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## **REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE OF CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (CAF) FOR FY 2021**

### **1. Report purpose**

In accordance with the provisions of Article 3, section vi, e) of the Regulations of the Audit Committee (hereinafter the “**Audit Committee**” or the “**Committee**”) of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (hereinafter “**CAF**” or the “**Company**”), this Committee is responsible for issuing, on an annual basis, a report on the operation and activities of the Committee during the previous fiscal year.

The purpose of this report is to inform shareholders and other stakeholders of the activities carried out by the Committee during the fiscal year that ended on December 31, 2021, for which purpose it will be published in accordance with Recommendation 6 of the CNMV's Code of Good Governance for Listed Companies (hereinafter the “**Code of Good Governance**”) and will contain at least the aspects defined in the CNMV's Technical Guide 3/2017 on Audit Committees of Public Interest Entities.

### **2. Regulations for the Audit Committee**

The Audit Committee has a basic regulation in Article 37 bis of the CAF Bylaws, which includes the minimum composition of the Committee, which must be three directors, all of whom are non-executive, the majority of whom must be independent. This article also provides for the minimum functions assigned to it by the Bylaws, although these functions are complemented by those assigned to it by the regulations, which we will refer to below.

CAF's Bylaws also state that the Chairperson of the Committee shall be appointed from among the independent members of the Board for a maximum term of four years, and may be re-elected after one year has elapsed since their removal, and that resolutions shall be adopted by an absolute majority of the directors present. As with the functions, this basic Bylaw regulation on the composition and operating rules of the Audit Committee is also supplemented by regulations.

The Audit Committee has its own Regulations, which determine in detail the most relevant aspects of the Committee, including its nature, composition, functions and scope of application, operating rules, powers and relations with third parties.

As a sign of the Company's commitment to the permanent updating of the Corporate Governance System and its adaptation to both new legislation and to the good practice codes or guides that are periodically published by the regulatory and supervisory bodies, at its meeting held on December 16, 2021, and as proposed by the Audit Committee, the Board of Directors approved the amendment of its Regulations, for the purpose of adapting these to the changes introduced in the revised text of the Spanish Capital Companies Act (hereinafter, the “**Capital Companies Act**”), by Law 5/21, of April 12

("Law 5/2021"), in relation to the promotion of the long-term involvement of shareholders in listed companies.

### 3. Composition of the Audit Committee during the fiscal year

During this fiscal year, the composition of the Committee was modified as follows:

On April 29, 2021, the Board of Directors unanimously agreed to remove Mr Javier Martínez Ojinaga as a member of the Audit Committee and to appoint Independent Director Mr Ignacio Camarero García in his place, so that the composition of the Committee as of December 31, 2021, was then as shown in the following table:

<i>Person</i>	<i>Position</i>	<i>Category</i>	<i>Seniority</i>
Ms. Carmen Allo Perez	Chairwoman	Independent	Appointed Director on 06/11/2016. Member of the Committee since 02/27/2019. She has been Chairwoman of the Committee since October 8, 2019.
Mr. Juan José Arrieta Sudupe	Member	Other External	Appointed Director on 06/07/2008. Member of the Committee since 10/20/2010.
Mr. Ignacio Camarero García	Member	Independent	Appointed Director on 06/15/2019. Member of the Committee since 04/29/2021.

The market was informed of the aforementioned change on the date of the agreement itself, through the Privileged Information communication sent to the CNMV, as well as through the corporate website.

The members of the Committee, as members of the Board, have experience and knowledge in management, economic, financial and business fields. As a whole, they have the relevant technical knowledge in relation to the sector of activity to which the Company belongs, as well as in aspects of internal control and risk management and of the business.

All the members, and especially the Chairwoman of the Committee, have been appointed on the basis of their knowledge and experience in the field of accounting, auditing and risk management, both financial and non-financial.

This complies with the provisions of article 529 quaterdecies of the Capital Companies Act, internal regulations, and Recommendation 39 of the Code of Good Governance

regarding the composition of the Audit Committee. The guidelines set out in points 13 and 14 of Technical Guide 3/2017 of the CNMV on the subject are also followed.

