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## **REPORT ISSUED BY THE BOARD OF DIRECTORS IN RELATION TO THE AMENDMENT OF ITS RULES, APPROVED SINCE THE LAST GENERAL SHAREHOLDERS' MEETING**

### **I. Introduction and purpose of the report**

A number of regulations have recently been approved, including Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 ("**CSRD Directive**") and Organic Law 2/2024 of 1 August on equal representation and balanced presence of women and men ("**Organic Law on equal representation**"), which affect the provisions contained in the Rules of the Board of Directors of Construcciones y Auxiliar de Ferrocarriles, S.A. (the "**Company**").

For its part, on 1 July 2024, the Spanish Stock Market National Commission ("**CNMV**") published Technical Guide 1/2024, of 27 June 2024, on Audit Committees of public-interest entities ("**Guide 1/2024**"), which introduces new recommendations on the composition, operation and powers of audit committees, which in some cases can be transposed to appointments and remuneration committees.

In this context, and within the framework of the commitment to continuous improvement of the internal regulatory system, the Board of Directors of the Company, at its meeting held on 17 December 2024, unanimously adopted the agreement to amend certain articles of its Rules, with the main aim of adapting them to the recently approved regulations and adjusting them in line with the other internal regulations that were also amended at that meeting; in particular, the Rules of the Audit Committee and the Rules of the Appointments and Remuneration Committee.

This report is prepared in compliance with the provisions of article 528 of the consolidated text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July ("**CCA**"), which provides that the Board of Directors keeps the General Meeting informed of the regulations contained in its Rules, having included, for this purpose, a specific item on the agenda of the Ordinary General Shareholders' Meeting to be held on June 14, 2025.

### **II. Information on the amendments made to the Rules of the Board of Directors since the last General Shareholders' Meeting**

#### **1. Purpose of the review of the Rules of the Board of Directors**

The amendment of the Rules of the Board of Directors referred to in the previous paragraph pursued, among others, the following objectives:

- i) With regard to the composition of the Board of Directors, add a new paragraph to Article 7 in order to incorporate the obligation to ensure that selection procedures favour equality between women and men, as well as diversity, and do not suffer from implicit biases. This reinforces the Company's commitment in this area, in line with the provisions of article 529

bis of the CCA, as amended by the Organic Law on equal representation, and with the amendment of the Rules of the Appointments and Remuneration Committee that was approved at the same meeting.

- ii) To introduce references to the sustainability information verifier and to the review of non-financial information in Articles 16 and 37 of said Rules, in accordance with the provisions of Guide 1/2024, the CSRD Directive, and the draft law aimed at transposing this Directive, and in coherence with the amendment of the Rules of the Audit Committee that was agreed by the Board at the same meeting.
- iii) To incorporate technical clarifications and other adjustments in accordance with the provisions of Guide 1/2024, as well as ensure consistency with other internal regulations, and in particular with the Rules of Board Committees.

## 2. Scope of the amendment

The articles of the Rules of the Board that have been amended as indicated in the preceding paragraphs are as follows:

Article 5 (Functions and Competencies of the Board of Directors)

Article 7 (Composition).

Article 16 (Appointment of external Directors).

Article 29 (Definition and approval of Related-Party Transactions).

Article 33 (Website).

Article 37 (Relations with Auditors and Verifiers).

The remaining articles have not been modified.

### Final text of amended articles

The aforementioned articles as currently drafted are shown below:

#### ***"Article 5. Functions and Competencies of the Board of Directors.***

1. *Except for the issues exclusively reserved for the General Shareholders' Meeting, the Board of Directors is the competent body to adopt agreements regarding all kinds of matters that make up the corporate purpose.*
2. *The Board of Directors dedicates its activity to defining and supervising the strategic guidelines of the Company and its Group, with the ordinary management and direction of the Company corresponding to the management team.*
3. *Notwithstanding any delegated matters, the Board shall deal, in addition to the matters specifically listed in the Rules, with all of the relevant matters of the Company and is specifically obliged to directly exercise the following*

