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## **AUDIT COMMITTEE REPORT ON THE INDEPENDENCE OF THE ACCOUNTS AUDITOR OF CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. AND SUBSIDIARIES (CAF GROUP) FOR THE 2022 FINANCIAL YEAR**

### **1. INTRODUCTION**

Article 529 quaterdecies section 4.f) of the Revised Text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of July 2 (hereinafter "**Capital Companies Act**"), assigns the Audit Committee the following function:

*“Annually issuing a report that expresses an opinion regarding the independence of the accounts auditor, prior to the issuing of the audit report. This report shall contain, as applicable, the appraisal of the provision of the additional services referred to in the previous section, considered individually and as a whole, other than legal auditing and in relation to their independence or the legislation that regulates auditing activity.”*

In compliance with the above obligation and in accordance with Article 3.d) vii) section 2 of the Regulations of the Audit Committee of Construcciones y Auxiliar de Ferrocarriles, S.A. (hereinafter "**CAF**"), the Audit Committee issues this report, prior to issuing the audit report on the accounts.

### **2. ANALYSIS OF THE STATUTORY AUDITOR'S INDEPENDENCE**

#### **2.1 Appointment and Relationship with the Auditor**

The Ordinary General Meeting of the Shareholders of CAF held on June 13, 2020 agreed to appoint EY as the accounts auditor of CAF and its consolidated group for 2021, 2022, and 2023.

Article 529 quaterdecies section 4.e) of the Revised Text of the Capital Companies Act determines, among other issues, that the Audit Committee must establish the appropriate relations with the external auditor in order to receive information on matters that may jeopardize its independence.

In 2022, the external auditor appeared twice before the Audit Committee, and more specifically at the meetings of February 25 and July 28, 2022.

At these meetings, the external auditor did report any issues that might compromise its independence.

## **2.2 Auditor's Statement of Independence**

On February 23, 2023, the Audit Committee received from the external auditor a written declaration of its independence in relation to the audit of the consolidated annual accounts of the CAF Group for the year ended December 31, 2022, referred to in article 529 quaterdecies section 4.e) of the Capital Companies Act.

The aforementioned statement contains written confirmation of the independence of the team in charge of the audit assignment, the auditing company EY, S.L., and other firms in the network with the applicable extensions, as well as information on the audit and non-audit services provided to CAF and its subsidiaries. In addition, it shows that during the 2022 financial year, the auditor has not identified any circumstances that could pose a threat to its independence and which, therefore, require the application of safeguard measures or which could give rise to causes of incompatibility.

## **2.3 Non-Audit Services Provided**

The CAF Group has an internal procedure for contracting additional services to the accounts audit from the accounts auditor or companies in its network, which requires the prior approval of the Audit Committee, to ensure that the services do not pose a conflict of independence. This procedure is defined in the internal regulation "Contracting services from the accounts auditor," which is obligatory in the CAF Group.

The breakdown of the fees for the services provided by EY in 2022 is as follows (in thousands of euros):

<b>Audit services</b>	<b>Total</b>	<b>951.7</b>
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<b>Non-audit services</b>	EY, S.L. and its network in Spain	REST OF THE EY NETWORK	<b>Total</b>
Verification services	60.4	25.2	85.6
Tax services	-	42.1	42.1
Other services	21	-	21
<b>Total</b>	<b>81.4</b>	<b>67.3</b>	<b>148.7</b>

Fees for audit services are not contingent.

#### Verification services

Included under the heading "Verification services" are:

- 24 thousand euros corresponding to reports on agreed procedures and reviews: (i) of financial ratios associated with bank debt and (ii) of certain financial information to be submitted in bids in tender processes.
- 26.1 thousand euros relates to the fees for limited reviews of the half-yearly financial statements of the CAF Group and the dependent companies Ctrens and Solaris Bus&Coach.
- 21 thousand euros for services to verify the consolidated non-financial information statement and,
- 14.5 thousand euros for services to verify information relating to the ICSFI Report included in the annual corporate governance report.

## Tax Services

The heading “Tax Services” includes fees in the amount of 42.1 thousand euros derived from the audit of Form 3CD in India and the review of certain tax information in the subsidiaries in Mexico, both required by law.

## Other services

The heading “Other services” includes 21 thousand euros for the evaluation of the requirements established in the regulations and the content of the Non-Financial Information Statement (NIFS) and its comparison with the essential GRI framework.

Where the audit firm provides non-audit services to the audited entity, its parent company, or the companies it controls, for a period of three or more consecutive financial years, the total fees charged for these services may not exceed 70% of the average fees paid in the last three consecutive financial years for the auditing of the consolidated financial statements, in compliance with the provisions of Article 4.2 of Regulation (EU) no. 537/2014 and Article 41.1 of Law 22/2015, on Accounts Auditing (hereinafter “**Audit Act**”). In addition, the Committee agreed to set a more restrictive limit (specifically 50%), based on reputation and prudence criteria.

The 2022 financial year is the second audited by EY and therefore the previous legal limit does not apply. Nonetheless, the fees for additional non-audit services provided by EY S.L. and its network in Spain represent 11.7% of the average fees paid in the last three consecutive years for statutory audits of CAF Group companies.

The Audit Committee has assessed and approved the provision of the non-audit services detailed above and declares that they are not among the services prohibited by the Audit Act.

## **2.4 Duration of the Audit Contract and Rotation of the Auditors**

Article 17.1 of Regulation (EU) no. 537/2014 establishes the maximum duration of the audit contract. In relation to the rotation of auditors, Art. 40.2 of the Audit Act together with Art. 17.7 of Regulation (EU) no. 537/2014 of April 16 establishes, among other

things, that the main auditors responsible for statutory audit work must be replaced after five years from the initial contract.

The 2022 financial year is the second to be audited by EY, responsible for the statutory audit of the annual accounts of CAF and its consolidated group.

In accordance with the foregoing, the Audit Committee finds that the legal obligations regarding the duration of the audit contract and the rotation of the auditors have been met.

### **3. CONCLUSION**

Based on the information obtained and the above considerations, CAF's Audit Committee has not identified any aspects that would call into question compliance with current regulations on accounts auditing in terms of auditor independence.

This report was unanimously approved at the Audit Committee meeting held on February 23, 2023, and will be published on the corporate website sufficiently in advance of the Ordinary General Meeting of Shareholders, as established in Recommendation no. 6 of the Code of Good Governance of Listed Companies.

In San Sebastian, February 23, 2023