The appointment and removal of Committee members is made by the Board of Directors. They are appointed for a period of four years, subject to renewal, and are expected to be removed (i) by resignation, (ii) when they cease to be directors, (iii) by resolution of the Board, or (iv) due to failure to comply with the requirements of the Regulations or the legal provisions.

In the “Shareholders and Investors” section of CAF's corporate website, up-to-date information regarding the composition of the Audit Committee (<https://www.caf.net/en/accionistas-inversores/gobierno-corporativo/comisiones-consejo.php>) and public information on each of the directors (<https://www.caf.net/pdf/Information-on-the-Members-of-the-Board-Feb-2022.pdf>) can be found. The professional profiles of the current members of the Committee are as follows:

- **Ms. Carmen Allo Pérez** (Chairwoman) holds a degree in Exact Sciences and a Master’s Degree in Business Administration. She has extensive experience in the financial sector. She is the Chairwoman of the Audit Committee of eDreams ODIGEO.
- **Mr. Juan José Arrieta Sudupe** (Member) has a PhD of Economic and Business Sciences. He has extensive experience in the management of financial institutions and prestigious business schools.
- **Mr Ignacio Camarero García** has a degree in the Physical Sciences. He has worked in the Telecommunications and Information Technology sectors, holding various senior management positions.

#### **4. Functions and tasks performed throughout the fiscal year by the Audit Committee, changes thereto and reference to the regulations governing it**

The duties and powers attributed to the Audit Committee are detailed in Articles 37 bis of the Bylaws and in **Articles 3 and 10 to 13** of its specific Regulations.

In accordance with the aforementioned Article 3, the Audit Committee has been assigned the following minimum powers:

- a) In relation to the General Meeting:
  - i. To inform the General Shareholders' Meeting about any matters raised that are under the Committee's responsibility, and in particular, regarding the results of the audit, explaining how this contributed to the integrity of the financial information and the role played by the Committee in this process.
  - ii. To ensure that the annual accounts presented by the Board of Directors to the General Shareholders' Meeting are prepared in accordance with accounting regulations. In the event that the auditor has included a qualification in his audit report, the Chairperson of the 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 notice of the meeting, along with the other proposals and reports of the Board.

b) In relation to the internal control systems:

- i. To supervise the preparation process, presentation, and the integrity of the financial and non-financial information in relation to the Company and, if applicable, the group, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and the correct application of the accounting criteria, and submit recommendations or proposals to the Board of Directors, aimed at safeguarding their integrity.
- ii. To supervise the effectiveness of the Company's internal controls and in particular the Internal Control System for Financial Information (ICSFI).
- iii. To supervise and evaluate the control and management systems for financial and non-financial risks relating to the Company and, where applicable, to the group, including operational, technological, legal, social, environmental, political, reputational, and corruption-related risk.

For the purposes of sections i. to iii. above, the Committee may, if appropriate, submit recommendations or proposals to the Board of Directors and the corresponding period of time for their follow-up.

- iv. To supervise the Company's internal risk control and management system.
- v. To ensure in general that the policies and systems established for internal control are effectively implemented in practice.
- vi. To supervise compliance with the Company's internal codes of conduct.
- vii. To establish and supervise a mechanism that allows employees and other people related to the Company and its Group such as directors, shareholders, suppliers, contractors, or subcontractors to communicate potentially significant irregularities, including financial and accounting irregularities, or any other kind of irregularity related to the company that they may notice within the Company or its Group. This mechanism should guarantee confidentiality and, in any case, provide for cases in which communications can be made anonymously, respecting the rights of the whistleblower and the accused. Once the information provided through said mechanism has been analyzed, the Committee, should it deem it to be necessary, must propose the appropriate actions to improve its functioning and reduce the risk of irregularities in the future.
- viii. To supervise the application of the general policy regarding the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Also, to monitor the way in which the Company communicates and relates with small and medium-sized shareholders.