*responsibilities, which cannot be delegated:*

- a. Supervision of the effective operation of the Committees that the Board may have created, as well as of the proceedings of the delegated bodies and of the managers it would have appointed.*
- b. The definition of the general policies and strategies of the Company and its Group.*
- c. The authorization or waiver of the obligations resulting from the duty of loyalty pursuant to Law and in the present Rules.*
- d. Its own organization and operation.*
- e. Preparation of the annual accounts and their presentation to the General Shareholders' Meeting.*
- f. The formulation of any type of report required by Law to the Board of Directors, if the operation it relates to cannot be delegated.*
- g. Appointment and dismissal of the Managing Directors of the Company, as well as the establishment of the terms and conditions of their contracts.*
- h. The appointment and dismissal of the directors directly depending on the Board of Directors or of any of its members, as well as the establishment of the basic terms and conditions of their contracts, including their remuneration.*
- i. Decisions related to the remuneration of the Directors, within the statutory framework and the remuneration policy approved by the General Shareholders' Meeting.*
- j. The call of the General Shareholders' Meeting and the preparation of the agenda and the draft agreements.*
- k. The policy regarding the treasury shares.*
- l. The approval of the strategy or business plan, the management objectives and the annual budget, the investment and financing policy, the sustainability and the dividends policy.*
- m. The determination of the risk assessment and management policy, including tax risks, and the monitoring of internal information and control systems.*
- n. The determination of the corporate governance policy of the Company and of the group that it is the parent of and in particular, the approval and modification of its own Rules.*
- o. The approval of the financial information the Company must publish periodically as a listed company, in addition to the supervision of the*

*process of the preparation and presentation of the financial information and management report, which shall include, when applicable, the relevant non-financial information.*

- p. The definition of the structure of the corporate group that the Company is the parent of.*
  - q. The approval of any investments or transactions which, given their significant amount or special characteristics have a strategic nature or special tax risk, unless their approval corresponds to the General Shareholders' Meeting.*
  - r. The approval of the creation or acquisition of shares in special purpose vehicles or entities resident in non-cooperative jurisdictions, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Company and its group.*
  - s. The approval, following a report from the Audit Committee, of transactions of the Company or companies in its group that are considered to be Related-Party Transactions, unless their approval corresponds to the shareholders in a General Meeting and without detriment to the possibility of delegation by the Board in the cases and under the terms established by law and in these Rules.*
  - t. The determination of the tax strategy of the Company.*
  - u. The powers that the General Shareholders' Meeting would have delegated on the Board of Directors, unless it would have been expressly authorized by the General Shareholders' Meeting to sub-delegate them.*
- 4. Under urgent and duly justified circumstances, decisions regarding the matters between letters (l) and (t) (both inclusive) of the previous section, may be made by the delegated bodies or persons, but must be ratified at the first meeting of the Board of Directors held after the decision is made.*
  - 5. The Board of Directors must conduct an evaluation of how it functions and how its Committees function and, based on the results thereof, propose an action plan to remedy the deficiencies detected. The results of the evaluation will be recorded in the minutes of the session or will be included as an appendix.*

#### **Article 7. Composition.**

- 1. The Board of Directors will consist of the number of Directors determined by the General Shareholders' Meeting, within the limits established by the Company's Articles of Association, as applicable.*
- 2. The Board of Directors shall propose to the General Shareholders' Meeting the number which, according to the circumstances of the Company at each*

*given moment, deems most suitable to ensure the appropriate representation and efficient operation of the Body.*

*The proposed number will be not less than seven and will never exceed fifteen.*

3. *In exercising its powers of proposal to the General Shareholders' Meeting and of co-optation to fill vacancies, the Board of Directors shall ensure a balanced composition, with a substantial majority of non-executive Directors and an adequate proportion between dominical and independent Directors, with the latter representing at least one third of the Directors.*

*To this regard, Executive Board Members will be considered as those who are Managing Directors and those who, not holding said position, have management responsibilities within the Company or its group, regardless of the legal bond they have with it.*

4. *The Board of Directors shall ensure that its procedures for selecting members promote equality between women and men, as well as diversity with respect to issues such as age, disability or professional training and experience, and do not suffer from implicit biases that could imply any discrimination and, in particular, that they facilitate the selection of female directors in a number that allows for a balanced presence of women and men.*

