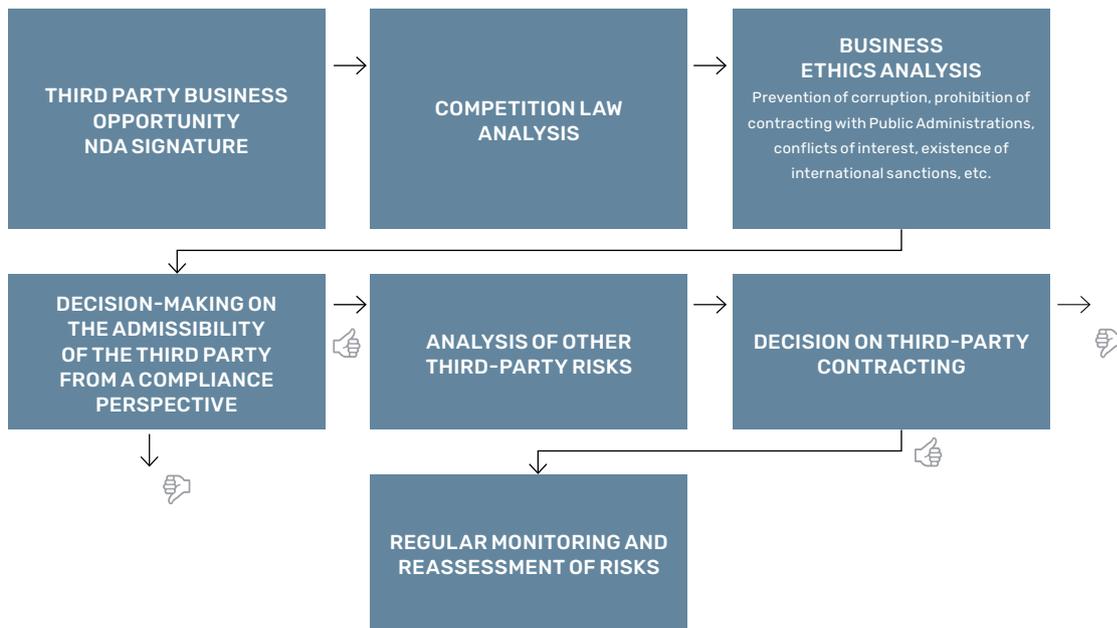
interpretation of the controls and, where appropriate, for their adaptation to the processes of each of the activities, taking into account their special characteristics. Due diligence is also monitored on major projects.

Formalisation of relationships with third parties

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 this Due Diligence procedure for contracting with third parties, with regard to project partners and agents, are carried out on an individual basis and are, in summary, the following:





Compliance requirements for suppliers are defined in a similar way and controls are highly automated in order to handle a high volume. Customer requirements are tailored to different customer circumstances.

Consequently, 100% of the Business Partners with whom we contract are previously assessed in accordance with the requirements described, as the CAF Group can only contract with third parties that obtain a favourable assessment as "suitable" at Compliance level.

7.2.4 Dissemination, training and consultations [GRI 2-23, GRI 2-24, GRI 2-26, GRI 205-2 and GRI 412-2]

Disclosure

The CAF Group's corporate internal communication app has a specific Compliance section which gives all CAF Group employees (over 15,000) access, in a single common place, to the most relevant rules and working documents on Compliance, distinguishing between corporate and country-specific, and can be accessed from any device at any time.

In addition, the Rules governing the Corporate Governance bodies and CAF's General Policies, as well as other relevant information about the company, are also available to the general public on the corporate website, which is permanently updated in accordance with the applicable regulations.

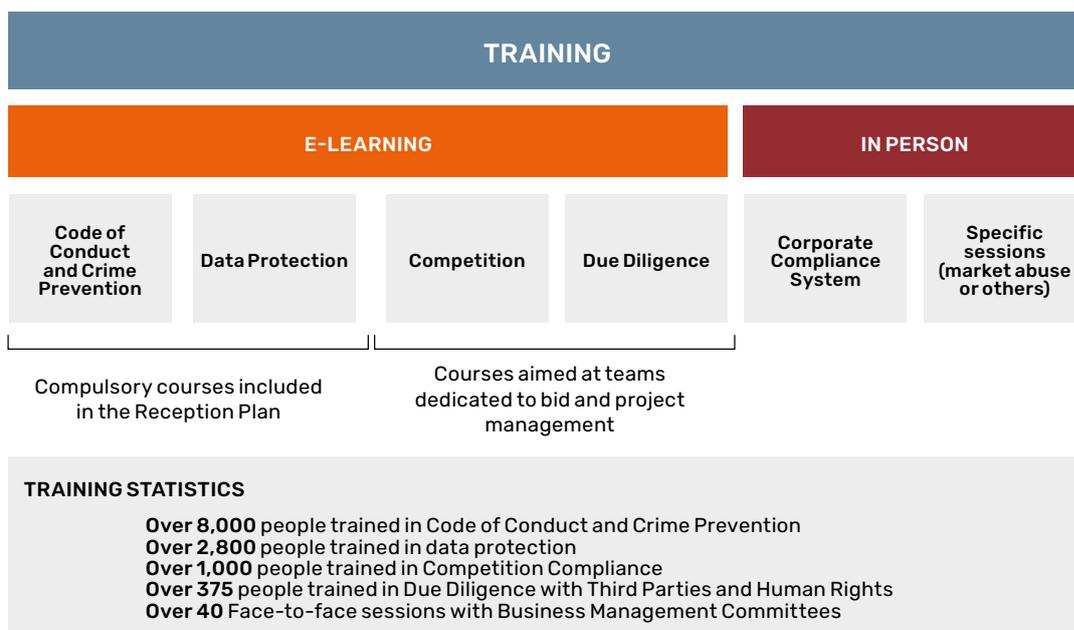
The Compliance documents are translated systematically into the languages in use at corporate level and, on occasion, to other additional languages of companies in which the CAF Group operates, including, inter alia: Spanish, Basque, English, Polish, French, Brazilian Portuguese, Swedish, Italian and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

Training

Training is one of the fundamental pillars to ensure knowledge and compliance with the requirements of the Corporate Compliance System by all professionals of the Group companies.

This training, provided by Compliance, includes global training initiatives on topics of a general nature and applicable to the majority of the workforce, and additionally develops specific training plans aimed at certain groups of professionals for whom specific Compliance needs have been identified.

Thus, in 2023, the permanent actions aimed at raising awareness and disseminating the different Compliance regulations continued, resulting in the following main figures:



At the end of the year, although the dissemination of the Code of Conduct and the Crime Prevention Manual has been generalised to all employees, the corresponding training has been launched in accordance with plans adjusted to the needs of the different recipients within the Group. In 2023, 90% of the people included in the training plan in this subject have completed it. Since the start of the plan, more than 8,000 people have been trained (of which, 1,045 in 2023 and 623 in 2022). Anti-corruption training is included in this training plan.

Regarding the protection of personal data, in 2023, 78% of the people included in the corresponding plan have completed the training and more than 2,800 people have been trained (of which, 323 in 2023 and 395 in 2022).

Likewise, a training system is maintained, including the aforementioned programmes in the welcome plans for new employees. Training materials are constantly revised and updated.

Likewise, 72% of people have completed the internal training plan on Due Diligence for contracting with Third Parties and Due Diligence in matters of Human Rights, which is equivalent to more than 375 people trained in these matters as of the date of this Report (of which, 95 in 2023 and 283 in 2022).

As of the date of this document, 92% of the people included in the Competence training plan have completed it. Since the start of the programme, more than 1,000 people have been trained (of which 72 in 2023 and 45 in 2022).

In addition to the above, numerous meetings have been held with different areas, departments and directorates, in order to resolve practical doubts arising from the application and integration of the controls associated with training, which is indicative of the high level of acceptance, awareness and effective execution of the different procedures. 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 project partners, in all the regions where it operates, are informed of the existence and mandatory compliance with the General Principles of the CAF Code of Conduct.

Consultations

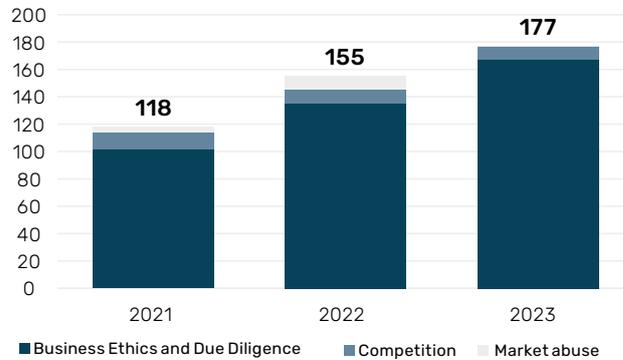
All CAF Group professionals are obliged to attend the training sessions on ethics and compliance when these are convened and the possibility and duty of diligence, where appropriate, to communicate or pass on to the Compliance Function any queries, doubts and concerns that may arise in relation to the content of the Code of Conduct, as well as its internal regulations for its development and practical implementation. The Compliance Function keeps open, discloses and manages the appropriate channels for this purpose.

This consultation formula is the ordinary and most agile mechanism for obtaining answers to any doubts or questions that may arise in this area. However, the [Internal Reporting System](#) must be used if an

infringement or irregularity is to be reported, applying the corresponding whistleblower protection guarantees, in accordance with its specific applicable regulations and as indicated in the following section.

As a result of all of the above, the CAF Group's compliance culture has been evolving favourably, obtaining very significant support as demonstrated, among others, by the figures for annual queries received internally:

EVOLUTION OF THE NUMBER OF CONSULTATIONS RELATED TO COMPLIANCE



7.2.5 Internal Reporting System (whistleblowing channels) [GRI 2-25]

The Board of Directors of CAF approved, at its meeting of 5 May 2023 and after consultation with the legal representatives of the employees, the [Internal Reporting System](#), and the [Procedure for the Management of the Internal Reporting System](#) (integrating all the whistleblowing channels), which establishes the basic

rules for its management and operation. Both the Policy and the Procedure, approved in compliance with the different international and national regulatory requirements for the protection of informants and the fight against corruption, remain publicly accessible on the corporate website.

The main characteristics of said [Internal Information System](#) are summarised below:

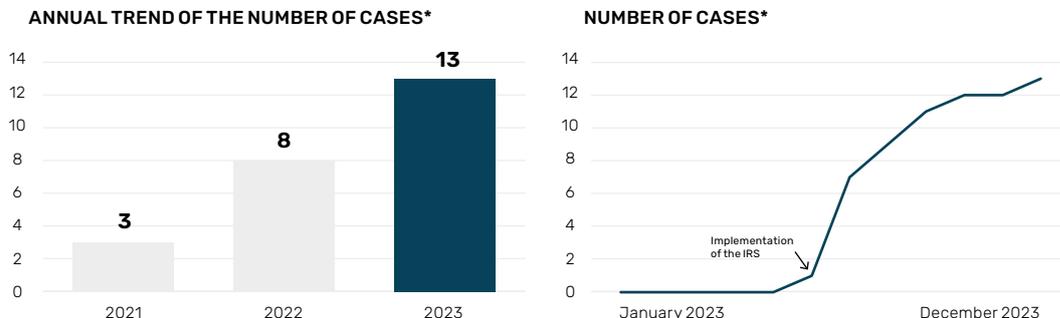
The **CAF Group's Internal Reporting System** is managed by means of an IT tool, as the preferred channel for reporting actions or omissions constituting a criminal, serious or very serious administrative or criminal offence, as well as breaches related to the Code of Conduct or any other rule of the CAF Group's Internal Regulatory System.

<p>Who can report?</p> <p>Anyone can make a communication. In addition, the CAF Group's internal regulations provide special protection for certain whistleblowers in accordance with the applicable legislation in each case.</p>	<p>How?</p> <p>By accessing the corporate website https://caf.integrityline.com/, link through which anonymous or nominative, verbal or written communications may be made, indicating the Group entity to which they are addressed.</p>	<p>When?</p> <p>When you have knowledge of one of the aforementioned infractions, or reasonable grounds and indications to think so, even when you do not have conclusive evidence.</p>
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<p>Who manages the information?</p>	<ul style="list-style-type: none"> • Responsible for the Internal Reporting System. • Responsible for the Information Channels. • Case managers. 	<p>They will have the appropriate competence, integrity, authority and independence to perform their duties.</p>
--	---	--

Since 13 June 2023, the [Internal Reporting System](#) has been active and configured for all subsidiaries of the CAF Group with 50 or more employees or others required by local legal requirements, having followed in each case the corresponding procedures for its approval and implementation.

During 2023, a permanent control of the different whistleblowing channels and a periodic check of their proper functioning was carried out, with 13 cases having been registered in the [Internal Reporting System](#). The breakdown and trends in complaints and internal investigations carried out in the CAF Group in the last three years are shown below:



1. * "Cases" includes general complaints, labour-related complaints and internal investigations.

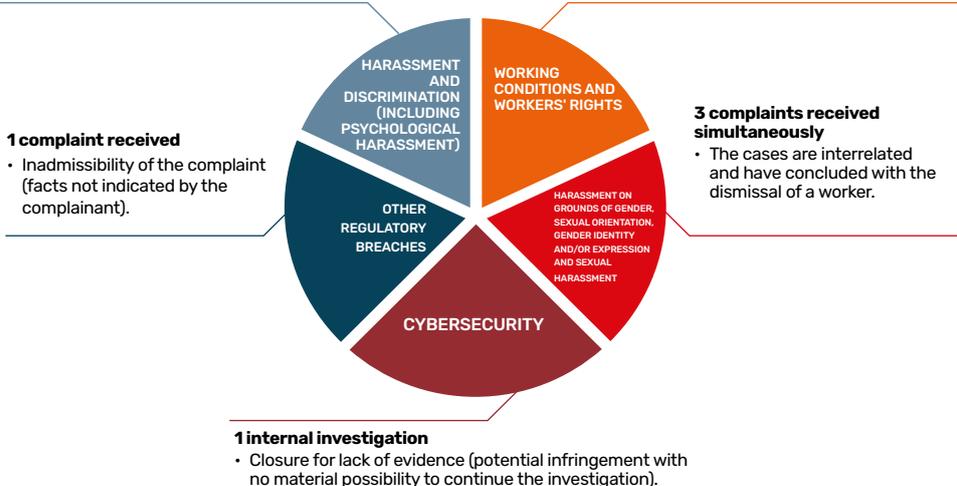
All the complaints received have been subject of internal investigation, with the following actions being highlighted:

6 complaints received

- Following internal investigation, no infringements have been detected in four cases.
- In one case, initiating disciplinary proceedings is being considered.
- In 1 case, the investigation is ongoing.

2 complaints received

- 1 case has been the subject of preliminary proceedings and, in the end, has not been admitted for processing.
- Following internal investigation, no infringements have been detected in one case.



1 complaint received

- Inadmissibility of the complaint (facts not indicated by the complainant).

3 complaints received simultaneously

- The cases are interrelated and have concluded with the dismissal of a worker.

1 internal investigation

- Closure for lack of evidence (potential infringement with no material possibility to continue the investigation).

7.2.6 Compliance with legislation and regulations [GRI 2-27]

It should be noted that in 2023 no fines or sanctions have been received for significant breaches of laws, regulations or commitments.

With regard to the management during 2023 of the significant contingencies of previous years 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.

Various administrative and court proceedings have been initiated in relation to this project, in which, among other issues, the potential termination of the contract, alleged irregular practices, the imposition of payments for damages, fines and penalties or the potential breach

of contract by both the consortium and the customer are under analysis, mainly in relation to civil engineering work. 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.