- ix. To check that the financial information published on the Company's corporate website is constantly updated and that it matches that approved or prepared by the Board of Directors and published on the website of the Spanish Securities Market Commission. If the Committee should be unsatisfied with any aspect following this review, it must notify the Board of Directors of its opinion.
- c) Regarding the internal audit:
- i. To supervise the internal audit of the company. For these purposes, if applicable, the Committee will be able to submit recommendations or proposals to the Board of Directors indicating the corresponding period for follow-up.
  - ii. To ensure the independence of the unit that assumes the internal audit function, which will functionally depend on the Chairperson of the Committee or the non-executive Chairperson of the Board.
  - iii. To propose the selection, appointment and removal of the head of the internal audit service.
  - iv. To propose the budget for that service.
  - v. To approve the orientation and annual work plan of internal audit, ensuring that its activity is mainly focused on relevant risks (including reputational risks).
  - vi. To receive regular information on the implementation of the annual plan and other activities carried out, including possible incidents and limitations to the scope that come up during their execution, the results and follow-up of its recommendations, and an activity report at the end of each year.
  - vii. To verify that senior management takes into account the conclusions and recommendations of its reports.
  - viii. To assess the functioning of the internal audit and the performance of its head.
- d) In relation to the external auditor:
- i. To submit proposals for the selection, appointment, re-election, and dismissal of the accounts auditor to the Board of Directors, being responsible for the selection process, in accordance with the provisions of articles 16, sections 2, 3, and 5, and 17.5 of (EU) Regulation no. 537/2014, of April 16, in addition to the contracting conditions.
  - ii. To regularly collect information on the audit plan and its implementation from them.
  - iii. To discuss significant weaknesses in the internal control system detected in the course of the audit with the accounts auditor, without infringing upon their independence. For these purposes, if applicable, the Committee will be able

to submit recommendations or proposals to the Board of Directors indicating the corresponding period for follow-up.

- iv. To preserve their independence in the performance of their functions and, in particular, to that end:
- To establish an appropriate relationship with the external auditor to receive information on any matters that might imply a threat to their independence, for examination thereof by the Committee, and any other threat in relation to the accounts audit operating process and, where appropriate, the authorization of the services other than those prohibited, under the terms set out in Articles 5, Section 4, and 6.2.b) of (EU) Regulation no. 537/2014, of April 16, and in the provisions of Section 3 of Chapter IV of Heading I of Law 22/2015, of July 20, on Accounts Auditing, regarding the system of independence, in addition to other communications set out in the accounts auditing legislation and the audit regulations.
  - In any case, it must receive an annual declaration from external auditors regarding their independence in relation to the entity or entities directly or indirectly linked thereto, as well as the detailed and broken down information on any additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities linked to this party as established in the legislation that regulates the accounts auditing activity.
  - To annually issue a report that expresses an opinion as to whether or not the independence of the accounts auditor or the auditing companies is compromised, prior to the issuing of the audit report. This report must contain, in any case, the reasoned appraisal of the provision of each and every additional service referred to in the preceding paragraph, considered on an individual basis and as a whole, other than the legal audit and in relation to their independence or the regulations regulating the accounts auditing activity.
  - To ensure that the remuneration of the external auditor for their work does not compromise their quality or independence, and establish an indicative limit on the fees that the auditor may receive annually for non-audit services.
- v. To ensure that the external auditor holds an annual meeting with the Board of Directors in a plenary session to inform it of the work carried out and regarding the evolution of the Company's accounting and risk situation.
- vi. To ensure that the Company and the external auditor respect the regulations in force regarding the provision of services other than auditing, the limits on the concentration of the auditor's business, and in general, all other regulations regarding the independence of auditors.
- vii. In the event of the resignation of the external auditor, to examine the circumstances that lead to this.

- viii. To ensure that the Company notifies via the CNMV of the change of auditor and accompanies this with a declaration regarding the possible existence of disagreements with the exiting auditor and, if such disagreements exist, the contents thereof.
- ix. To complete a final evaluation of the auditor's performance and how they have contributed to the quality of the audit and the integrity of the financial information.