#### **Article 16. Appointment of external Directors.**

1. *When selecting a candidate, the Board of Directors shall attempt to ensure that that person has acknowledged solvency, competence and experience, with special care being taken when selecting persons to hold office as independent Directors.*
2. *Independent Directors are those who have been appointed in view of their personal and professional qualifications and can carry out their duties without being compromised by their relationships with the Company or its group, its significant shareholders or its managers.*
3. *Independent Directors shall in no case be designated if:*
  - a. *They have been employees or executive Directors in group companies, unless 3 or 5 years, respectively, have passed since they ceased to be so.*
  - b. *They receive any amount or benefit from the Company or its group companies for any reason other than remuneration of their directorship, unless it is insignificant for the Director.*

*Dividends or pension supplements received by the Director for his/her former professional or labour relationship shall not be taken into account, for the purposes of the paragraph above, insofar as such supplements are unconditional and, therefore, their accrual cannot be discretionally suspended, modified or revoked by the paying company without breach of its obligations.*

- c. *They are individuals who are or have been in the last 3 years partners to the external auditor or person responsible for the auditing report or partners of the sustainability information verifier or responsible for the sustainability information verification report, whether such period's audit or verification corresponds to the Company or any other group company.*
- d. *They are executive Directors or senior managers of a different company where an executive Director or senior manager of the Company holds an external Director position.*
- e. *They are individuals who maintain or have maintained in the last year an important business relationship with the Company or group companies, whether on his/her behalf or as significant shareholder, Director or senior manager of an entity maintaining such relation either at present or in the past.*

*Business relations will be those of supplier of goods or services, including financial ones, or of advisor or consultant.*

- f. *They are significant shareholders, executive Directors or senior managers of an entity receiving donations from the Company or its group currently or in the last 3 years.*

*Mere trustees of a Foundation receiving donations are excluded from this list.*

- g. *Spouses, individuals with an analogous relationship, or relatives up to the second degree of an executive Director or senior manager of the Company.*
- h. *Individuals not proposed by the Appointments and Remuneration Committee, whether for appointment or re-election.*
- i. *Individuals who have been Directors for a continuous period of more than 12 years.*
- j. *Individuals who, with respect to a significant shareholder or shareholder represented on the Board, meet the conditions of paragraphs a), e), f) or g). In cases of family relationships described under letter g), such restriction shall be applied not only to the shareholder, but also to his/her dominical Directors in the investee company.*

- 4. *Dominical directors shall be considered to be those who hold a shareholding equal to or greater than that legally considered being significant or who have been appointed because of their status as shareholders, even if their shareholding does not reach that amount, as well as those who represent shareholders of the aforementioned.*

*Dominical Directors who lose such a title following the sale by the shareholder they represent of their shareholding may only be re-elected as*

*independent Directors when the shareholder they represented up to that moment sold his/her entire shareholding in the Company.*

5. *A Director with Company shares may be an independent Director provided that he/she meets all the requirements pursuant to this Section 3 and, plus, does not hold a significant shareholding.*

**Article 29.- Definition and approval of Related-Party Transactions.**

1. *Related-party transactions shall be understood as those carried out by the Company or its subsidiaries with directors, shareholders holding 10% or more of the voting rights or represented on the Board of Directors of the Company, or any other persons who must be considered related parties under the terms provided by law ("**Related-Party Transactions**").*
2. *As an exception to the provisions of the preceding section, the following shall not be considered Related-Party Transactions:*
  - a. *Transactions carried out between the Company and its directly or indirectly wholly owned subsidiaries.*
  - b. *The approval by the Board of the terms and conditions of contracts to be entered into between the Company and any Director who is to perform executive duties, including the Managing Director, or senior officers, as well as the determination by the Board of the specific amounts or remuneration to be paid under such contracts, without prejudice to the duty of abstention of the Director concerned provided by law.*

*Transactions carried out by a company with its subsidiaries or investees shall also not be deemed to be related-party transactions, provided no other party related to the company has an interest in said subsidiaries or investees.*