Additionally, in another administrative procedure initiated by the Authorities of the State of Mato Grosso in relation to said project, in the second half of 2021, the administrative body has sanctioned the Consortium and its members with a fine in the amount of R\$ 96.170.604,55 (the subsidiary company participates in the Consortium with 36.8%) and the prohibition of 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 ordered the precautionary suspension of the effectiveness of the fine imposed as a result of the termination. Likewise, the subsidiary company continues to monitor the potential involvement of any employee of the subsidiary 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 the 2023 financial year in the field of Competition Law is included later in its specific section.

7.2.7 Respect for Human Rights and international sanctions [GRI 2-23, GRI 2-25, GRI EG 407, GRI 407-1, GRI EG 408, GRI 408-1, GRI EG 409, GRI 409-1, GRI EG 411, GRI 411-1, GRI EG 412, GRI 412-1]

Commitments regarding Human Rights

For years, CAF has had a due diligence procedure in matters of Human Rights adjusted to the requirements of the United Nations Guiding Principles on Business and Human Rights and managed by the Compliance Function, as will be detailed later.

In addition, in the 2023 financial year, CAF's Board of Directors, at its meeting held on 19 December, approved a [Due Diligence Policy on Human Rights](#) (publicly accessible on the corporate website www.caf.net), by means of which CAF ratifies its commitment at the highest level to the culture of ethics and compliance, assuming in a more detailed manner our responsibility to respect Human Rights within the scope of our activity and value chain, and specifying the means available to effectively carry out a management focused on Due Diligence and accountability for the effectiveness of this process.

On the basis of the above and in view of the need to adapt due diligence to specific commitments linked to our activity, some general and specific Human Rights commitments included in this Policy are listed below:



GENERAL COMMITMENTS REGARDING HUMAN RIGHTS

- | | |
|---|--|
| 1. Child protection | 9. Prohibition of human trafficking |
| 2. Non-discrimination Principle | 10. Environmental responsibility |
| 3. Respect for labour rights | 11. Compliance with regional Human Rights standards |
| 4. Respect for the rights of people with disabilities | 12. Compliance with applicable regulations in each jurisdiction |
| 5. Respect for the rights of minorities and indigenous people | 13. Privacy management compliance and the management of new technologies and artificial intelligence with respect for Human Rights |
| 6. Respect for gender equality | |
| 7. Principle of racial non-discrimination | |
| 8. Prohibition of torture and inhuman treatment | |

COMMITMENTS IN THE CAF GROUP'S RECURRING BUSINESS AND ACROSS THE VALUE CHAIN

- | | |
|---|--|
| 14. Rejection of forced or compulsory labor and child labor | 19. Fair and favourable working conditions |
| 15. Respect for diversity and principle of non-discrimination | 20. Rejection of corrupt practices |
| 16. Promotion of gender equality | 21. Responsible taxation |
| 17. Freedom of association and collective bargaining | 22. Privacy and protection of personal data |
| 18. Health, safety and well-being | 23. New Technologies and Artificial Intelligence |
| | 24. Extension of Human Rights commitments to Business Partners |

ADDITIONAL COMMITMENTS TO COMMUNITIES AND SOCIETY AND IN MATTERS OF THE ENVIRONMENT

- | | |
|---|---|
| 25. Respect for the rights of communities | 30. Respect for the Human Right to a clean, healthy and sustainable environment |
| 26. Respect for the rights of minorities and indigenous peoples | 31. Respect for regional standards and local norms on respect for Human Rights |
| 27. Prohibition of racial discrimination | |
| 28. Prohibition of torture and genocide | |
| 29. Prohibition of human trafficking | |

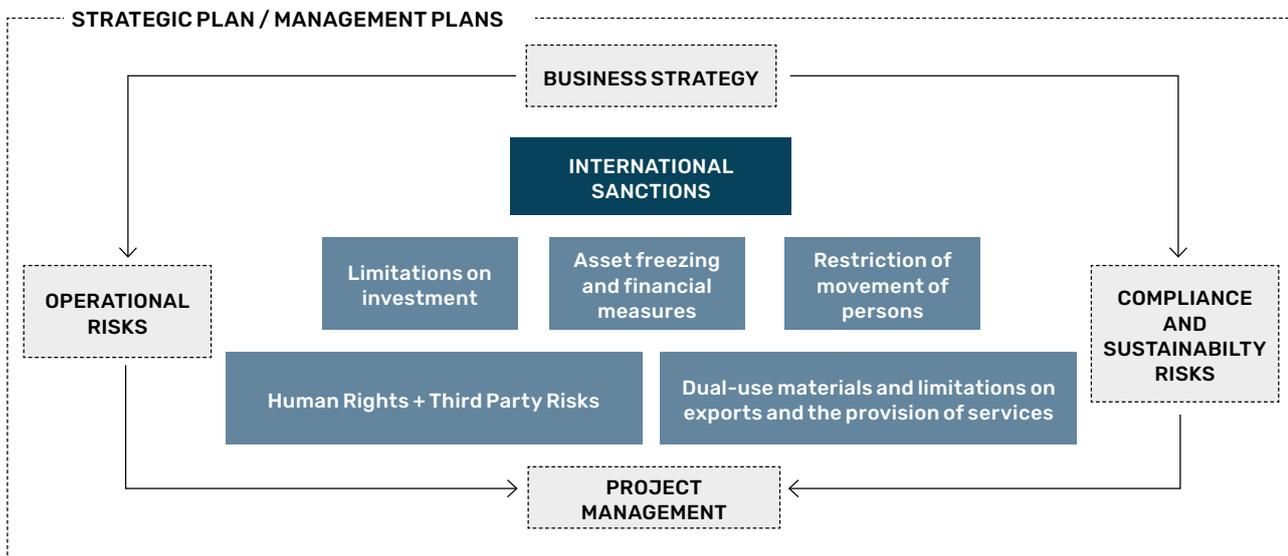
These commitments serve as a basis for determining risks and configuring the necessary procedures and controls regarding Human Rights.

Limitations derived from International Sanctions

At CAF we are committed to developing our activities and relationships with Business Partners and, in general, other stakeholders, respecting, in any case, the limits imposed by sanctions and/or restrictions imposed by the European Union and other international and reference bodies in relation to different products, markets, jurisdictions, groups, companies, public administrations or individuals. The CAF Group's activities must therefore

comply with not violating international or EU limits, sanctions or restrictions that may apply.

In this regard, the Compliance Function approved, at its meeting of 8 May 2023, the Due Diligence Manual on International Sanctions, which develops the General Principles of Conduct in order to identify the basic areas of due diligence that must be managed in the different activities carried out by the CAF Group and to establish a basic minimum procedure to ensure strict compliance with the limitations imposed on certain activities through international sanctions, especially in the case of compliance with human rights or limitations on international exports, without prejudice to the other areas specified in the Manual and other applicable regulations:



Due Diligence and general risk management in matters of Human Rights and International Sanctions in operations

The CAF Group's Human Rights and International Sanctions Due Diligence procedure is an example of our priorities and ethical approach in the way we do business.

As an essential part of the due diligence procedure, from the very outset of the business opportunity and prior to the presentation of the initial offer, at CAF we identify and assess the risks related to Human Rights in accordance with the United Nations Guiding Principles on Business and Human Rights, as well as the potential non-compliance with the International Sanctions in force. The joint application of both analyses ensures greater efficiency and proper management of the different risks.

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.

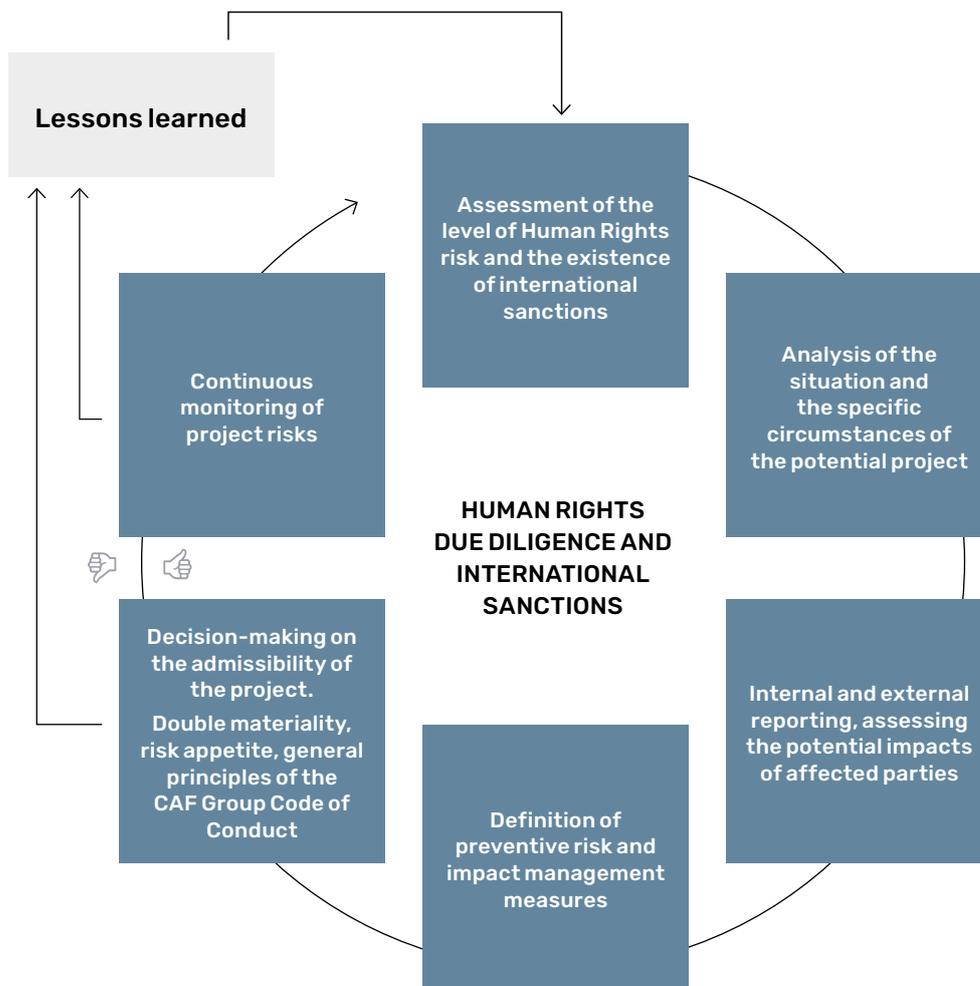
A key difference in the approach to risk assessment in this area is that the risks analysed must necessarily take into account the interests of the affected parties, i.e. those of the Human Rights holders (and not only those of the company itself) in accordance with the principle of double materiality.

For their part, the risks of International Sanctions may sometimes be linked to Human Rights, but sometimes not, in accordance with the scheme of the previous section, and the analysis must be adapted to the specific circumstances of the case.

To this end, in the 2023 financial year, the country risk list has been updated for the purposes of Compliance, incorporating human rights assessment factors and other relevant factors such as the existence of conflict in the country, the number of fundamental ILO conventions ratified or the corruption perception index, among others.

The impacts derived from said risks could result in sanctions related to the violation of Human Rights and/or International Sanctions in addition to specific sector 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.

As a result of the above, this analysis is carried out in all our operations, prioritising according to the level of country risk and considering factors such as geographical location, the project's own circumstances and the business activities to be carried out by the CAF Group and its Business Partners, among others, following the scheme described below:



Thus, in an initial phase, it is analysed whether the country, region or city in which the project is located, or its characteristics, have a level of risk that a priori requires the adoption of special measures regarding potential associated impacts. And in a second phase, a study is carried out tailored to the specific circumstances of the case to evaluate the potential risks and impacts and, if applicable, the preventive management measures to be adopted if the project were classified as admissible. This analysis is taken into consideration by the different internal bodies that make business decisions in each of the corresponding areas.

In application of the above, in the aforementioned initial phase, 100% of the CAF Group's projects and offers are analysed from the perspective of Human Rights.

For its part, and as a result of the second phase of the aforementioned analysis, the number of operations subjected to Human Rights evaluations in 2023 has risen to 308.

After the application of the established internal procedures, throughout the 2023 financial year, no violation of Human Rights derived from the CAF Group's participation in any project has been detected.

Notwithstanding the above, due to its relevance and the effects of the worsening of the armed conflict in Israel during the year, which could potentially affect the CAF Group's projects and people in that country, a triple analysis of compliance risks was carried out in 2023: (i) reviewing the pre-existing risk matrices linked to the aforementioned projects, (ii) analysing the immediate measures adopted by the company to protect its employees after the conflict broke out and (iii) reevaluating the associated consequential impacts. The analysis will be carried out continuously until the situation is stabilised.

	2023	2022	2021	TARGET
Projects analysed from the perspective of Human Rights (in %)	100	100	100	100

Human Rights Risk Management in the Workplace

In relation to the Human Rights aspect that concerns the labour sphere, the commitments are deployed through the corporate people management process, and in addition to all that is applicable in the preceding section on due diligence, through the Labour Relations Policy and the Guidelines that implement it, minimum requirements are established that ensure internal coherence in aspects such as labour regulation, collective bargaining and legal representation of workers, fundamental rights, equality and non-discrimination, employment contracts and social security.

In order to ensure compliance with the Group's general commitments, a labour compliance risk management procedure has been developed, which includes, among others, those relating to human rights and establishes a unified methodology for labour compliance risk management in the Group. This procedure considers the following risks: (i) violation in terms of hiring, (ii) violation in terms of working hours and their registration, (iii) violation in terms of social security or equivalent, (iv) violation in terms of termination of employment, (v) violation in terms of outsourcing, (vi) violation of the principle of equal treatment and/or discrimination at work; (vii) lack of freedom of association and collective bargaining in own facilities and/or third-party centres, (viii) child exploitation, (x) insufficient inclusion of people with disabilities, and (xi) others that are analysed on a case-by-case basis depending on the particularities of the project in question.

In this sense, we adopt the measures that we consider necessary to guarantee, both in our own operations and among our suppliers, compliance with the provisions of the fundamental conventions of the International Labour Organization (ILO) related 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.

Additionally, two specific protocols are defined: the Protocol of action in the event of sexual harassment or gender-based harassment and harassment based on sexual orientation, gender identity and/or gender expression and the Protocol of action for the prevention of Psychological Harassment at Work, incorporated in the Occupational Risk Prevention Management System. Both protocols reflect the management's declaration in these areas and aim to establish the necessary measures to prevent and avoid the aforementioned situations, as well as to establish the procedures for action in the event of a risk materialising.

Throughout fiscal year 2023, no cases of Human Rights violations have been processed among workers employed directly or through business relationships by the Group.

Chapter 6, related to the workplace, includes issues related to non-discrimination and equal opportunities.

Stakeholder Consultations

The CAF Group identifies Stakeholders to be considered for specific activities that may have Human Rights impacts, seeking to understand the concerns of potentially affected stakeholders, consulting directly with them in a manner that takes into account language and other potential barriers to effective participation.

In cases where it is not possible to carry out this type of consultation, Group companies must consider reasonable alternatives, such as consulting independent experts, including Human Rights defenders and other people from civil society.