The provisions of sections i., ii., and iv above are notwithstanding the regulations governing the auditing of accounts.

e) Other functions:

- i. To report to the Board of Directors in advance on all matters provided for by law, these Bylaws, and the Regulations of the Board, and in particular, on the following:
  - the financial information and the management report, which shall include, where appropriate, the statutory non-financial information that the Company is required to disclose periodically, and
  - the creation or acquisition of equity interests in special-purpose entities or entities registered in countries or territories that are considered to be tax havens.
- ii. To report on those Related-Party Transactions that must be approved by the Shareholders in a General Meeting or the Board of Directors and to supervise the internal procedure the Company has established for transactions whose approval has been delegated in accordance with the applicable regulations.
- iii. To stay informed regarding operations involving structural and corporate modifications the Company plans to carry out in order to analyze and report to the Board of Directors regarding their financial conditions and the accounting impact of the operations, and particularly, if applicable, regarding the proposed equation of exchange.
- iv. To propose the modification of the Regulations for the Board of Directors to said Board, whenever the Committee should deem this to be necessary, including the corresponding reasoning.
- v. To approve an annual work plan that takes into account the annual schedule for Committee sessions, among other matters, with the goal of facilitating efficient compliance with the goals sought.
- vi. To present an annual evaluation report to the Board of Directors regarding its own performance, within the framework of the annual evaluation of the Board of Directors and its Committees.
- vii. To issue a report on the functioning and activities of the Committee during the previous fiscal year.

- viii. Any other duty attributed thereto by Law, the company's Bylaws, the Regulations of the Board of Directors or the Board of Directors itself.

As anticipated in section 2 of this report, this article was amended during the 2021 fiscal year, in order to adapt the description of the Committee's functions in relation to related-party transactions and non-financial information to the latest legal developments on these matters.

On the other hand, Article 10 of the Committee's Regulations assigns the Committee the following powers:

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

The foregoing is complemented by the powers resulting from the provisions of Articles 11 to 13, which regulate the Commission's relations with:

#### Shareholders (Art. 11)

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

#### Board of Directors (Art. 12)

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

#### Auditors and internal audits (Art. 13)

1. Communication between the Committee and the accounts auditors shall be free-flowing, continuous, and in accordance with the obligations established in the



legislation regulating the accounts auditing activity, without compromising the independence of the auditor or the efficiency of the audit or audit procedures performed.

2. Communication with the accounts auditor must be included on an annual meeting schedule, most of these meetings without the presence of the Company's management.
3. The Audit Committee shall regularly gather information on the accounts auditing process from the accounts auditors, in particular regarding any discrepancies that might arise between the accounts auditors and the Company's Management. At the end of the audit, the Committee and the external auditor shall jointly review the latter's significant findings, in addition to the content of its mandatory reports.
4. Supervision of the internal audit shall be supported by constant interaction with the internal auditor, based on an established annual plan.

In addition to the other contact occurring in the course of its work, the Committee must inform the internal auditor of the conclusions of the assessment of the internal audit process operations and performance of the person responsible therefor.

The following sections detail the main activities carried out by the Committee in the exercise of its powers detailed above during FY 2021.

**5. Meetings held during the fiscal year and number of Committee member attendees and other attendees**

<i>Meeting no.</i>	<i>Date</i>	<i>Number of Committee member attendees</i>	<i>Other attendees</i>
1	02/04/2021	3	<ul style="list-style-type: none"> <li>• Chief Financial Officer</li> <li>• Head of Internal Audit.</li> </ul>
2	02/25/2021	3	<ul style="list-style-type: none"> <li>• Economic-Financial and Strategy Director.</li> <li>• Head of Internal Audit.</li> <li>• External Auditors: Partner in charge of DELOITTE and its team.</li> </ul>
3	04/20/2021	3	<ul style="list-style-type: none"> <li>• Chairperson and CEO.</li> <li>• Economic-Financial and Strategy Director.</li> <li>• Director of Integrated Solutions and Systems.</li> </ul>