3. *The power to approve Related-Party Transactions the amount or value of which is equal to or exceeds 10% of the total asset items according to the last annual balance sheet approved by the Company shall correspond to the shareholders in a General Shareholders' Meeting. When a General Meeting is called to decide regarding a Related-Party Transaction, the shareholder concerned shall be deprived of the right to vote, except in cases where the proposed resolution has been approved by the Board of Directors without opposing votes from the majority of the independent Directors. However, where applicable, the rule of the reversal of the burden of proof provided for in the Capital Companies Act shall apply.*
4. *The power to approve all other Related-Party Transactions shall correspond to the Board of Directors, which may not delegate this. The affected Director or the Director representing or linked to the affected shareholder must abstain from participating in the deliberation and voting on the corresponding resolution in accordance with the Capital Companies Act. However, Directors who represent or are linked to the parent company in the governing body of listed subsidiaries are not required to abstain, notwithstanding the fact that, in such cases, if their vote was decisive for the*

*adoption of the resolution, the rule of the reversal of the burden of proof shall apply as provided for by Law.*

5. *The approval by the General Shareholders' Meeting or by the Board of a Related-Party Transaction must be subject to a prior report from the Audit Committee. In its report, the Committee must assess whether the transaction is fair and reasonable from the point of view of the Company and, if applicable, of the shareholders other than the related party, and give an account of the assumptions on which the assessment is based and the methods used. The Directors concerned may not participate in the preparation of the report.*
6. *Notwithstanding the provisions of sections 4 and 5 above, the Board of Directors may delegate the approval of the following related-party transactions:*
  - a. *Transactions between companies forming part of the same group carried out in the ordinary course of business and under market conditions.*
  - b. *Transactions entered into under contracts the standard terms and conditions of which are applied indiscriminately to a large number of customers, performed at prices or rates established generally by the party acting as supplier of the goods or services in question, and the cost of which does not exceed 0.5% of the Company's net turnover.*

*The approval of the Related-Party Transactions referred to in this section, section 6, shall not require a prior report from the Audit Committee. However, the Board of Directors shall establish a periodic internal reporting and control procedure for these, at the proposal of the Audit Committee, aimed at verifying the fairness and transparency of such transactions and compliance with the legal criteria. The Audit Committee will periodically review the adequacy of the procedure.*

**Article 33. Website.**

1. *The Company shall have a corporate website to fulfil Shareholders' right to information as well as to disseminate obligatory information in accordance with Law and legislation that implements it, and to disseminate and publish any other information, standards or documents that the Board of Directors deems appropriate.*
2. *The Board of Directors is responsible for keeping the information on the Company website up to date and for coordinating its contents in line with the documents deposited or registered in the corresponding public registries.*
3. *The Audit Committee is responsible for checking that the financial and non-financial information included in the annual and interim financial reports that are published on the Company's corporate website is permanently up to date and that it tallies with what has been passed or formulated by the Board of Directors and published on the website of the National Stock Market*



*Commission. If the Committee should be unsatisfied with any aspect following this review, it must notify the Board of Directors of its opinion.*

4. *The Appointments and Remuneration Committee will check that the information regarding Directors which is published on the Company's corporate website is sufficient and adequate and meets the recommendations of the Code of Good Governance for Listed Companies published by the National Stock Market Commission.*

**Article 37. Relations with Auditors and Verifiers.**

1. *The Board of Directors' relations with the Company's external Auditors and Verifiers shall be channelled through the Audit Committee, pursuant to the Articles of Association and the Rules of the Audit Committee.*
2. *The Board of Directors shall inform in the Annual Report the remuneration paid to the audit entity in each period for services other than auditing.*
3. *The Board of Directors will present to the General Meeting the Annual Accounts prepared in accordance with the accounting regulations. In the event that the Auditor includes a qualification, the Chairman of the Audit Committee will clearly explain the Committee's opinion on its content and scope at the General Meeting. A summary of this opinion will also be made available to shareholders at the time of publication of the call of the meeting, along with the other proposals and reports of the Board."*

**III. Subsequent actions**

The text of the amended Rules was registered in the Guipúzcoa Corporate Register on 14 January 2025 and communicated to the CNMV on 21 January 2025. Since then, it has also been published on CAF's corporate website.

In San Sebastián, on 8 May 2025.