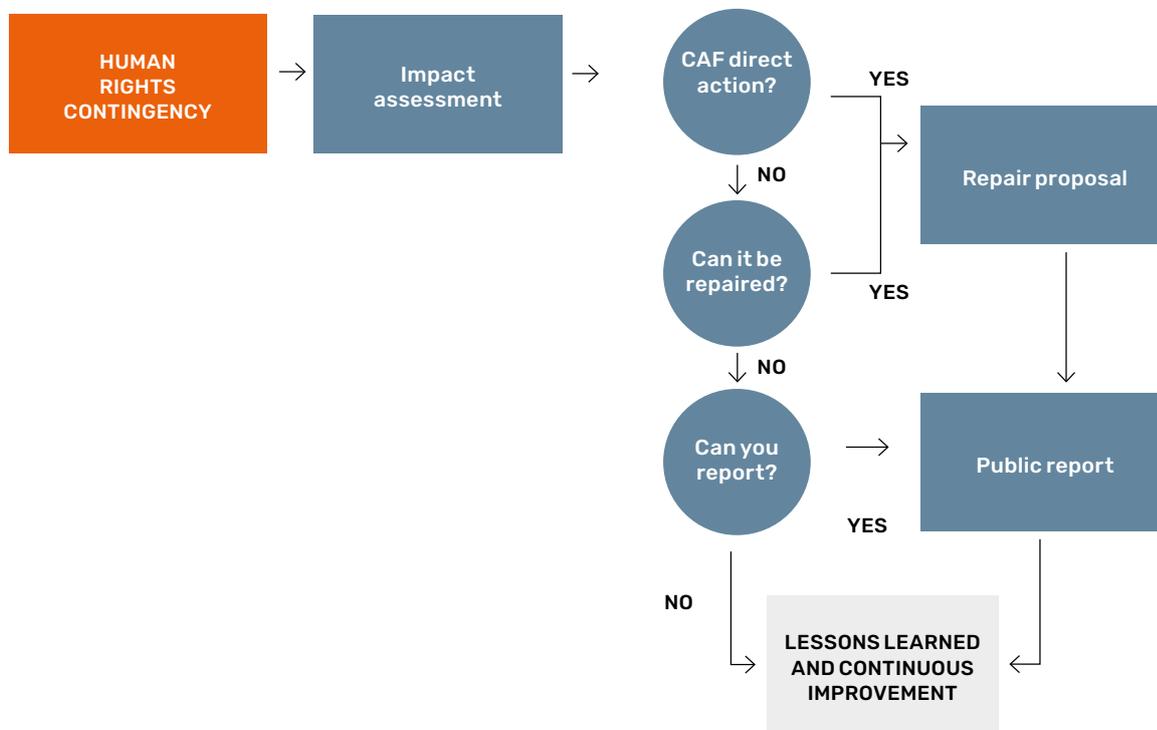
Notwithstanding the above, we provide permanent dissemination and inform potential interested parties of the information necessary to publicise our Human Rights Due Diligence subsystem, as well as the different principles, guarantees and obligations that govern its application.

Remedial measures for potential impacts

At CAF we assume the provisions of the United Nations Guiding Principles and the OECD Guidelines for multinational companies regarding measures to repair potential impacts on Human Rights.

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 our activity.

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



Handling of Human Rights complaints

In 2023, no complaints were received regarding cases of Human Rights violations.

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

	2023	2022	2021	TARGET
Number of complaints received	0	0	0	0
No. of cases of Human Rights violations	0	0	0	0
No. of incidents of violations involving rights of indigenous peoples	0	0	0	0

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

For the purposes of the *Modern Slavery Act 2015 (UK)*, CAF complies with the obligation to publish on the corporate website a report describing in detail 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 CAF 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. And the latter, regardless of whether it is an entity that must report or does so voluntarily.

Compliance with the Transparency Act (Norway)

For the purposes of the provisions of *Section 5* of the *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 the *Transparency Act* will indicate this in their respective individual annual accounts.

7.2.8 Crime prevention, anti-corruption and conflicts of interest

[GRI 2-15, GRI EG 205, GRI 205-3, GRI EG 415, GRI 415-1].

Criminal Compliance

In developing the Code of Conduct, the Board of Directors of CAF, S.A. approved the initial version of the Crime Prevention Manual on 29 April 2015, establishing a crime prevention programme.

The aforementioned rules, 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 for the management and prevention of the risks of committing crimes within the CAF Group, without prejudice to the specificities approved in each case derived from the requirements of the legal system applicable to international subsidiaries, and which will prevail where applicable.

This Manual is subject to periodic reviews and updates. More specifically, there have been revisions of the Manual in 2016, 2018 and 2021. Following any approval of a new version of the Manual or further development of the Manual, appropriate dissemination and training measures are taken.

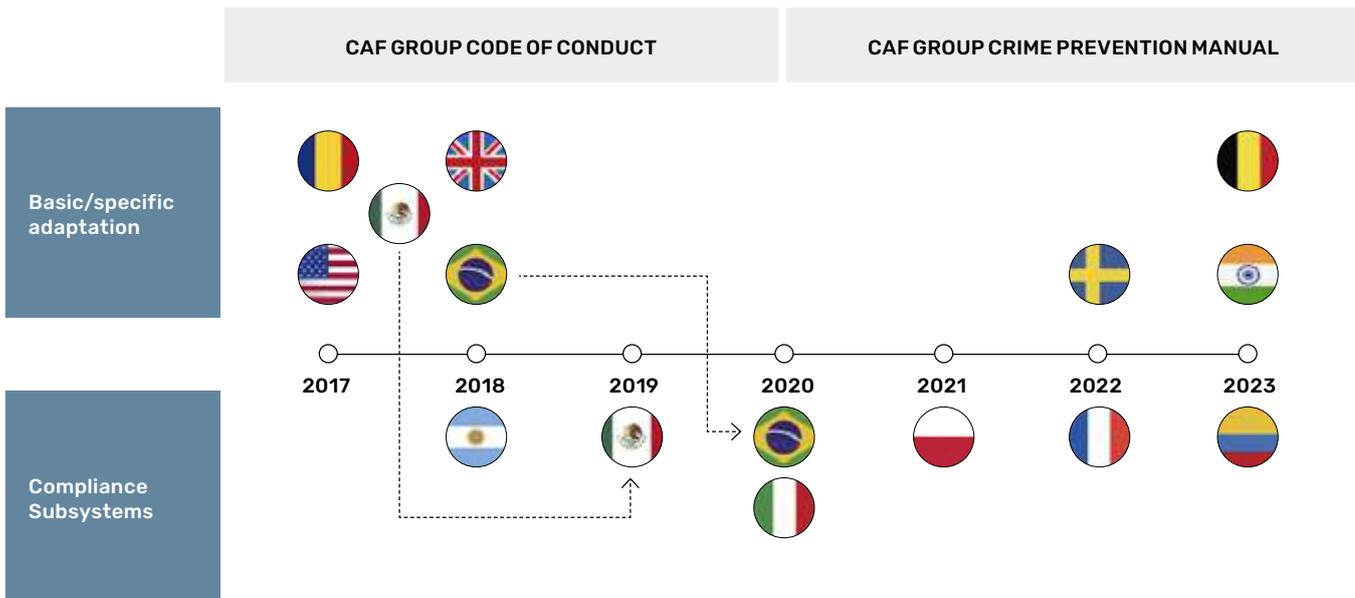
Without limiting the foregoing, the Crime Prevention Manual establishes that, as long as circumstances require, the risks of committing the crimes laid down in the Manual should be reassessed, with the consequent risk map updating, and, in any case, the aforementioned reassessment should be carried out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

International adaptation

The international rightsizing of the CAF Group on 31 December 2023 resulted in 83 foreign subsidiaries in 43 countries across the five continents.

When the application of the framework established by the corporate rules is insufficient, an adaptation can be made at the international level in terms of crime prevention for a specific country, and in some cases for a specific subsidiary, either by adapting the content of the general corporate guidelines contained in the Crime Prevention Manual, or by developing a complete Compliance sub-programme to establish specific guidelines, all of which will largely depend on the existing legal regulation in the country in question and the greater or lesser flexibility that these rules provide to maintain or not maintain the common corporate model.

Internationally, in 2023, CAF continued to develop the Compliance sub-programmes that feed the Criminal Compliance System, and a new Compliance sub-system for Colombia was introduced:



Risk management

At CAF we periodically carry out an analysis of the different activities in the exercise of which risk situations may arise that give rise to the commission of any of the crimes that have been classified as "Relevant Crimes", generating a matrix of Criminal Compliance risks.

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.

The activities of the CAF Group that deserve special attention for the purposes of the above are: (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 an [Internal Reporting System](#) 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. The aforementioned impacts have a direct reflection both in the short term and in the medium-long term on the Company's activity.

In 2023, 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.

In parallel, the technological deployment is being evaluated to manage these issues in accordance with the CAF Group's IT strategy.

Anti-corruption and prevention of bribery

The fight against corruption and bribery is one of the most relevant issues in terms of corporate responsibility, both from an ethical point of view, as it undermines commitments to transparency and integrity, as well as criminal prevention, and from an economic point of view, as it jeopardises the basis for the correct functioning of the market, including free competition.

In this context, CAF is aware of the importance of its efforts, as a key player in the business community, in the fight against corruption and bribery and, consequently, it shows zero tolerance for any act of corruption and bribery, whether in the public or private sector, in line with the highest standards of Compliance with applicable legal and ethical standards and with our Compliance culture.

The main risks related to the fight against corruption and bribery are the following: (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.

There were no confirmed cases of corruption in 2023.

Policy on gifts and hospitality, donations and sponsorships

CAF promotes, as an essential principle, the prohibition of accepting or offering gifts and hospitality (gifts or favours) whose value is not merely symbolic and intended to promote the Group's brand image.

In accordance with the provisions of the CAF Group's Code of Conduct, donations, sponsorships or collaboration agreements must be made in accordance with the provisions of applicable laws and never directly or indirectly linked to illegal acts, in addition to following

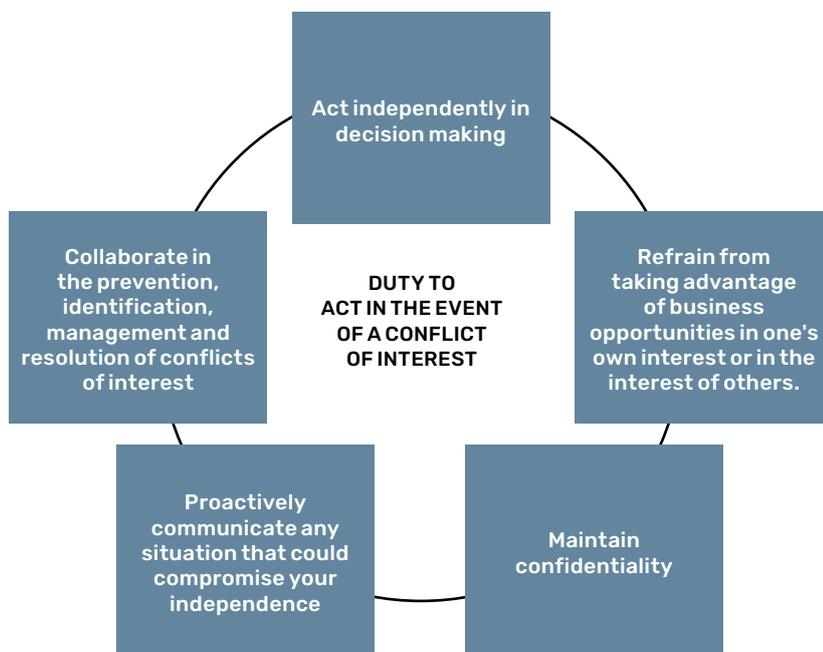
the authorisation procedures established at any given time.

In compliance with the legislation of each country in which it operates, the CAF Group will refrain from carrying out any prohibited activity in relation to the financing of political parties or sponsorship of events whose sole purpose is political activity.

No political contributions of a direct or indirect nature with significant scope were made during the reporting period. CAF is a company with a neutral position regarding political parties⁵⁰.

Conflicts of interest

All Members of the CAF Group must avoid any conflict of interest to which they may be exposed and which may alter the independence of decision-making or pose a potential risk of unfair action, based on the general principles or parameters of behaviour developed in detail in the CAF Group's Code of Conduct, the essential elements of which are set out below:



Thus, the CAF Group's Internal Regulatory System has mechanisms for the prevention and management of conflicts of interest for specific cases in various regulations.

For example, as part of their duty of loyalty, the members of the CAF Group's management bodies must avoid situations of conflict of interest and, in particular, observe the specific provisions included in the [CAF Regulations of the Board of Directors](#), which contain, among others, the regime applicable to the duties of abstention of Directors, waiver of prohibitions and reporting duties; as well as the provisions of the CAF Group's Related Party Transactions Manual.

50 Contributions to political parties are less than 0.005% of CAF Group sales.

Likewise, the shareholders and participants of CAF Group companies may find themselves in a situation of conflict of interest on the occasion of the General Shareholders Meetings of CAF Group companies, which, if applicable, will affect the exercise of their respective rights of representation and voting at such meetings, in accordance with the terms of the applicable regulations in this respect.

Likewise, the CAF Group requires its Business Partners to develop conduct or behaviour that does not jeopardise compliance with the obligations, principles and limits assumed by CAF in matters of conflicts of interest, ensuring, in any case, compliance with its due diligence obligations, through timely coordination, transparency and communication.

The Company publishes information related to conflicts of interest and related matters in accordance with the provisions of the regulations applicable to listed companies. In this respect, the Annual Report on Corporate Governance published annually indicates the mechanisms established to detect, determine and resolve possible conflicts between the company and/or its group, and its directors, executives, significant shareholders or other related parties. The Regulations of the Board of Directors stipulate that any conflicts of interest in which Directors may be involved must be disclosed in the notes to the annual accounts.



7.2.9 Competition [GRI EG 206 and GRI 206-1]

CAF is committed to promoting free competition and to comply with any local, national or international competition law regulations in order to avoid any conduct that may constitute an infringement of such regulations, such as collusive or restrictive agreements, abuse of dominant position or prohibited concentrations, and we are also committed to collaborating with the authorities that regulate the market.

In this sense, we are committed to competing in the markets freely and in accordance with antitrust regulations.

In order to fulfil this commitment and effectively prevent compliance risks in the area of Competition Law, CAF decided to implement a specific corporate Competition Law Compliance System.

In 2019, the Board of Directors of CAF 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.

Likewise, within the framework of the Competition Law Compliance System, during the 2020 financial year, the Compliance Function approved a Corporate Model Procedure for competition inspections (*dawn raids*), which came to complement said System.

The Competition Manual is also supplemented with an Evaluation Procedure for consortiums with competitors, to be applied systematically if any business partners with which CAF plans to contract are also competitors.

It should be noted that on 13 June 2022, the CAF Group received the KOMP SARIAK distinction from the Basque Competition Authority (AVC), in recognition of its Corporate Competition Compliance System.



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.

Regarding risk management in this area, in 2023 the Competition risk maps for each activity in the railway segment have remained in force.

The following is an update of the status of the main issues or specific contingencies managed during 2023 in this area as described in note 26 to the consolidated financial statements:

In March 2014, following 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 administrative and judicial 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 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 with the National High Court, 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.

7.2.10 Market abuse and insider information

The [Internal Code of Conduct in the field of Securities Market](#), available on the corporate website www.caf.net, is the internal standard approved by the Board of Directors to establish the basic rules regarding the prevention of market abuse. To this end, the aforementioned Regulation defines certain rules for the management of insider lists, the control and transparent communication of Inside Information, as well as for the carrying out of treasury stock transactions or market research, among other matters.