4	04/29/2021	3	<ul style="list-style-type: none"> <li>• Economic Director.</li> <li>• Head of Internal Audit.</li> </ul>
5	06/14/2021	3	<ul style="list-style-type: none"> <li>• Chairperson and CEO.</li> <li>• Director Mr. Javier Martínez Ojinaga</li> <li>• Economic-Financial and Strategy Director.</li> <li>• Director of Integrated Solutions and Systems.</li> </ul>
6	06/25/2021	3	<ul style="list-style-type: none"> <li>• Chairperson and CEO.</li> <li>• Director Mr. Javier Martínez Ojinaga</li> <li>• Economic-Financial and Strategy Director.</li> <li>• Director of Integrated Solutions and Systems.</li> </ul>
7	07/29/2021	3	<ul style="list-style-type: none"> <li>• Economic-Financial and Strategy Director.</li> <li>• Head of Internal Audit.</li> <li>• External Auditors: Partner in charge of E&amp;Y and its team.</li> </ul>
8	10/06/2021	3	<ul style="list-style-type: none"> <li>• Head of Internal Audit.</li> <li>• Head of the Fiscal Area.</li> </ul>
9	11/11/2021	3	<ul style="list-style-type: none"> <li>• Managing Director</li> <li>• Economic Director.</li> <li>• Head of Internal Audit.</li> <li>• Risk Management Unit Director.</li> </ul>
10	12/16/2021	3	<ul style="list-style-type: none"> <li>• Head of Internal Audit.</li> </ul>

## **6. Number of meetings held with the internal auditor and the external auditor**

During fiscal year 2021, a total of seven meetings were held with the internal auditor, in addition to one meeting with the current external auditors and another with the audit firm that preceded them.

## **7. Significant activities carried out during the period**

The Committee has met ten times this year, with the attendance of all its members, who have carried out their work with the necessary participation and dedication.

The Board of Directors has been informed in due time of everything discussed and agreed at each meeting.

A calendar of the meetings held by the Audit Committee in FY 2021 is attached as an Annex, with a description of the matters included on the corresponding agendas.

The main activities that have been carried out by the Committee, in the course of these sessions, can be grouped in the following areas:

### **i. Financial and non-financial reporting activities and associated internal control mechanisms**

- Examination, prior to their presentation to the Board of Directors for filing, of the individual and consolidated Annual Accounts and Management Reports of CAF, S.A. and the CAF Group, respectively, for FY 2021. The Management Report includes the Statement of Non-Financial Information, which contains information on non-financial indicators relating to environmental activity, social issues, human resources, respect for Human Rights, and the fight against corruption and bribery.
- Examination, prior to their submission to the Board of Directors for approval, of the individual and consolidated quarterly and half-yearly financial statements.
- Review of the remaining information to be made available to the market or to the supervisory bodies during the fiscal year.
- Supervision of expenses due to exchange rate differences.
- Proposed distribution of interim dividends against 2021 profit to be approved by the Board.

### **ii. Related party activities**

- Review of related-party transactions entered into by the Company prior to July 3, 2021, the date of the entry into force of the new legal regime on this matter, introduced in the Capital Companies Act by Law 5/2021, verifying that these met the legal requirements to be exempted from the specific approval of the Board of Directors.

- Preparation of the mandatory report on related-party transactions entered into after July 3, 2021, subject to the approval of the Board of Directors, verifying that these were fair and reasonable and that they obeyed normal market conditions and rates.
- Proposal to the Board of Directors for the CAF Group's Related-Party Transactions Manual, which establishes the basic rules for managing the Group's related-party transactions, including, among other aspects, the internal reporting and periodic control procedure for delegable related-party transactions, the purpose of which is to verify the fairness and transparency of such transactions and compliance with the legal criteria applicable thereto.
- Proposal to delegate the approval of transactions that may be delegated, in accordance with the provisions of article 529 duovicies of the Capital Companies Act, to the Company's Chief Executive Officer and Chief Economic-Financial and Strategy Officer.