Said Regulation is applicable to: (i) Members of the Board of Directors of the parent company; (ii) CAF management personnel with regular access to inside information and the power to make management decisions affecting the future development and business prospects of the Company; and (iii) Other personnel of the Company and/or companies in its group who, by reason of the activities and services in which they engage, may have regular or occasional access to inside information, either on a permanent basis or for such period as may be determined from time to time, as well as other persons outside CAF who provide advisory services to CAF.

In furtherance of the foregoing, and in order to better manage the details of certain aspects, on 6 April 2020, the Compliance Function and the Economic-Financial Department of the parent company jointly approved the Manual for the Management and Communication of Inside Information and Other Relevant Information of the CAF Group.

7.2.11 Protection of personal data

[GRI EG 418 and 418-1]

The CAF Group Code of Conduct includes in a specific section the special protection required for the management of personal data. All information of a sensitive nature that we manage at CAF must be treated with absolute confidentiality and secrecy and, in particular, that which includes personal data.

In this sense, at CAF we have developed and deployed a Personal Data Protection Policy to guarantee compliance with current legislation in all the territories in which the company carries out its activities. This Policy, and the Manual that develops it, establishes the organisational and technical measures necessary to guarantee the correct management of the personal data processed by CAF professionals and by third parties related to any Group company. The following is a summary of the basic principles that should govern this type of treatment:

BASIC PRINCIPLES REGARDING THE PROTECTION OF PERSONAL DATA			
Fairness, loyalty and transparency	Data minimisation	Privacy by design and by default	Security and privacy awareness
Purpose limitation	Limitation of the retention period	Accuracy	Availability, integrity and confidentiality

To guarantee compliance with the regulations applicable in each jurisdiction, the CAF Group has, among others, Data Protection Delegates appointed in legally obligated entities, with a data protection office that can be external or internal made up of experts in the matter and with regulatory developments adapted to the needs of each of them.

This is without prejudice to the fact that each CAF company is, in any case, responsible for the processing of personal data in the sphere of its own activity and in accordance with the provisions of the applicable legislation.

Additionally, the risks regarding the processing of personal data are evaluated taking into account the rights and freedoms of natural persons, and the necessary security measures are applied in order to avoid possible negative consequences for the interested parties.

CAF has established the necessary mechanisms for appropriate coordination with the cybersecurity area in the event of breaches affecting personal data.

During 2023, there have been no serious incidents related to data protection.

Likewise, we have not received any substantiated complaints regarding violations of customer privacy.



7.3 CYBERSECURITY IN THE COMPANY

Digital mobility is revolutionising the transportation sector. It allows more efficient management of operations, optimising processes and improving the availability and capacity of services. It improves timeliness and maintainability, and offers a superior user experience, with greater convenience and personalised services. In summary, digital mobility is an essential pillar for transport optimisation.

However, it also increases exposure to cyber threats, making it crucial to implement robust cybersecurity measures. We want our customers to feel secure in choosing us as their strategic partner in sustainable mobility and that is why in CAF's cybersecurity programme we have structured ourselves to cover all the necessary aspects and axes.

Information security is a priority for CAF. We are aware that our customers trust us to offer them sustainable mobility solutions, and that is why we strive to protect their personal and business data.

The information security management model is based on the [Corporate Security Policy](#), approved by the Executive Management. During this year, the information security governance model has been consolidated in the Group, with roles and responsibilities, and monitoring indicators both at the corporate level and at the level of each of the activities carried out in the Group.

Although the corporate cybersecurity model and policy are already based on well-known international standards such as ISO27001, it should be noted that several of our activities have already been certified under this standard. The certification is an important milestone for the organisation as it demonstrates that cybersecurity is a strategic aspect of the Company, and allows us to remain a trusted supplier to our customers and other stakeholders. In 2018, it was the Rolling Stock activity that was certified to ISO27001:2013; during 2021 it was the Digital Rail Services activity and its digital platform Leadmind, and during 2023 it was the Rail Signalling and Rail Services activities that were certified. It is worth noting that this latest certification of rail services represents the first certification audit of the new version of ISO 27001:2022, which was published at the end of last year and we were the first company to be certified by LRQA at national level.

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, integrity and availability of information. CAF adopts a zero-tolerance approach to security and thus guarantees compliance with legal and contractual obligations, in addition to satisfying the needs and expectations of our clients and other stakeholders. This is why we are exposed to independent third party audits in areas such as the Information Security Management System under the international standard ISO27001 or technical audits to identify potential vulnerabilities and weaknesses in our infrastructures and applications, in addition to our own internal audit under the supervision of the Audit Committee.

In this regard, and as a follow-up and monitoring process for all the initiatives of the Group's cybersecurity programme, the Corporate Cybersecurity Committee periodically reviews the indicators that allow us to track progress and identify possible deviations or aspects for improvement. In reference to one of these indicators, in 2023, no serious incidents affecting the group's operations were detected and no incidents related to privacy or data theft/leakage were identified (GRI 418).

Likewise, the Corporate Cybersecurity Committee, through the corporate cybersecurity manager, reports the status of indicators, initiatives or other data of interest in cybersecurity matters to the different management bodies as often as required for their adequate supervision and control.

CAF encourages and promotes **awareness raising and training** employees on all areas and domains of cybersecurity. The objective is not only to ensure CAF's level of cultural maturity, but also to support clients in all phases of a project, from commercial to project delivery and maintenance. To this end, we have carried out specialised training in the field of cybersecurity in the railway sector (IEC62443, TS50701) for different areas and profiles of the Organisation. It also publishes monthly pills for all employees to raise cybersecurity awareness and promote the message that cybersecurity is everyone's business.

We cannot forget the large number of new **regulations and directives** that are being drafted at national or international level, which aim to guarantee a high common level of cybersecurity for European member states. Our cybersecurity plans include, of course, the following

In other words, initiatives that guarantee our alignment with the NIS2, the Cyber Resilience Act (CRA), or the Code of Best Practices published by the CNMV in July 2023. All of these oblige us not only to establish good cybersecurity practices but also to comply with them strictly in order to remain competitive.

7.4 TAX TRANSPARENCY

7.4.1 Mission and commitment in tax matters [GRI 207-1]

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. This Policy is reviewed annually by the Audit Committee and the Board.

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.

7.4.2 Fiscally responsible behaviour [GRI 207-1]

The [Tax Policy](#) includes the following principles of action in tax matters of the CAF Group, which are a development of the fundamentals of the [Code of Conduct](#), the [Sustainability Policy](#) and the [General Risk Assessment and Management Policy](#), and which must guide the actions of all those persons and entities to which it is applicable:

1. Comply at all times with its tax obligations.
2. Collaborate at all times with the Tax Administrations.
3. Avoid the use of opaque structures, processes or systems designed solely for tax purposes.
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.
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.
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.

7.4.3 Tax governance and risk management [GRI 207-2].

In general, the Audit Committee, and ultimately the Board of Directors, is responsible for ensuring compliance with the Tax Policy throughout the CAF Group, for which purpose the latter expressly provides for the establishment of internal control mechanisms and also contemplates information flows from the Economic-Financial Department to the Audit Committee, for subsequent submission to the Board.

Periodically, at least once a year, the Corporate Tax Function reports to the Audit Committee on the Company's performance in tax matters.

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.

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.

In turn, fiscal management is subject to the internal risk management system and, consequently, is subject to close scrutiny by Internal Audit.

In addition, the CAF Group has implemented an open [Internal Reporting System](#) so that any employee or stakeholder outside the company can make any communication regarding the company's fiscal management.

The tax content has been mainly obtained from the internal reporting used to prepare the Group's consolidated annual accounts, which are subject to external audit.

7.4.4 Relationship with interest groups in tax matters [GRI 207-3]

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.



7.4.5 Country-by-country reporting [GRI 207-4]

Below is the significant information on the profits obtained by country and the taxes on profits paid in the main locations where the CAF Group operates:

COUNTRY	2023		2022	
	PROFIT (LOSS) BEFORE TAX ⁽¹⁾	INCOME TAX PAID (RECOVERED) ⁽²⁾	PROFIT/(LOSS) BEFORE TAX	INCOME TAX PAID (RECOVERED)
Germany	2,261	965	2,723	1,253
Saudi Arabia	4,737	483	2,577	5,480
Australia	1,068	512	1,204	537
Brazil	38,618	10,348	43,126	8,940
Chile	3,160	2,637	2,476	492
Colombia	277	250	(264)	704
Spain	(2,684)	5,825	(1,924)	6,104
Israel	2,000	446	1,567	119
NAFTA ⁽³⁾	54,905	24,756	35,199	12,414
Poland	(8,281)	(625)	(21,663)	15,961
United Kingdom	3,875	1,658	5,800	927
Sweden	(4,566)	42	(10,905)	311
France	14,387	0	3,762	-
Italy	337	490	1,250	319
Norway	(2,154)	34	(8,215)	34
Other	3,527	1,212	1,492	1,013
Adjustments ⁽⁴⁾	29,191	0	32,910	
TOTAL	140,658	49,033	91,115	54,609

1. Pre-tax results for each country including dividend elimination adjustments.

2. Tax payments for fiscal year 2023 obtained from the consolidated statement of cash flows of the consolidated annual accounts. Note 18 to the consolidated financial statements details the significant tax adjustments that determine the tax bases of each country, mainly the tax credits the Group maintains in Spain and the temporary adjustments to the tax base in Brazil and NAFTA due to accelerated depreciation.

3. This grouping includes countries whose breakdown would involve revealing information protected by contractual 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.

4. Results of entities accounted for using the equity method and the elimination of the provision for investees in the consolidation process.

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 operating subsidies recorded in the attached consolidated profit and loss account during fiscal year 2023 amounts to 12,946 thousand euros (in 2022, 6,686 thousand euros).

7.5 RESPONSIBLE SUPPLY CHAIN MANAGEMENT

[2-6, 2-26, EG 204-1, EG 308-1, 308-2, 408-1, 409-1, EG 414-1, 414-2]

The responsible and sustainable supply chain in the CAF Group is a comprehensive system that seeks to minimise environmental impact, promote ethical and social practices that contribute to our environment and improve our reputation, and guarantee the operational efficiency of the entire global supply network.

We continue to maintain a proactive approach to monitoring sustainability risks, to consolidate our position in the sector and play an active role in building a more sustainable and equitable future. To this end, we encourage our suppliers to comply with all the legal requirements of the sector and the country in which they operate, incorporating sustainable practices in all their operations.

This management approach is based on several key policies, such as the [Corporate Purchasing Policy](#), the [Environmental Policy](#), the [Safety Policy](#), the [Occupational Health and Safety Policy](#), and the [Supplier Code of Conduct](#). All of these policies are aligned with the Principles of the United Nations Global Compact on Human Rights, the Environment and the Fight against Corruption, providing comprehensive guidance for both our organisation and our suppliers.

In 2023, the CAF Group spent approximately 2,228⁵¹ million euros on supplies provided by around 8,000 Tier-1 suppliers, who interact directly with and invoice the CAF Group directly. These suppliers are distributed in more than 50 countries, although the majority are located in the European Union.

In this context, we identify various risks associated with social, ethical and environmental issues, including:

- (i) possible violations by suppliers of business ethics;
- (ii) breaches by suppliers 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.

7.5.1 Supply chain strategy and objectives

With our supply chain risk and sustainability management strategy in place, it is time to assess progress and results in 2023:

- In the area of sustainability in the supply chain, the Responsible Purchasing Programme has been extended to the Bus segment (Solaris) during 2023, thus bringing under the programme the activities of:
 - Railway vehicles
 - Railway services.
 - Buses (Solaris).



- Participation in the sector initiative [Railspensible](#) has allowed us to collaborate with the main operators and manufacturers in the sector, sharing best practices and contributing to the development of sustainable practices in the value chain of the railway industry. As a major milestone, in July 2023 we signed the Railspensible [Climate Pledge](#)[®], committing to lead the decarbonisation of the rail supply chain.
- Furthermore, the continuous improvement of our suppliers on sustainability issues has not only strengthened their resilience, but has also improved their competitiveness. This positive synergy has contributed to the creation of a more robust and ethical supply chain.
- In 2023, the Sustainability and Corporate Procurement Committees continued their work to implement the Procurement Policy in the Group's main activities, thereby establishing in their respective processes the requirements for due diligence and oversight of the sustainability of the supply chain established by the Corporate Procurement Policy.

7.5.2 Communication with suppliers

Annually, CAF chooses to foster a two-way dialogue through Supplier Satisfaction Surveys as an integral part of its management practices. (More information about satisfaction surveys and Interest Groups in section 2.5 of this Report).

51 Procurements in the Consolidated Financial Statements of the CAF Group in 2023.

The recent analysis of these surveys reveals an outstanding level of satisfaction among suppliers, reaching a score of 8.4 out of 10, with 81% of the CAF Group's total supplies evaluated.

Despite these positive results, CAF will continue its commitment to continuous improvement and address identified opportunities to further optimise interactions in the coming year.

As part of our initiative to strengthen transparency and facilitate communication, all suppliers have specific channels to address concerns and queries. For questions related to the Supplier Code of Conduct, the following e-mail address has been set up procurement@caf.net. In addition, to report possible conflicts of interest or any violation of ethical business principles by CAF professionals, there is the [CAF Group's Internal Reporting System](#), accessible on the website <http://www.caf.net>, which guarantees protection measures for informants, in accordance with the applicable regulations. During the course of 2023, no notifications of conflicts of interest or violations of commercial ethical principles were received through this reporting channel from suppliers.

The openness and accessibility of these channels reinforce CAF's commitment to commercial ethics and the construction of solid and transparent relationships with its suppliers, guaranteeing integrity and efficiency in all commercial operations.

7.5.3 Supplier Code of Conduct

The CAF Group requires its suppliers to adhere to the principles set out in the [CAF Supplier Code of Conduct](#), which is available on the corporate website and through the usual means of internal communication.

This document details the social, ethical and environmental commitments related to the general code, working conditions, health, safety, environment, business ethics and confidentiality.

All Group suppliers must subscribe to this code, or one approved by CAF's Compliance Department, which guarantees the transfer of sustainability requirements to their supply chains. CAF can verify compliance through ESG agencies, questionnaires or audits at the supplier's premises. In the event of non-compliant behaviour, CAF may take action, including rejecting future collaborations or ending the current relationship.

At the end of 2023, a process was initiated to update the Supplier Code of Conduct to reflect the changes included in the [CAF Group Code of Conduct](#) and to incorporate relevant aspects such as the treatment of Conflict Minerals and Hazardous Substances, among others. The updated Supplier Code of Conduct is expected to be approved and published within the first quarter of 2024.



7.5.4 Sustainability in supplier management

Within the Ziaboga project for the transition to CAF's new ERP, the ARIBA module has been implemented in the parent company, CAF SA⁵², for supplier management, known as ARIBA SLP (Supplier Live Cycle Performance). This tool makes it possible to apply qualification processes to our suppliers, ensuring a solid commitment to compliance with requirements associated with sustainability, such as ISO, IRIS, OHSAS certifications, our internal code of conduct and corporate policies.

In addition, the bus segment's project to join this corporate tool has begun and a work plan has been defined to incorporate the rest of the Group's activities in 2024. This process not only strengthens commercial relationships, but also supports our vision of promoting ethical and environmentally responsible business practices.