**iii. Activities in the area of the sustainability policy and terms of implementation in the fiscal year**

Activities in the area of Sustainability are attributed to the Appointments and Remuneration Committee, notwithstanding verification by the Audit Committee of the information on this matter included in the Management Report accompanying the individual and consolidated Annual Accounts of CAF, S.A. and the CAF Group, respectively.

**iv. Risk management and control activities**

- Continuous evaluation of the internal control system of financial information (IFICS) and analysis of the recommendations and plans for improvement of the same, proposed by the Internal Audit.
- Supervision of the Risk Management Unit. Participation of its Head in the Committee meetings, to inform about the main risks and contingencies of the Company and its Group. In this context:
  - Monitoring the Unit's Plan of Activities.
  - Periodic supervision of the assurance map.
  - Supervision of the risk management system implemented by the Company in the different Businesses and Projects.
- Supervision of the actions of the Company's internal tax function, responsible for the control and management of tax risks in the Group, with periodic reports on the inspections underway, transactions carried out, evolution of the risk matrix, monitoring of compliance with the tax policy, and new developments in tax matters most relevant to the Company.

- Evaluation of everything in relation to the company's non-financial risks, including operational, technological, legal, social, environmental, political, and reputational or corruption-related risk.
- Supervision of compliance with the internal codes of conduct and the reporting channel.

**v. Activities related to internal audit**

The Committee has directly and continuously analyzed and supervised the actions carried out by the Internal Audit Department of the Company.

In addition to the above, the Committee has carried out the following actions:

- Review of the Annual Report on Internal Audit Activities for FY 2020.
- Approval of the Internal Audit Work Plan for 2021, which includes:
  - Review of information published periodically (six-monthly and quarterly financial statements, annual accounts and management report);
  - Quarterly monitoring of the main financial and fiscal risks.
  - Risk-based audit work rotation plan.
  - Review of the Solaris Bidding, Integral Project Execution and Financial Management processes, as well as those of the subsidiaries Euromaint, CAF Signalling, and CAF BRASIL.
- Monitoring the execution of the Internal Audit Work Plan throughout the fiscal year.
- Evaluation of the functioning of Internal Audit and the performance of its head.

**vi. Activities related to the external auditor**

- Analysis of the external auditor's reports on the Company's individual and consolidated financial statements for FY 2020.
- Analysis of the limited review report on the 2021 half-yearly financial statements.
- Request for written confirmation of independence issued by the auditor, and preparation of the auditor's independence report, in connection with the audit of the 2020 annual accounts.
- Modification of the Procedure for Contracting Services with the Statutory Auditor.

- Approval of the non-audit services proposal for FY 2022 and the corresponding budget. Verification of the actual fees incurred for services contracted in 2020, according to the approved budget, verifying that the budgeted amounts have not been exceeded, nor unapproved services contracted.
- Analysis, together with the external auditor, of the main incidents detected during the audit, verifying that they have been resolved, as well as the treatment of the risks found.
- Evaluation of the external auditor's performance.

**vii. Analysis of corporate operations**

- Analysis of ongoing strategic corporate transactions for proposal to the Board of Directors.

**viii. Activities on financing**

- Analysis of the proposed renewal of the promissory note issuance program in MARF, registered in December 2020, and proposal to the Board of Directors for approval.

**ix. Follow-up activities to the Committee's own action plans**

- Throughout this fiscal year, the Committee has verified the action plans for 2021, proposed in the Report on the annual assessment of its performance, approved at its meeting on December 17, 2020:

**x. Other activities**

- Approval of the report on the operation of the Audit Committee for FY 2020.
- Supervision of the application of the General Policy in relation to the communication of economic and financial, non-financial, and corporate information, in addition to communication with shareholders and investors, proxy advisors, and other stakeholders, including the monitoring of relationships and communication with small and medium-sized shareholders.
- Proposal to amend the Regulations of the Audit Committee.
- Preparation of the Report on the Annual Evaluation of its performance, within the framework of the evaluation of the Board of Directors, in accordance with the provisions of Recommendation 36 of the Code of Good Governance for Listed Companies.
- Approval of an annual work plan for FY 2022 which includes the annual schedule of meetings of the Committee with the external auditors.