In 2023, 18 supplier approval audits were carried out in the railway segment, including quality and environmental aspects, among others. In addition, eight additional audits were carried out, focusing specifically on sustainability aspects, to several suppliers that did not reach the minimum score required in ECOVADIS. Simultaneously, we have carried out 5 exhaustive evaluations of the life cycle of our suppliers in the bus segment, highlighting our commitment to continuous improvement and the adoption of sustainable practices in all phases of the supply process.

No significant deviations related to our Code of Conduct have been identified in any of our suppliers, validating the effectiveness of the mechanisms implemented to identify and mitigate ethical risks. This achievement underscores our commitment to integrity, sustainability and excellence in all our business relationships.

7.5.5 Supply chain monitoring methodology

Supervision of sustainability in our supply chain focuses on prioritising the evaluation of suppliers with greater potential risks in environmental, social and ethical matters.

Of the CAF Group's total of 8,000 suppliers, nearly 6,000 are covered by the CAF Group's Responsible Purchasing Programme, reaching 73% of the Group's total supplies. Following the application of the criteria established for the selection of Target suppliers by means of risk mapping, 295 suppliers (237 business groups) have been selected and are regularly monitored in order to mitigate the materialisation of the potential risks identified.

Risk mapping considers the following criteria:

- Environment: Selecting those suppliers that supply or provide services classified within any of the families identified with a high potential environmental impact.
- Labor practices and human rights: Suppliers from countries with a *Global Slavery Index* greater than 50 are identified.
- Ethics: Select those suppliers related to legal and consultancy advice and strategic suppliers.
- Occupational health and social development: Those suppliers from countries with a *Human Development Index* less than 0.7 are identified.

For the assessment and monitoring of these Target suppliers, we collaborate with Ecovadis, a world leader in sustainability assessment. The required questionnaires consider 21 aspects aligned with international standards and the answers are subjected to analysis by experts. This process aims to assign a rating that accurately reflects suppliers' performance in relation to sustainability. The results of the assessment are expressed in a score ranging from 0 to 100 points, reflecting better sustainability management by suppliers, the higher the score obtained.

52 It includes the activities of manufacturing vehicles, axles and wheels, railway services (national), and power equipment, within the railway segment.

21 SUSTAINABILITY CRITERIA

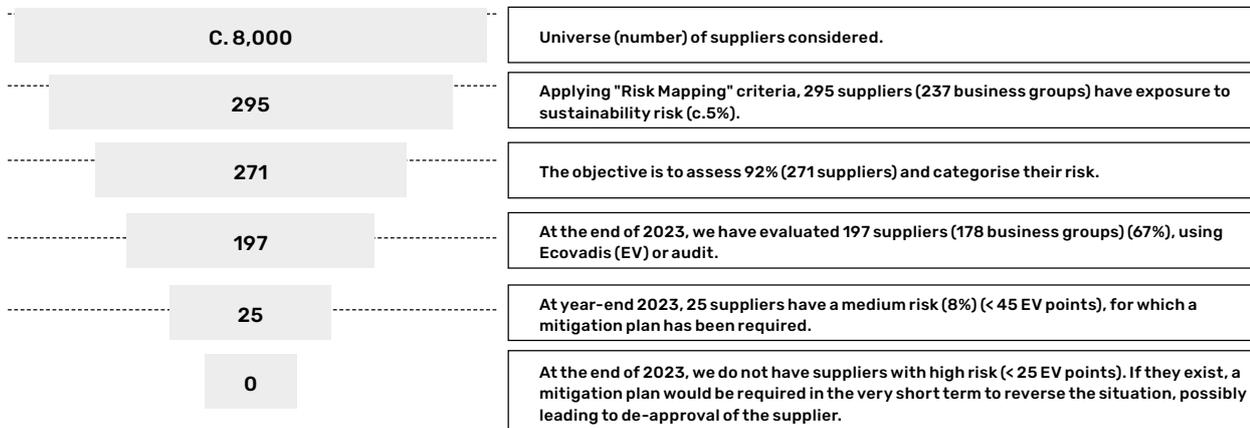
ENVIRONMENT	LABOR PRACTICES AND HUMAN RIGHTS	ETHICS	PURCHASES SUSTAINABLE
Hedging <ul style="list-style-type: none"> Energy consumption and GHG Water Biodiversity Local and accidental contamination Materials, chemicals and waste Products <ul style="list-style-type: none"> End of product life End of product life Consumer health and safety Environmental services and advocacy 	Human Resources <ul style="list-style-type: none"> Employee Health and Safety Working conditions Social Dialogue Training and professional development Human rights <ul style="list-style-type: none"> Child labor, forced labor & human trafficking Diversity, discrimination and harassment Human rights of third parties 	<ul style="list-style-type: none"> Corruption Anti-competitive practices Responsible information management 	<ul style="list-style-type: none"> Supplier environmental practices Supplier social practices



ISO 26000
SOCIAL RESPONSIBILITY

When an evaluation does not meet the standard established by CAF (with an overall Sustainability management rating of less than 45 out of 100), the supplier is asked to implement an action plan to address the identified weaknesses.

At the end of the year, out of the total of 197 suppliers assessed (67% of the total number of Target suppliers, corresponding to 178 business groups), 25 have a score below 45 points at the end of 2023 and will be asked to establish an action plan to achieve an Ecovadis score above the risk level.



7.5.6 Results of the Responsible Purchasing Programme

At the end of 2023, the following results have been obtained in the activities included in the Responsible Purchasing Programme:

INDICATOR	TARGET 2023	2023	2022	2021
Number of business groups assessed in terms of their sustainability/ESG management	-	178	118	67
Coverage of sustainability assessments on the amount of expenditure covered by the Responsible Purchasing Programme ¹	-	41%	N.D.	N.D.
Suppliers assessed out of total number of target suppliers identified in risk mapping	>92%	67%	78%	85%
Total Group volume of expenditure on suppliers with high or medium risk	<1.8%	2,5%	2%	4%

1. In 2023, the formula for calculating this indicator was updated and is therefore not comparable with the result of previous years. The recalculation of the historical path will be addressed in forthcoming reports.

The incorporation of the bus segment into the Responsible Purchasing Programme has generated an increase in the total volume of purchases within the scope, achieving a coverage of 73% of the Group's total procurement. However, as their incorporation took place in the second half of the year, it has not been possible to complete the evaluation of their Target suppliers. This has had a certain impact on the results of the programme, decreasing the percentage of coverage of the evaluations carried out and increasing the volume of purchases from suppliers with medium risk. During 2024, work will be done to establish improvement actions for medium risk suppliers and all suppliers identified as Target will be invited to join Ecovadis.



8 | ABOUT THIS REPORT

8.1 BASIS FOR THE PREPARATION OF THIS REPORT



8.1 BASIS FOR THE PREPARATION OF THIS REPORT

Scope of information [2-1, 2-2, 2-3]

CAF's Sustainability Report is one of the main communication tools in this area and in the relationship with its Stakeholders. Thus, it is a clear and rigorous compilation of the relevant information related to the most significant positive and negative impacts generated on its various stakeholders in terms of sustainability during the current financial year.

This report, which refers to the period from 1 January to 31 December 2023, covers the activities carried out by the CAF Group (Construcciones y Auxiliar de Ferrocarriles S.A.). The list of entities included in the Report corresponds to the information included in the Notes to the Consolidated Financial Statements 2023, Note 2 f). Sustainability information is included for those investee companies over which it controls more than 51%. As a general rule, environmental indicators consider those companies and facilities over which there is effective operational control.

If there are limitations in the scope, coverage or other aspects of the information, appropriate specifications have been made in the relevant chapter, table or data. In these cases, the reasons for the omission of information can be summarised as follows: the content is not considered material or relevant, there are confidentiality constraints to disclose the information, or the data is not of sufficient quality to be included in the Report. In this regard, year after year we continue to work to improve the quality and scope of the information reported in order to achieve full coverage of all the companies that make up the Group.

This report also draws on other reports to provide specific information on certain matters, such as CAF's Consolidated Financial Statements for the year ended 31 December 2023 to reinforce the information in the economic area; or the Annual Report on Corporate Governance 2023 to provide further information on issues related to CAF's Corporate Governance Model.

Restatements of information [2-4]

In order to ensure the comparability and consistency of the information reported, if material errors or omissions have been detected in the information reported in

previous years, the historical path has been updated and the update made and the reasons for it have been indicated in the corresponding chapter.

In 2023, the most notable update is the recalculation of the base year and historical GHG emissions calculation paths to reflect the acquisition of the Reichshoffen plant in August 2021 and the impact of improved data collection in recent years in some entities.

Standards and Principles used in the preparation of this Report

This report has been prepared with reference to the international standards of the Global Reporting Initiative (GRI) under the GRI option "selected standards". In addition, the guidelines included in the Non-Financial Reporting and Diversity Act 11/2018 have been followed. In addition, this report describes the Company's annual progress in implementing the Ten Principles of the United Nations Global Compact in the areas of human and labour rights, environment and anti-corruption.

CAF strives to provide clear and balanced sustainability information, together with accurate and verifiable data, to show its stakeholders the information they consider relevant, on a regular and timely basis. Thus, in preparing this report, the principles set out in GRI 1 have been complied with: Fundamentals (2021) in terms of quality and definition of content.

Principle of Materiality

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 in 2021 to identify the most relevant aspects to be addressed has been taken into account in preparing this report. In section 4.4. Materiality, detailed information on the process of identifying material issues can be found.

Contact information [2-3, 2-26]

For any clarification, doubt or suggestion related to the report or the subjects included in it, please contact: esg@caf.net

9 | ANNEXES

9.1 Table of contents of the Non-Financial Information Statement

9.2 GRI Index

9.3 Table of contents of the Global Compact

9.4 Detailed indicator tables

9.5 External assurance



9.1 TABLE OF CONTENTS OF THE NON-FINANCIAL INFORMATION STATEMENT

TITLE OF CONTENT	REFERENCE GRI CONTENT	PAGE
INTRODUCTION		
Description of the Group's business model	2-1 2-6 2-29	Consolidated Group Management Report "CAF Group business model and outlook", 7-10, 24-28, 141
Description of the policies applied by the Group and the outcome of these policies	Management Approach ("EG") 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", 15-17, 20-24, 44-45, 55-58, 80, 98, 102, 106, 114-117, 127-129, 132, 141
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Current and foreseeable effects of the Group's activities on the environment and, where applicable, on health and safety	201-2 308-2	56-58 141-145
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Application of the precautionary principle	(1)	54
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Measures adopted to improve the efficiency of raw material use	301-1	68
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TITLE OF CONTENT	REFERENCE GRI CONTENT	PAGE
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WORK ORGANISATION		
Organisation of working time	EG of the GRI 401	80-82
Absenteeism figures	(1)	82
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Assessment of collective agreements, particularly in the field of occupational health and safety	403-4	93
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(1) This content is reported based on Law 11/2018, of December 28, which modifies the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Account Auditing, on non-financial information and diversity; without reference to the GRI Standards.		

9.2 GRI INDEX

DECLARATION OF USE	CAF has reported the information contained in this GRI Content Index for the period 01/01/2023/31/12/2023 with reference to the GRI Standards mentioned in this section.
GRI 1 USED	GRI 1: Fundamentals 2021

CONTENT	REFERENCE	LOCATION OR DIRECT RESPONSE
GENERAL CONTENT (2021)		
1. THE ORGANISATION AND ITS REPORTING PRACTICES		
2-1 Organisational details	Direct response	This Report covers the activities at the Group level of CAF (Construcciones y Auxiliar de Ferrocarriles S.A.). The headquarters of the Organisation is located at: Calle José Miguel Iturriz, 26. 20.200 Beasain (Guipúzcoa), Spain
	Consolidated Group Management Report for 2023	Nature and activity of the controlling entity (Note 1)
	Consolidated Group Management Report for 2023	Evolution and business results Railway segment Bus segments - Solaris
	2.1 Our sustainable business model	7,10
2-2 Entities covered by sustainability reporting	8.1. Basis for the preparation of this report	147
	Consolidated Group Management Report for 2023	Note 2.f) to the Financial Statements
2-3 Reporting period, frequency and contact point	8.1. Basis for the preparation of this report	147
2-4 Information update	8.1. Basis for the preparation of this report	147
2-5 External verification	9.5. External assurance	177
2. ACTIVITIES AND WORKERS		
2-6 Activities, value chain and other commercial relationships	2.1 Our sustainable business model	7,10
	7.5. Responsible supply chain management	141
	Consolidated Group Management Report for 2023	Railway segment Bus-Solaris segment - Solaris
2-7 Employees	2.3. Main figures	10
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CONTENT	REFERENCE	LOCATION OR DIRECT RESPONSE
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	2023 Annual Report on Corporate Governance	Section C
2-10 Designation and selection of the highest governing body	2.4. Corporate governance	14-17, 20-22
	2023 Annual Report on Corporate Governance	Sections C.1.5, C.1.6, C.1.7, C.1.12, C.1.19, C.1.36, C.2.1
2-11 President of the highest governing body	2.4. Corporate governance	17
	2023 Annual Report on Corporate Governance	Sections C.1.13, C.1.14 and C.2.1.
2-12 Role of the highest governing body in supervising impact management	2.4. Corporate governance	15-17, 20-24
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2-15 Conflicts of interest	7.2. Ethics and compliance	116-117, 131-134
2-16 Communication of critical concerns	2.4. Corporate governance	23
2-17 Collective knowledge of the highest governing body	2.4. Corporate governance	15-18, 22-23
2-18 Evaluation of the performance of the highest governing body	2.4. Corporate governance	19
2-19 Remuneration policies	2.4. Corporate governance	18-19
	2023 Annual Report on Corporate Governance	Sections C.1.13, C.1.14, C.1.39, C.2.1
	Annual Report on Remuneration of Directors of Listed Public Limited Companies 2023	Complete

CONTENT	REFERENCE	LOCATION OR DIRECT RESPONSE
2-20 Process for determining remuneration	2.4. Corporate governance	18-19
	2023 Annual Report on Corporate Governance	Sections C.1.13, C.1.14, C.2.1
	Annual Report on Remuneration of Directors of Listed Public Limited Companies 2023	Complete
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3-3 Management Approach	4.4. Materiality	45-46
	Consolidated Group Management Report for 2023	15. Business performance and results
201-2 Financial implications and other risks and opportunities arising from climate change	5.3. Climate Strategy	56-58
201-3 Defined benefit plan and other retirement plan obligations	Consolidated Group Financial Statements for 2023	Note 20 to the Financial Statements
201-4 Financial assistance received from the government	Consolidated Group Financial Statements for 2023	Notes 15, 16 and 22 d) of the Notes to the Financial Statements
Diversity and equal opportunities (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	6.1. People	85-89
202-1 Ratios between the standard starting category salary by gender and the local minimum wage	6.1. People	85-89
	GRI Index	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.
Indirect economic impacts (2016)		
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203-2 Significant indirect economic impacts	6.5. Company	106-112
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3-3 Management Approach	4.4. Materiality	45-46
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Anti-corruption (2016)		
3-3 Management Approach	4.4. Materiality	45-46
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CONTENT	REFERENCE	LOCATION OR DIRECT RESPONSE
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205-3 Confirmed incidents of corruption and measures taken	7.2. Ethics and Compliance	131-134
Unfair Competition (2016)		
3-3 Management Approach	4.4. Materiality	45-46
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	Consolidated Group Financial Statements for 2023	Note 12 a), Note 20 and Note 26 a) to the Financial Statements
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3-3 Management Approach	4.4. Materiality	45-46
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303-2 Management of impacts related to water discharges	5.4. Circular economy and sustainable use of resources	69
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3-3 Management Approach	4.4. Materiality	45-46
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304-10 Owned, leased or managed operational sites within or adjacent to protected areas and areas of high biodiversity value outside protected areas	5.4. Circular economy and sustainable use of resources	72
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3-3 Management Approach	4.4. Materiality	45-46
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306-5 Waste intended for disposal	5.4. Circular economy and sustainable use of resources	72
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3-3 Management Approach	4.4. Materiality	45-46
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Worker-company relations (2016)		
3-3 Management Approach	4.4. Materiality	45-46
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402-1 Minimum notice periods regarding operational changes	GRI Index	The provisions of the applicable agreement or, subsidiarily, the corresponding local legislation are complied with in this regard.
Occupational health and safety (2018)		
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3-3 Management Approach	4.4. Materiality	45-46
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Non-discrimination (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	6.1 People	85-88
406-1 Discrimination cases and corrective actions taken	6.1 People	85
Freedom of association and collective bargaining (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	7.2. Ethics and compliance	125-131

CONTENT	REFERENCE	LOCATION OR DIRECT RESPONSE
407-1 Operations and suppliers whose right to freedom of association and collective bargaining could be at risk	GRI Index	No sites and suppliers have been identified as having a significant risk with respect to freedom of association and collective bargaining.
Child Labour (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	7.2. Ethics and compliance	125-131
	7.5. Responsible supply chain management	141-145
408-1 Operations and suppliers with significant risk of child labour cases	GRI Index	No centres have been identified with a significant risk regarding child labour. As for suppliers, through the Responsible Purchasing Programme, a sustainability evaluation is carried out on target suppliers that may present a potential risk of child labour based on a country risk analysis. An action plan is developed in cases in which the score obtained could indicate that the risk is higher. (More information in section 7.5.) Through these channels, no suppliers have been detected with significant risk of child labour.
Forced or compulsory labour (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	7.2. Ethics and compliance	125-131
	7.5. Responsible supply chain management	141-145
409-1 Operations and suppliers at significant risk of incidents of forced or compulsory labour	GRI Index	No centres have been identified with a significant risk regarding forced labour. With regard to suppliers, through the Responsible Purchasing Programme, a sustainability assessment is carried out on target suppliers that may present a potential risk of incidents of forced labour, based on a country risk analysis. An action plan is developed in cases in which the score obtained could indicate that the risk is higher. (More information in section 7.5.) Through these channels, no suppliers have been detected with significant risk of child labour.
Indigenous peoples' rights (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	7.2. Ethics and compliance	125-131
411-1 Cases of violations of the rights of indigenous peoples	GRI Index	No cases of violations of indigenous peoples' rights have been detected in this exercise.
Human rights assessment (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	7.2. Ethics and compliance	125-131
412-2 Training of employees in human rights policies or procedures	7.2. Ethics and compliance	121-123
Local communities (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	7.2. Ethics and compliance	125-131
413-2 Operations with significant negative impacts - actual and potential - on local communities	GRI Index	No operations centres have been identified with significant negative effects on local communities.
Social assessment of suppliers (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	7.5. Responsible supply chain management	141-145

CONTENT	REFERENCE	LOCATION OR DIRECT RESPONSE
414-1 New suppliers that were selected with social criteria	7.5. Responsible supply chain management	141-145
414-2 Negative social impacts in the supply chain and actions taken	7.5. Responsible supply chain management	141-145
Public Policy (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	7.2. Ethics and compliance	131-134
415-1 Contributions to political parties and/or representatives	7.2. Ethics and compliance	133
Customer health and safety (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	6.3. Product quality and safety	98-103
416-1 Assessment of health and safety impacts of product or service categories	6.3. Product quality and safety	102-103
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	6.3. Product quality and safety	102-103
Customer privacy (2016)		
3-3 Management Approach	4.4. Materiality	45-46
	7.2. Ethics and compliance	135-136
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	7.2. Ethics and compliance	135-136

9.3 TABLE OF CONTENTS OF THE GLOBAL COMPACT

THE 10 GLOBAL COMPACT PRINCIPLES	REFERENCE
HUMAN RIGHTS	
PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.	2.1 Our sustainable business model
	2.2 A culture geared towards sustainability
	7.2 Ethics and Compliance
PRINCIPLE 2: Businesses should make sure that they are not complicit in human rights abuses.	7.2 Ethics and Compliance
	7.5 Responsible supply chain management
LABOUR STANDARDS	
PRINCIPLE 3: Companies must support freedom of association and the effective recognition of the right to collective bargaining.	2.1 Our sustainable business model
	6.2 Diversity and equal opportunities
	7.2 Ethics and Compliance
	7.5 Responsible supply chain management
PRINCIPLE 4: Businesses must support the elimination of all forms of forced or coerced labour.	2.1 Our sustainable business model
	7.2 Ethics and Compliance
	7.5 Responsible supply chain management
PRINCIPLE 5: Businesses should support the effective abolition of child labour.	2.1 Our sustainable business model
	7.2 Ethics and Compliance
	7.5 Responsible supply chain management
PRINCIPLE 6: Companies must support the abolition of discriminatory practices in employment and occupation.	6.2 Diversity and equal opportunities
	7.2 Ethics and Compliance
	7.5 Responsible supply chain management
ENVIRONMENT	
PRINCIPLE 7: Businesses should maintain a precautionary approach that favours the environment.	5.1 Environmental management
	5.3 Climate strategy
PRINCIPLE 8: Companies must encourage initiatives that promote greater environmental responsibility.	2.6 Innovation and technology: Keys to sustainable mobility
	5.1 Environmental management
	5.3 Climate strategy
	5.4 Circular economy and sustainable use of resources
	7.5 Responsible supply chain management
PRINCIPLE 9: Companies must promote the development and dissemination of environmentally friendly technologies.	2.6 Innovation and technology: Keys to sustainable mobility
	7.5 Responsible supply chain management
ANTI-CORRUPTION	
PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and briber.	2.1 Our sustainable business model
	2.2 A culture geared towards sustainability
	7.2 Ethics and Compliance

9.4 DETAILED INDICATOR TABLES

9.4.1 Degree of eligibility and alignment and alignment with the European Taxonomy of Sustainable Activities on Net Turnover, CAPEX and OPEX.

Methodological notes on the calculation of taxonomic indicators

Scope

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.

In the process of preparing and calculating the indicators, the absence of any double counting has been ensured by obtaining Turnover, OpEx and CapEx (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. Also, considering that CAF activities mainly contribute to the Climate Change Mitigation objective, the process has been designed in such a way that it is not possible

to allocate projects to other objectives, thus avoiding double counting of a project/activity under more than one taxonomic objective.

It is worth mentioning that some of the Group's activities, namely those listed under headings 3.3., 4.1., 6.14 of Annexes I and II of the Climate Delegated Act, are eligible under both the Mitigation and Adaptation to Climate Change objectives. However, our activities fit the substantial contribution criteria defined for the Climate Change Mitigation objective, but have a lesser fit with the Climate Change Adaptation objective. For this reason, it has been decided to carry out the analysis with respect to the objective of Climate Change Mitigation, as reflected below.

Description of eligibility and alignment indicators

General aspects

For the Climate Change Mitigation objective, with which the Group's operations have a greater degree of alignment, the attached table shows the activities carried out by CAF, the activities included in the taxonomy that have been considered eligible and the substantial contribution criteria applicable to our activities⁵³.

CAF GROUP ACTIVITY	MITIGATION OF CLIMATE CHANGE
<p>Manufacture, repair, maintenance, renewal, reconversion and modernisation of rail rolling stock.</p>	<p>3.19. MANUFACTURING OF RAILWAY ROLLING STOCK CONSTITUENTS</p> <p>As explained in the description of this activity in Annex 1 of the Regulation amending the Climate Delegated Act, this includes not only manufacturing, but also installation, consultancy, renewal, upgrading, repair, maintenance, retrofitting of products, equipment, systems and software related to rail constituents detailed in point 2.7 of Annex II to Directive (EU) 2016/797 and which are necessary for the activities covered by 3.3.</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> <p>Regarding the substantial contribution criteria applicable to CAF activities in this category, the following stand out:</p> <ul style="list-style-type: none"> • Constituents and services essential for the environmental performance, operation and functioning over the lifetime of zero direct (tailpipe) CO₂ emission trains, passenger coaches and wagons, as described in section 3.3 of Annex I of the June 2023 Regulation amending the Climate Delegated Act.

⁵³ In the context of the information pertaining to the EU Taxonomy, the CAF Group doesn't carry out any activities related to nuclear energy or fossil natural gas as considered within the Complementary Climate Delegated Act. As such, CAF doesn't report on this information using the templates included in Annex XII of the Delegated Regulation on Taxonomy Disclosures.

<p>Manufacture, repair, maintenance, renewal, reconversion and modernisation of vehicles (railway and buses).</p>	<p>3.3 MANUFACTURE OF LOW-CARBON TECHNOLOGIES FOR TRANSPORT</p> <p>As explained in the description of this activity in Annex 1 of the Climate Delegated Act, this includes not only manufacturing, but also repair, maintenance, refurbishment and modernisation.</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> <p>Regarding the substantial contribution criteria applicable to CAF activities in this category, the following stand out:</p> <ul style="list-style-type: none"> • trains, passenger coaches and wagons that have zero direct (tailpipe) CO₂ emissions; • trains, passenger coaches and wagons that have zero direct tailpipe CO₂ emission when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (bimode); • urban, suburban and road passenger transport devices, where the direct (tailpipe) CO₂ emissions of the vehicles are zero; • Until 31 December 2025, vehicles designated as categories M2 and M3(75) that have a type of bodywork classified as 'CA' (single-deck vehicle), 'CB' (double-deck vehicle), 'CC' (single-deck articulated vehicle) or 'CD' (double-deck articulated vehicle) (76), and comply with the latest EURO VI standard.
<p>Engineering development and construction (EPC) of photovoltaic plants</p>	<p>4.1. ELECTRICITY GENERATION USING SOLAR PHOTOVOLTAIC TECHNOLOGY</p> <p>As explained in the description of this activity in Annex 1 of the Climate Delegated Act, this includes the construction or operation of solar photovoltaic (PV) electricity generation facilities.</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> <p>Regarding the substantial contribution criteria applicable to CAF activities in this category, the following stand out:</p> <ul style="list-style-type: none"> • The activity generates electricity using solar photovoltaic technology.
<p>Construction and modernisation of infrastructure for railway transport, as well as engineering and associated services (signaling, testing, comprehensive project management, etc.)</p>	<p>6.14 INFRASTRUCTURE FOR RAIL TRANSPORT</p> <p>As explained in the description of this activity in Annex 1 of the Climate Delegated Act and the Regulation of June 2023 amending it, it is defined as the manufacture, installation, technical consultancy, retrofitting, upgrade, repair, maintenance and repurposing of products, equipment, systems and software in related to assembled railway track fixtures and/or rail constituents detailed in Points 2.2 to 2.6 to Annex II of Directive (EU) 2016/797.</p> <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>Regarding the substantial contribution criteria applicable to CAF activities in this category, the following stand out:</p> <ul style="list-style-type: none"> • Electrified trackside infrastructure and associated subsystems: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems. • Infrastructure and installations intended for the transfer of passengers from rail to rail or from other modes to rail.
<p>Data-driven digital solutions for efficient performance and sustainable mobility</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 collecting, transmitting, storing data and at its modelling and use, where those activities are predominantly aimed at providing data and analytics enabling GHG emission reductions.</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> <p>In this case, the activity is not considered to be aligned due to the difficulties in demonstrating the substantial contribution criterion, as accounting criteria group together different types of software projects in the same category, which may be more or less in line with the criteria referred to in Annex I of the Climate Delegated Act.</p>

It should be noted that all activities eligible for the CAF Group indicated in the table above are considered 'enabling activities', as described in Annex I of the Climate Delegated Act.

Compliance with the DNSH (Do No Significant Harm) criteria has been evidenced by various means at the corporate and project level, including:

- Analysis of risks and opportunities of climate change, as described in section 5.2.1. of this Report;
- Corporate Environmental Policy and its development Manual;
- Environmental Impact Assessments or similar, if applicable;
- Ecodesign and recyclability criteria;
- Waste management plans and evidence of corresponding waste removals;
- Technical data sheets of products and components used in our projects;
- Procedures for handling and using dangerous chemical substances;
- Noise and emission measurements at our facilities and projects, among others.

For more information on the corporate criteria regarding the management of the main environmental aspects, please refer to the corresponding sections in Chapter 5: 'Our commitment to the environment'.

Regarding minimum social safeguards, the main evidence focuses on the Corporate Compliance System and the people management approach, as well as the policies and documents associated with these areas, among which the following stand out:

- Code of Conduct;
- Due Diligence Policy on Human Rights;
- Human rights risk assessments;
- Internal Reporting System (whistleblowing channels);
- Fiscal Policy, among others.

For more information on these issues, see sections 6.1. and 7.2. of this report.

The calculation methodology used for the taxonomic indicators referred to in this Report is described below.

Turnover

The proportion of Turnover referred to in Article 8(2)(a) of Regulation (EU) 2020/852 shall be calculated as the part of the net turnover derived from products or services, including intangible ones, associated with economic activities that conform to the taxonomy (numerator), divided by the net turnover (denominator) as defined in Article 2(5) of the 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 2023.

For the calculation of eligibility, the numerator corresponds to the net turnover of the Consolidated Annual Accounts of the activities that have been considered as eligible in the Taxonomy.

For the calculation of the alignment or fit with the Taxonomy, the numerator meets, in addition to the above, the substantial contribution criteria to the climate change mitigation objective (detailed in the table above), does not cause significant harm to the other objectives (climate change adaptation, water protection, circular economy, pollution prevention and biodiversity) and meets the minimum social safeguards, as indicated in the general aspects section of this methodological note.

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 2023 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 the alignment or fit with the Taxonomy, the numerator meets, in addition to the above, the substantial contribution criteria to the climate change mitigation objective, does not cause significant harm to the other objectives (climate change adaptation, water protection, circular economy, pollution prevention and biodiversity) and meets the minimum social safeguards, as indicated in the general aspects section of this methodological note.

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 the CAF Group, the denominator corresponds to all the cost additions in fiscal year 2023 of tangible fixed assets and intangible fixed assets, reflected in the movement of fixed assets in the Consolidated Annual Accounts.

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 as eligible in the Taxonomy.

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

It should be noted that there have been no changes, with respect to previous years, in the criteria used and/or the calculation methodologies applied to obtain the eligibility and alignment indicators reflected in this Report.