**xi. Nature and scope of communications, where appropriate, with regulators**

The Board of Directors of CAF has established that communications with the Spanish Securities Market Commission will be carried out through the Secretariat of the Board. In turn, responsibility for relations with the markets and stock exchanges on which the Company is listed lies with a specific department within the Company ("Investor Relations"), which reports to the Economic-Financial and Strategy Directorate.

In any case, the members of the Audit Committee are completely free and independent to establish direct communications with the regulators, if they consider it necessary for the adequate performance of their functions, as well as to supervise those carried out by the aforementioned bodies.

**8. Evaluation of the functioning and performance of the audit committee and methods of assessing its effectiveness**

The Audit Committee has issued the required prior report on the evaluation of its operations and performance in 2021 for the consideration of the Company's Board of Directors, in compliance with the provisions of Section 1 of Article 529 nonies of the Capital Companies Act, Article 5 of the Board Regulations, and Recommendation 36 of the Code of Good Governance.

The Audit Committee has favorably evaluated its performance this year, following an analysis of the aspects summarized below.

From a methodological standpoint, the Committee has taken into consideration, among other indicators, the degree to which the Committee has followed the recommendations of the CGG and the applicable Technical Guides, as well as its adaptation to the current legal framework in matters of corporate governance. The areas under evaluation have been the following:

- Quality and efficiency of the operation of the Committee, including the degree to which it makes effective use of the contributions of its members, with particular attention paid to the person responsible for this.
- Size, composition and diversity of the Committee.
- Frequency and duration of meetings.
- Content of the agenda and adequacy of the time allocated to addressing the different issues according to their importance.
- Quality of the information received.
- Breadth and openness of the debates.
- Whether the decision-making process is dominated or strongly influenced by one member or a small group of members.

In addition, the Commission has verified compliance with the plans and objectives proposed for 2021.

As a result, the Audit Committee has concluded that during FY 2021:

- i. The annual assessment of the Committee's performance has given a positive result, as it appropriately fulfilled the duties assigned thereto, in addition to the improvement initiatives established for this fiscal year.
- ii. It has had the necessary resources to carry out its tasks.
- iii. The Directors who are members of the Committee have satisfactorily fulfilled their responsibilities.
- iv. The results of the evaluation have not led to significant changes in their internal organization and procedures.

#### **9. Information on the Audit Committee's opinion on the Statutory Auditor's independence**

On February 25, 2021, the Audit Committee drew up the report referred to in Article 529 quaterdecies, Section 4.f) of the Capital Companies Act for the fiscal year that ended on December 31, 2020.

This report assessed the non-audit services provided by the external auditor, analyzing their nature and amount. Similarly, the statement of independence sent by the external auditor was reviewed, along with the information on the services provided to CAF and its subsidiaries, and the corresponding fees received.

In light of the above, it has been ruled out that legally prohibited services were provided and it has been verified that the amount of these services is below the limit set by the applicable regulations as well as the more restrictive limit established by the Audit Committee itself.

In accordance with the above, it was concluded that the Audit Committee has not identified any aspects that would call into question compliance with current regulations applicable to the accounts auditing activity in terms of auditor independence.

#### **10. Information on which, if any, practical guides on audit committees are being followed and to what extent**

Since the publication of the CNMV's Technical Guide 3/2017 on this subject, the Audit Committee has followed these guidelines as a guide to action in the performance of its functions.

#### **11. Conclusions**

As a result of the above, the Audit Committee considers that its organization and operation during the FY 2021 are in line with the provisions of the law, the Corporate Bylaws, and its own Regulations.