Turnover

FINANCIAL YEAR	2023			SUBSTANTIAL CONTRIBUTION CRITERIA						NO SIGNIFICANT HARM CRITERIA						Minimum safeguards (17)	Proportion of turnover conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year N-1 (18)	Enabling activity category (19)	Transition activity category (20)
	Economic activities (1)	Codes (2)	Turnover (3)	Proportion of turnover year N (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)				
Text		thousands of euros	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (CONFORMING TO THE TAXONOMY)																			
3.19. Manufacturing of rail rolling stock constituents	CCM 3.19.	759	0.02%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
3.3. Manufacture of low-carbon technologies for transport	CCM 3.3.	2,628,202	69%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	65%	E	
4.1. Electricity generation using solar photovoltaic technology	CCM 4.1.	50,074	1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
6.14. Infrastructure for rail transport	CCM 6.14.	389,664	10%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	11%	E	
Turnover from environmentally sustainable activities (conforming to the taxonomy) (A.1)		3,068,698	80%	80%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	76%	E	
Of which: enabling		3,068,698	100%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	76%	E	
Of which: Transition		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE (ACTIVITIES THAT DO NOT COMPLY WITH THE TAXONOMY)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
3.19. Manufacturing of rail rolling stock constituents	CCM 3.19.	1,545	0.04%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
3.3. Manufacture of low-carbon technologies for transport	CCM/CCA 3.3.	630,316	16%	EL	EL	N/EL	N/EL	N/EL	N/EL								21%		
6.14. Infrastructure for rail transport	CCM/CCA 6.14.	45	0.001%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
8.2. Data-driven solutions for GHG emissions reductions	CCM 8.2.	4,025	0.11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Turnover from eligible activities according to the taxonomy but not environmentally sustainable (activities that do not comply with the taxonomy) (A.2)		635,931	17%	17%	0%	0%	0%	0%	0%								21%		
A. TURNOVER FROM INELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY (A.1+A.2)		3,704,630	97%	97%	0%	0%	0%	0%	0%								97%		
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO THE TAXONOMY																			
Turnover from ineligible activities according to taxonomy		120,654	3%																
Total		3,825,284	100%																

Note on the European Taxonomy of Sustainable Activities indicators on Turnover, CapEx and OpEx

To calculate the indicators related to the European Taxonomy of Sustainable Activities, the following parameters have been considered: Turnover corresponds to the net turnover in the 2023 Consolidated Financial Statements; CapEx corresponds to the total additions in cost in 2023 of property, plant and equipment and intangible assets, as reflected in the movement in property, plant and equipment in the Consolidated Financial Statements; and finally, OpEx corresponds to the 2023 consolidated operating expense accounts associated with R&D expenses, short-term leases, and maintenance and repairs.

PROPORTION OF TURNOVER/TOTAL TURNOVER		
	which conforms to the taxonomy by objective	eligible according to taxonomy by objective
CCM	80%	97%
CCA	0%	97%
WTR	0%*	0%
CE	0%*	0%
PPC	0%*	0%
BIO	0%*	0%

*In line with the reporting obligations, this year 0% is reported for these four objectives as it was not possible to analyse the alignment of these objectives.

CapEx

FINANCIAL YEAR	2023			SUBSTANTIAL CONTRIBUTION CRITERIA						NO SIGNIFICANT HARM CRITERIA						Minimum safeguards (17)	Proportion of CapEx conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year N-1 (18)	Enabling activity category (19)	Transition activity category (20)
	Economic activities (1)	Codes (2)	CapEx (3)	Proportion of CapEx year N (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)				
Text		thousands of euros	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (CONFORMING TO THE TAXONOMY)																			
3.19. Manufacturing of rail rolling stock constituents	CCM 3.19.	20	0.02%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
3.3. Manufacture of low-carbon technologies for transport	CCM 3.3.	72,237	67%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	84%	E	
4.1. Electricity generation using solar photovoltaic technology	CCM 4.1.	3,395	3%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
6.14. Infrastructure for rail transport	CCM 6.14.	3,717	3%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3%	E	
CapEx from environmentally sustainable activities (conforming to the taxonomy) (A.1)		79,369	74%	74%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	87%	E	
Of which: enabling		79,369	100%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	87%	E	
Of which: Transition		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE (ACTIVITIES THAT DO NOT COMPLY WITH THE TAXONOMY)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
3.19. Manufacturing of rail rolling stock constituents	CCM 3.19.	9	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
3.3. Manufacture of low-carbon technologies for transport	CCM/CCA 3.3.	24,274	23%	EL	EL	N/EL	N/EL	N/EL	N/EL								12%		
6.14. Infrastructure for rail transport	CCM/CCA 6.14.	-	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
8.2. Data-driven solutions for GHG emissions reductions	CCM 8.2.	-	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx from eligible activities according to the taxonomy but not environmentally sustainable (activities that do not comply with the taxonomy) (A.2)		24,283	23%	23%	0%	0%	0%	0%	0%								12%		
A. CapEx OF ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY (A.1+A.2)		103,653	97%	97%	0%	0%	0%	0%	0%								99%		
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO THE TAXONOMY																			
CapEx from ineligible activities according to taxonomy		3,702	3%																
Total		107,355	100%																

Note on the European Taxonomy of Sustainable Activities indicators on Turnover, CapEx and OpEx

To calculate the indicators related to the European Taxonomy of Sustainable Activities, the following parameters have been considered: Turnover corresponds to the net turnover in the 2023 Consolidated Financial Statements; CapEx corresponds to the total additions in cost in 2023 of property, plant and equipment and intangible assets, as reflected in the movement in property, plant and equipment in the Consolidated Financial Statements; and finally, OpEx corresponds to the 2023 consolidated operating expense accounts associated with R&D expenses, short-term leases, and maintenance and repairs.

PROPORTION OF CapEx/TOTAL CapEx		
	which conforms to the taxonomy by objective	eligible according to taxonomy by objective
CCM	74%	97%
CCA	0%	96,55%
WTR	0%*	0%
CE	0%*	0%
PPC	0%*	0%
BIO	0%*	0%

*In line with the reporting obligations, this year 0% is reported for these four objectives as it was not possible to analyse the alignment of these objectives.

OpEx

FINANCIAL YEAR	2023			SUBSTANTIAL CONTRIBUTION CRITERIA						NO SIGNIFICANT HARM CRITERIA						Minimum safeguards (17)	Proportion of OpEx conforming to taxonomy (A.1) or eligible according to taxonomy (A.2), year N-1 (18)	Enabling activity category (19)	Transition activity category (20)
	Economic activities (1)	Codes (2)	OpEx (3)	Proportion of OpEx year N (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)				
Text		thousands of euros	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%	E	T
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (CONFORMING TO THE TAXONOMY)																			
3.19. Manufacturing of rail rolling stock constituents	CCM 3.19.	30	0.04%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
3.3. Manufacture of low-carbon technologies for transport	CCM 3.3.	40,507	58%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	65%	E	
4.1. Electricity generation using solar photovoltaic technology	CCM 4.1.	1,029	1.5%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
6.14. Infrastructure for rail transport	CCM 6.14.	10,720	15%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	16%	E	
OpEx from environmentally sustainable activities (conforming to the taxonomy) (A.1)		52,286	75%	75%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	82%	E	
Of which: enabling factors		52,286	100%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	82%	E	
Of which: Transition		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2 ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE (ACTIVITIES THAT DO NOT COMPLY WITH THE TAXONOMY)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
3.19. Manufacturing of rail rolling stock constituents	CCM 3.19.	480	0.69%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
3.3. Manufacture of low-carbon technologies for transport	CCM/CCA 3.3.	14,513	21%	EL	EL	N/EL	N/EL	N/EL	N/EL								14%		
6.14. Infrastructure for rail transport	CCM/CCA 6.14.	81	0.12%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
8.2. Data-driven solutions for GHG emissions reductions	CCM 8.2.	917	1.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		
OpEx from eligible activities according to the taxonomy but not environmentally sustainable (activities that do not comply with the taxonomy) (A.2)		15,992	23%	23%	0%	0%	0%	0%	0%								16%		
A. OpEx OF ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY (A.1+A.2)		68,278	98%	98%	0%	0%	0%	0%	0%								97%		
B. ACTIVITIES NOT ELIGIBLE ACCORDING TO THE TAXONOMY																			
OpEx from ineligible activities according to taxonomy		1,207	2%																
Total		69,486	100%																

Note on the European Taxonomy of Sustainable Activities indicators on Turnover, CapEx and OpEx

To calculate the indicators related to the European Taxonomy of Sustainable Activities, the following parameters have been considered: Turnover corresponds to the net turnover in the 2023 Consolidated Financial Statements; CapEx corresponds to the total additions in cost in 2023 of property, plant and equipment and intangible assets, as reflected in the movement in property, plant and equipment in the Consolidated Financial Statements; and finally, OpEx corresponds to the 2023 consolidated operating expense accounts associated with R&D expenses, short-term leases, and maintenance and repairs.

PROPORTION OF OpEx/TOTAL OpEx		
	which conforms to the taxonomy by objective	eligible according to taxonomy by objective
CCM	75%	98%
CCA	0%	96.21%
WTR	0%*	0%
CE	0%*	0%
PPC	0%*	0%
BIO	0%*	0%

*In line with the reporting obligations, this year 0% is reported for these four objectives as it was not possible to analyse the alignment of these objectives.

9.4.2 Detailed indicator tables chapter 5: Our commitment to the environment.

a) Waste generated in the CAF Group by type of waste and final destination (t)

WASTE TYPE	WASTE GENERATED IN THE CAF GROUP BY TYPE OF WASTE AND FINAL DESTINATION (t)										WASTE GENERATED IN THE CAF GROUP BY TYPE OF WASTE AND FINAL DESTINATION (t)										WASTE GENERATED IN THE CAF GROUP BY TYPE OF WASTE AND FINAL DESTINATION (t)									
	2023										2022										2021									
	REUSE	RECYCLING	OTHER RECOVERY	TOTAL RECOVERED	%REC.	INCINERATION	LANDFILL	OTHER DISPOSAL	TOTAL DISPOSED	%REM.	REUSE	RECYCLING	OTHER RECOVERY	TOTAL RECOVERED	%REC.	INCINERATION	LANDFILL	OTHER DISPOSAL	TOTAL DISPOSED	%REM.	REUSE	RECYCLING	OTHER RECOVERY	TOTAL RECOVERED	%REC.	INCINERATION	LANDFILL	OTHER DISPOSAL	TOTAL DISPOSED	%REM.
Non-hazardous waste (NHW)	379	6,250	2,297	28,926	95%	156	651	749	1,556	5%	22	27,822	1,136	28,980	88%	716	2,504	623	3,843	12%	87	6,848	9,538	6,473	79%	321	706	3,251	4,278	21%
Packaging waste (wood, paper, cardboard and plastic)	188	3,716	1,266	5,169	97%	8.3	167	2.7	178	3%	22	4,188	133	4,343	84%	198	194	424	816	16%	86	2,478	5,547	8,111	90%	287	407	162	856	10%
Metal waste	13	21,844	538	22,395	100%	-	28	4.1	33	0%	-	23,207	175	23,382	92%	-	1,929	21	1,950	8%	-	4,151	3,701	7,852	80%	-	-	2,019	2,019	20%
Other NHW	179	690	493	1,362	50%	147	455	743	1,346	50%	-	427	828	1,255	54%	518	381	178	1,077	46%	1	219	290	510	27%	34	299	1,070	1,403	73%
Hazardous Waste (HW)	82	1,073	1,195	2,350	69%	244	204	608	1,057	31%	-	1,468	428	1,896	61%	370	243	603	1,216	39%	32	225	649	905	39%	204	172	1,069	1,445	61%
Paint residue	4.8	0.6	143	149	39%	82	-	154	236	61%	-	10	166	176	43%	81	39	109	229	57%	4	1	21	26	9%	67	81	106	254	91%
Oily residues	62	329	351	743	69%	3.8	53	273	330	31%	-	142	111	253	39%	95	60	234	389	61%	21	72	138	231	37%	1	0	400	401	63%
Packaging waste	1.4	99	54	154	79%	18	0.004	23	41	21%	-	15	41	56	59%	6	16	17	39	41%	1	12	26	39	48%	5	3	33	42	52%
Batteries and batteries	0.48	106	6	113	98%	2.1	-	0.05	2	2%	-	1,114	2	1,116	91%	-	0	110	110	9%	0	90	4	94	98%	-	1	0	2	2%
Other HW	13	537	641	1,192	73%	138	151	159	448	27%	-	187	108	295	40%	188	128	133	449	60%	6	50	460	516	41%	131	86	530	747	59%
Total waste generated (t)	461	27,323	3,493	31,277	92%	400	855	1,358	2,613	8%	22	29,290	1,564	30,876	86%	1,086	2,747	1,226	5,059	14%	119	7,073	10,187	17,378	75%	525	878	4,320	5,723	25%

9.4.3 Detailed indicator tables chapter 6: Our commitment to people.

a) CAF Group workforce (at year-end)⁵⁴

	2023		2022		2021	
	NUMBER	%	NUMBER	%	NUMBER	%
BY GENDER						
Male	12,814	83%	12,159	84%	11,235	85%
Female	2,637	17%	2,367	16%	2,049	15%
BY AGE						
Less than 30 years	2,219	14%	1,982	14%	1,746	13%
30-50 years	10,289	67%	9,833	68%	9,219	70%
Over 50 years	2,943	19%	2,711	19%	2,319	17%
BY PROFESSIONAL GROUP						
Employee	8,693	56%	7,958	55%	6,794	51%
Operators	6,758	44%	6,568	45%	6,490	49%
BY COMPANY COUNTRY						
Europe	13,582	88%	13,033	90%	11,699	88%
Spain	7,687	50%	6,960	48%	6,572	49%
Poland	2,393	15%	2,546	18%	2,641	20%
Sweden	928	6%	974	7%	1,015	8%
France ¹	904	6%				
United Kingdom	898	6%	949	7%	784	6%
Rest of Europe	772	5%	1,604	11%	687	5%
America	1,300	8%	976	7%	1,113	9%
Mexico	687	4%	436	3%	504	4%
Brazil	241	2%	209	1%	220	2%
Chile ²	155	1%	-	-	-	-
US	135	1%	126	1%	203	2%
Rest of America	82	1%	205	1%	186	1%
Rest of the world	569	4%	517	3%	472	3%
BY NATIONALITY³						
Europe	13,434	87%	12,940	89%	-	-
Spain	7,693	50%	7,100	49%	-	-
Poland	2,356	15%	2,514	17%	-	-
France	936	6%	905	6%	-	-
Sweden	924	6%	852	6%	-	-
United Kingdom ⁴	783	5%	-	-	-	-
Rest of Europe	742	5%	1,569	11%	-	-
America	1,363	9%	1,024	7%	-	-
Mexico	688	4%	441	3%	-	-
Brazil	261	2%	223	2%	-	-
Chile	158	1%	124	1%	-	-
United States ⁵	118	1%	-	-	-	-
Rest of America	138	1%	236	2%	-	-
Rest of the world	654	4%	562	4%	-	-
TOTAL						
	15,451	-	14,526	-	13,284	-

⁵⁴ 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.

1. In 2021 and 2022, the workforce of France was included in "Rest of Europe".
2. In 2021 and 2022 the Chilean workforce was included in "Rest of America".
3. The data for 2021 and 2022 are classified by country of origin because a record of nationality was not maintained.
4. In 2021 and 2022 the United Kingdom workforce was included in "Rest of Europe".
5. In 2021 and 2022, the US template was included in "Rest of America".

b) Staff by type of contract (at the end of the year)

	2023				2022				2021			
	PERMANENT		TEMPORARY		PERMANENT		TEMPORARY		PERMANENT		TEMPORARY	
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
BY GENDER												
Male	12,134	95%	680	5%	11,384	94%	775	6%	10,316	92%	919	8%
Female	2,442	93%	195	7%	2,143	91%	224	9%	1,836	90%	213	10%
BY AGE												
Less than 30 years	1,847	83%	372	17%	1,545	78%	437	22%	1,284	74%	462	26%
30-50 years	9,877	96%	412	4%	9,365	95%	468	5%	8,631	94%	588	6%
Over 50 years	2,852	97%	91	3%	2,617	97%	94	3%	2,237	96%	82	4%
BY PROFESSIONAL GROUP												
Employee	8,240	95%	453	5%	7,384	93%	574	7%	6,219	92%	575	8%
Operators	6,336	94%	422	6%	6,143	94%	425	6%	5,933	91%	557	9%
BY COMPANY REGION												
Europe	13,083	96%	499	4%	12,341	95%	691	5%	10,950	94%	749	6%
America	1,028	79%	272	21%	764	78%	213	22%	826	74%	287	26%
Rest of the world	465	82%	104	18%	422	82%	95	18%	376	80%	96	20%
TOTAL												
	14,576	94%	875	6%	13,527	93%	999	7%	12,152	91%	1,132	9%

c) Average workforce by type of contract (average)

	2023				2022				2021			
	PERMANENT		TEMPORARY		PERMANENT		TEMPORARY		PERMANENT		TEMPORARY	
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
BY GENDER												
Male	11,738	95%	658	5%	10,736	93%	816	7%	10,278	93%	824	7%
Female	2,322	92%	193	8%	1,989	90%	228	10%	1,813	90%	198	10%
BY AGE												
Less than 30 years	1,573	82%	347	18%	1,277	76%	407	24%	1,187	75%	406	25%
30-50 years	9,592	96%	411	4%	8,915	94%	537	6%	8,616	94%	534	6%
Over 50 years	2,895	97%	92	3%	2,533	96%	100	4%	2,288	97%	82	3%
BY PROFESSIONAL GROUP												
Employee	7,912	94%	470	6%	6,778	92%	592	8%	6,065	96%	548	4%
Operators	6,148	94%	381	6%	5,947	93%	452	7%	6,026	96%	474	4%
BY COMPANY REGION												
Europe	12,690	96%	541	4%	11,562	94%	722	6%	10,742	94%	745	6%
America	928	81%	212	19%	761	77%	224	23%	964	84%	181	16%
Rest of the world	443	82%	97	18%	402	80%	98	20%	385	80%	96	20%
TOTAL												
	14,060	94%	851	6%	12,725	92%	1,044	8%	12,091	92%	1,022	8%

d) New hires

	2023		2022		2021	
	NUMBER	RATE ¹	NUMBER	RATE	NUMBER	RATE
BY GENDER						
Male	1,654	13%	2,207	18%	1,412	13%
Female	475	18%	524	22%	289	14%
BY AGE						
Under 30 years of age	913	41%	864	44%	627	36%
Between 30 and 50 years of age	1,072	10%	1476	15%	934	10%
Over 50 years of age	144	5%	391	14%	140	6%
BY COMPANY REGION						
Europe	1,528	11%	2,383	18%	1,155	10%
America	443	34%	187	19%	439	39%
Rest of the world	158	28%	161	31%	107	23%
BY REGION OF NATIONALITY/ORIGIN						
Europe	1,485	11%	2,325	85%	-	-
America	464	24%	226	8%	-	-
Rest of the world	180	28%	180	7%	-	-
TOTAL						
	2,129	14%	2,731	19%	1,701	13%

1. New hires/workforce at the end of the period.

e) Non-voluntary departures

	2023		2022		2021	
	NUMBER	RATE ¹	NUMBER	RATE	NUMBER	RATE
BY GENDER						
Male	123	1%	396	3%	211	2%
Female	17	0%	43	2%	41	2%
BY AGE						
Under 30 years of age	22	1%	88	4%	39	2%
Between 30 and 50 years of age	83	1%	262	3%	117	1%
Over 50 years of age	35	1%	89	3%	96	4%
BY PROFESSIONAL GROUP						
Employee	64	1%	127	2%	132	2%
Operators	76	1%	312	5%	120	2%
TOTAL						
	140	1%	439	2%	252	2%

1. Non-voluntary terminations/employees at the end of the period.

f) Total hours of training

	2023		2022	2021
	AVERAGE HOURS PER PERSON	TOTAL HOURS	AVERAGE HOURS PER PERSON	AVERAGE HOURS PER PERSON
BY GENDER				
Male	19	188,817	17	17
Female	24	46,506	19	22
BY AGE				
Under 30 years of age	38	52,041	18	-
Between 30 and 50 years of age	19	153,546	18	-
Over 50 years of age	12	29,736	14	-
BY PROFESSIONAL GROUP				
Employee	26	138,271	19	22
Operators	22	97,051	16	14
TOTAL				
	20	235,323	18	18

g) Percentage of employees covered by collective bargaining agreements by country

	2023	2022	2021
EUROPE	76%	72%	73%
SPAIN	100%	100%	100%
POLAND¹	0%	0%	0%
FRANCE²	100%	-	-
SWEDEN	100%	100%	100%
UNITED KINGDOM	38%	35%	32%
REST OF EUROPE³	52%	43%	19%
AMERICA	38%	40%	41%
MEXICO	22%	12%	80%
BRAZIL	100%	100%	100%
CHILE⁴	62%	-	-
UNITED STATES⁵	0%	-	-
REST OF AMERICA⁶	6%	37%	29%
REST OF THE WORLD	12%	14%	14%

1. Working conditions in Poland are set out in what are called "Work Regulations" which are not considered collective agreements according to the GRI definition.

2. In 2021 and 2022, the workforce of France was included in "Rest of Europe". The data for the United Kingdom for 2022 has been updated applying the same criteria as in this report.

3. In 2021 and 2022, the workforce of France was included in "Rest of Europe". In 2023 this country is shown separately.

4. In 2021 and 2022 the Chilean workforce was included in "Rest of America".

5. In 2021 and 2022, the US template was included in "Rest of America".

6. In 2021 and 2022, the Chile and US template was included in "Rest of America". In 2023 these countries are shown separately.

9.5 EXTERNAL ASSURANCE [2-5]

9.5.1 CAF Group's carbon footprint independent assurance statement



LRQA Independent Assurance Statement Relating to Construcciones y Auxiliar de Ferrocarriles, S.A.'s GHG Report for the 2023 calendar year

Terms of Engagement

This Assurance Statement has been prepared for Construcciones y Auxiliar de Ferrocarriles, S.A. (hereafter referred to as CAF, S.A.)

LRQA was commissioned by CAF, S.A. to assure its GHG Report for the calendar year 2023 (hereafter referred to as "the Report").

The Report relates to direct GHG emissions, energy indirect GHG emissions and other indirect GHG emissions related to transport, goods and services used by CAF, S.A. and use of CAF S.A.'s products for the activity of design and manufacture of railway vehicles, railway maintenance services, Integral Systems and services in the railway sector, and design and manufacture of urban and intercity buses, carried out by the companies included in Table 2.

The following GHG emissions were excluded from the Report:

Due their low contribution, representing less than 1% of the total GHG emissions:

- GHG emissions related to steel used in companies operating in Mexico and France;
- GHG emissions from water consumption in companies whose activity is limited to offices; and
- GHG emissions from transport flows of the product.

Due to the lack of an accepted calculation method:

- GHG emissions related to the components that are included directly into the vehicle and that are not transformed by CAF, S.A.;
- GHG emissions associated with testing at customer facilities;
- GHG emissions associated with subcontracted civil works;
- GHG emissions associated with the product at end of life.

The base year 2019 has been recalculated, including the acquisition of Reichshoffen for 2023 and improvements made in the calculation methodology.

Management Responsibility

CAF, S.A.'s Environmental Manager was responsible for preparing the claim, Report, for conformity with ISO 14064-1:2018, and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with CAF, S.A.

Ultimately, the Report has been approved by, and remains the responsibility of CAF, S.A.



LRQA's Approach

Our verification has been conducted in accordance with ISO 14064-3:2019, 'Specification with guidance for verification and validation of greenhouse gas statements' to provide limited assurance that GHG data as presented in the Report have been prepared in conformance with ISO 14064-1:2018, 'Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals'.

To form our conclusions the assurance engagement was undertaken as a sampling exercise and covered the following activities:

- conducted site tours of the facilities and reviewed processes related to the control of GHG emissions data and records;
- interviewed relevant staff of the organization responsible for managing GHG emissions data and records;
- verified historical data and records at an aggregated level for the calendar year 2023 and for the recalculation of the base year 2019.

Level of Assurance & Materiality

In accordance with our contract agreement, the assurance was conducted at a limited level of assurance at a materiality of 5%. The opinion expressed in this Assurance Statement has been accordingly formed.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the GHG emissions for direct GHG emissions, energy indirect GHG emissions and other indirect GHG disclosed in the Report as summarized in Table 1 below are not materially correct and that the Report has not been prepared in conformance with ISO 14064-1:2018, except for the following finding: Some activity data for the month of December was not available, as such some estimation was necessary, this represents less than 1% of total GHG emissions.

LRQA's Recommendations

Although there has been improvement in the consistency of the calculation method, governance, and controls, which has provided greater systematic traceability and has provided more comparable results over time, it is suggested to move towards:

- A tool that allows easier traceability of calculations and data from aggregated data to specific data.
- Improved procedures for the management of data and information related to the calculation of GHG emissions, so that CAF can more clearly demonstrate the comparability of data and information.

Signed

Dated: 23 January 2024



Silvia Matabuena
LRQA Lead Verifier
LRQA reference number: SGI00002144



Table 1. Summary of CAF, S.A.'s, GHG Emissions Report calendar year 2023 and recalculation of the base year 2019

Scope of GHG emissions	Tonnes CO₂e base year recalculation 2019	Tonnes CO₂e 2023
Direct GHG emissions (Category 1)	34 707	28 973
Energy indirect GHG emissions (Category 2, Location-based)	26 984	18 622
Energy indirect GHG emissions (Category 2, Market-based)	19 636	7 662
Indirect GHG emissions from transport (Category 3)	50 204	30 364
Indirect GHG emissions from goods and services used by CAF, S.A. (Category 4)	73 363	78 832
Indirect GHG emissions from use of CAF S.A.'s products (Category 5)	7 499 806	3 438 358
Location-based and Market-based are terminologies from Annex E of ISO 14064-1:2018.		



Table 2. Companies included in CAF, S.A.'s, GHG Emissions Report 2023

Segment	Company
Rail	-CAF SA-BEA (VH) -CAF SA-IRUN -CAF SA-ZAR -CAF SA-OFGEN (VH Madrid) -CAF USA -CMFS -SERMANTREN (HHT) -CAF ROLLING STOCK UK -TRENASA -TRAINEMEX -SEFEMEX -CAF INDIA -CAF DDS -CAF DEUTSCHLAND -CAF TAIWAN -CAF TRACK TEST CENTER, S.L. -CAF FRANCE -REICHSHOFFEN -CAF SA-MADRID (RS) -ACTREN -CAF ARGENTINA -CAF BRASIL -CAF CHILE -CAF RAIL UK -CAF ITALIA -CAF USA (RS) -COFEMA -RAIL LINE -SERMANFER -TRADINSA -CAF ALGERIA -CAF VENEZUELA -CAF TURKEY -CTRENS -SERMANTREN -CAF AUSTRALIA -CAF COLOMBIA -CAF NEW ZEALAND -CAF SAUDI ARABIA -CAF RUMANIA -CAF HUNGARY -CAF NETHERLANDS -METRO CAF MAURITIUS LTD -CAF BELGIUM SPRL -CAF NORWAY AS -EUROMAINT RAIL AB -EUROMAINT COMPONENTS & MATERIALS AB -EUROMAINT BEMANNING AB -EUROMAINT RAIL AS -CAF RAIL DIGITAL SERVICES, S.L.



Segment	Company
Rail (cont)	-CAF SA-BEA (MiRA) - MiRA RIFER -CAF TURNKEY ENGINEERING -ENNERA ENERGY & MOBILITY -BWB CONSULTING -CAF ISRAEL RAILS Ltd. -CAF PA (Irura) -CAF PA (Madrid) -CAF PA (Miramon) -CAF PA (Irura) -CAF SIGNALLING -CAF SINYALIZASYON -CETEST -GEMINYS -LANDER
Bus	-SOLARIS BUS IBERICA -SOLARIS BUS & COACH sp. z o.o. -SOLARIS DEUTSCHLAND -SOLARIS AUSTRIA -SOLARIS SCHWEIZ -SOLARIS ITALIA -SOLARIS BUS & COACH LATVIA -SOLARIS CZECH SPOL. -SOLARIS NORGE -SOLARIS FRANCE -SOLARIS HELLAS -SOLARIS SLOVAKIA -SOLARIS SVERIGE AB -UAB SOLARIS BUS & COACH LITHUANIAE -SOLARIS BELGIUM SPRL -SOLARIS DANMARK BUS A/

This Assurance Statement is subject to the provisions of this legal section:

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9.5.2 Independent Assurance Report of the consolidated Non-Financial Information Statement

Independent Limited Assurance Report of the Consolidated Non-Financial Statement for the year ended December 31, 2023

CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. and
SUBSIDIARIES



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INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

To the Shareholders of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2023, of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. and subsidiaries (hereinafter, the Group), which is part of the accompanying Consolidated Management Report of the Group.

The content of the NFS/Management Report includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in table 9.1 "Table of contents of the Non-Financial Information Statement" of the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. and its content is the responsibility of the Board of Directors of the Group. The NFS was prepared in accordance with the content required by current commercial regulation and in conformity with the criteria outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in table 9.1 "Table of contents of the Non-Financial Information Statement" from the accompanying NFS.

The Board of Directors are also responsible for the design, implementation, and maintenance of such internal control as they determine as necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting, and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality management

We have complied with the independence and other ethics requirements of the International Code of Ethics for Accounting Professionals (including international standards on independence) issued by the International Standards Board on Ethics for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, professional objectivity, competence and diligence, confidentiality, and professional behaviour.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65, 28003 Madrid - inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.

A member firm of Ernst & Young Global Limited.

Our firm applies current international quality standards and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and legal provisions and applicable regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our review has been performed in accordance with the requirements established in the current International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and execution timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the 2023 NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meetings with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2023 based on the materiality analysis made by the Group and described in section 4.4 "Materiality", considering the content required by prevailing mercantile regulations.
- ▶ Analysis of the processes for gathering and validating the data included in the 2023 Non-Financial Statement.
- ▶ Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2023 NFS.
- ▶ Check, through tests, based on a selection of a sample, the information related to the content of the 2023 NFS and its correct compilation from the data provided by the information sources.
- ▶ Obtaining a representation letter from the Board of Directors and Management.

Emphasis paragraph

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, as well as the Delegated Acts enacted in accordance with the provisions of that Regulation, settle the obligation to disclose information on how and to what extent the company's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems (other environmental objectives), and for certain new activities included in the climate change mitigation and adaptation objectives, for the first time for the financial year 2023, in addition to the information on eligible and aligned activities already required in the 2022 financial year in relation to the climate change mitigation and climate change adaptation objectives. As a result, no comparative information on eligibility has been included in the attached NFIS in relation to the other environmental objectives listed above or to the new activities included in the climate change mitigation and adaptation objectives. On the other hand, to the extent that the information relating to the financial year 2022 was not required with the same level of detail as in the financial year 2023, the disaggregated information in the attached NFIS is also not strictly comparable. In addition, it should be noted that the directors of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. have incorporated information on criteria that, in their opinion, allow better compliance with the aforementioned obligations and that are defined in the section 4.8.1 "Sustainable Taxonomy of the European Union" of the attached NFIS. Our conclusion has not been modified in relation to this matter.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group NFS for the year ended December 31, 2023 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in the table 9.1 "Table of contents of the Non-Financial Information Statement" of the NFIS.

Use and distribution

This report has been prepared as required by current commercial regulation in Spain, thus it may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

February 27, 2024