In addition, all the recommendations of the Code of Good Governance concerning audit committees, contained in Section III.3.4.2, and other related sections, to which CAF attaches particular importance, have been complied with.

The Commission also believes that, through the work carried out throughout this year, it has faithfully fulfilled the duties entrusted to it.

Notwithstanding this positive assessment, the Committee reaffirms its willingness to continue improving the efficiency of its operation and compliance with its goals, in line with best practices in the area of Corporate Governance.

This report was issued by the Audit Committee on January 25, 2022.

**Approval by the Board of Directors and Dissemination:**

This report was approved by CAF's Board of Directors during its meeting on February 25, 2022.

In accordance with Recommendation 6 of the CNMV's Code of Good Governance for Listed Companies, this document will be published on the Company's website ([www.caf.net](http://www.caf.net)) sufficiently in advance of the Ordinary General Meeting.

## ANNEX

### Calendar of meetings in 2021

Date	Issues addressed
February 4, 2021	<ul style="list-style-type: none"><li>○ Report on expenses due to exchange rate differences.</li><li>○ 2020 Internal Audit annual activities report.</li><li>○ Report of improvements in the IFICS.</li><li>○ 2021 Internal Audit Activity Plan.</li><li>○ Report on the operations of the Audit Committee for FY 2020.</li><li>○ Miscellaneous</li></ul>
February 25, 2021	<ul style="list-style-type: none"><li>○ Presentation by the external auditors of the conclusions of the audit for FY 2020.</li><li>○ Review of the annual accounts and management report for FY 2020.</li><li>○ Approval of the Report on the Independence of the External Auditor.</li><li>○ Evaluation of the External Auditor's performance.</li><li>○ Evaluation of the functioning of Internal Audit and the performance of its head.</li><li>○ Report on the whistleblower channel</li><li>○ Miscellaneous</li></ul>
April 20, 2021	<ul style="list-style-type: none"><li>○ Report on the "Nest" Transaction, to be analyzed prior to submission of a non-binding offer.</li></ul>
April 29, 2021	<ul style="list-style-type: none"><li>○ Quarterly Interim Statement.</li><li>○ Monitoring of the main financial and fiscal risks.</li></ul>

- Financial Information Risk Map.
  - Risk Management Unit Report.
  - Report on the communication of information and relationship with shareholders and investors.
  - Miscellaneous
- June 14, 2021
- Analysis of the "Nest" Transaction, for reporting to the Board prior to the submission of a binding offer.
- June 25, 2021
- Continued analysis of the "Nest" Transaction.
- July 29, 2021
- Presentation by the external auditors of their limited review report on the financial statements for the first half of the year.
  - Review of the financial information for the first half of the year for proposal to the Board.
  - Monitoring of the main financial and fiscal risks.
  - Evolution of the 2021 internal audit plan.
  - Miscellaneous.
- October 6, 2021
- Report on the Tax Function.
  - Evolution of the 2021 Internal Audit Plan.
  - Modification of the Procedure for Contracting Services with the Statutory Auditor.
  - Proposed distribution of interim dividends for fiscal year 2021.
  - Miscellaneous.
- November 11, 2021
- Quarterly Interim Statement for the third quarter of FY 2021.
  - Monitoring of the main financial and fiscal risks.
  - Risk Management Unit Report.

- Analysis of the strategic operation underway prior to the submission, if applicable, of a binding offer.
- Miscellaneous.

December 16, 2021

- Evolution of the FY 2021 Internal Audit Plan.
- Approval of the Non-Audit Services Budget for the year 2022.
- Proposal for the Renewal of the Short-Term Promissory Note Issuance Program in MARF.
- Proposal to amend the Regulations of the Audit Committee.
- Proposal for the Related-Party Transactions Manual.
- Report on Related-Party transactions.
- Report on the application of the Communication Policy.
- Report on compliance with internal codes of conduct and the whistleblower channel.
- Annual evaluation of the Committee's Performance.
- Approval of the Plan of Activities for 2022.
- Miscellaneous.