



# **REGULATIONS FOR THE APPOINTMENTS AND REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS OF THE COMPANY CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (CAF)**

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## **CHAPTER I. APPLICABLE REGULATIONS AND PURPOSE**

### **Article 1. Applicable regulations**

The Appointments and Remuneration Committee (hereinafter, the “**Committee**”) of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (hereinafter “**CAF**” or the “**Company**”) shall be governed by the corporate legislation in force at any given time, by these Regulations, and anything not provided for herein, the Regulations of the Board of Directors shall be applied in addition, provided that this is in accordance with the nature of this Committee.

These Regulations will be reviewed periodically and may be modified by agreement of the Company's Board of Directors either on its own initiative or as proposed by the Committee.

### **Article 2. Purpose of the Regulations**

The purpose of these Regulations is to determine the operating principles and internal operating system for CAF's Appointments and Remuneration Committee, favoring its independence.

## **CHAPTER II. DUTIES**

### **Article 3. Responsibilities of the Committee**

The powers of the Committee shall be those established by law, in the Articles of Association and in these Regulations, notwithstanding other functions that may be assigned to it by the Board of Directors.

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

In the area of appointments and remuneration:

1. To assess the skills, knowledge and experience required of the Board of Directors. For this purpose, it will draw up a matrix with the powers of the Board that defines the duties and capabilities required of the candidates for a particular vacancy, updating it periodically, and assess the time and commitment required for them to effectively carry out their duties.
2. To establish a target representation for the least represented gender on the Company's Board of Directors and produce guidelines on how to reach this target.
3. To ensure that the procedures for selecting Board members promote equality between women and men, as well as diversity with regard 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 a balanced presence of women and men to be achieved.
4. To submit proposals to the Board for the appointment of independent advisers through cooptation or for the consideration of the shareholders in a General Shareholders' Meeting, together with proposals for the re-election or dismissal of said board members by the shareholders in a General Meeting.

5. To report on proposals for the appointment of the other Board Members through cooptation or for consideration of the shareholders during a General Meeting, in addition to proposals for the re-election or dismissal thereof by the shareholders during a General Meeting.
6. To report regarding the proposed appointment of the Chairman of the Board of Directors, in addition to the Deputy Chairmen, if applicable.
7. To inform the Board of Directors of the appointment and removal of the Secretary.
8. To submit to the Board of Directors the proposal for the appointment of an Independent Coordinating Director.
9. To report regarding proposals for the appointment or dismissal of senior management and the basic terms of their contracts.
10. To examine and organize the succession of the Chairman of the Board of Directors and that of the Company's chief executive and, where applicable, make proposals to the Board of Directors to ensure that said succession is planned and orderly by developing and periodically reviewing a succession plan to that effect.
11. To issue a report prior to the issuance of a warning to a board member on the part of the Board of Directors as a result of an infraction of his or her obligations in this capacity.
12. Informing the Board of Directors of the measures to be adopted when Directors find themselves in situations that affect them, whether or not they are related to their actions in the Company itself, that could damage the credit and reputation of the Company and, in particular, before any criminal case in which they appear as being under investigation.
13. To report in advance regarding proposals for the dismissal of independent advisers by the Board of Directors before the end of the statutory period, so that the latter can assess if there is just cause.
14. To make proposals to the Board of Directors regarding the remunerations policy for Directors, issuing the corresponding report, and of general directors or those performing their senior management duties and reporting directly to the Board of Directors, Executive Committees, or Managing Directors, in addition to the individual remuneration and other contract terms of the executive Directors, ensuring compliance therewith.
15. To periodically review the remuneration policy applicable to board members and senior management, including the remuneration systems through shares and the application of these, in addition to guaranteeing that the individual remuneration is proportionate to that paid to the Company's other board members and senior management.
16. To propose to the Board of Directors, issuing the corresponding report, the individual setting of the remuneration of each Director in their capacity as such within the statutory framework and the remuneration policy, in accordance with the functions and responsibilities attributed to each of them.

17. To propose to the Board of Directors, issuing the corresponding report, the individual determination of the remuneration of each Director for the performance of the executive functions attributed to them within the framework of the remuneration policy and in accordance with the provisions of their contract.
18. To ensure that any possible conflicts of interest do not compromise the independence of the external advice given to the Committee.
19. To verify the information in relation to the remuneration of the board members and senior management contained in the various corporate documents, including the annual report on the remuneration of the board members.

In relation to the System of Corporate Governance and Sustainability:

20. To supervise compliance with the Company's policies and corporate governance rules in general, except when they are expressly attributed to another Commission, also ensuring that the corporate culture is aligned with its purpose and values.
21. To verify compliance with the Diversity and Board Member Selection Policy on an annual basis, reporting on this in the annual corporate governance report.
22. To periodically assess and review whether or not the Company's corporate governance system and Sustainability Policy adequately fulfills their mission of promoting the company's interests and takes into account, as applicable, the legitimate interests of the other stakeholder groups.
23. To oversee that the Company's environmental and social practices are in line with its strategy and policy; and
24. To supervise and assess the relationship processes with the various stakeholders.

In relation to other subjects:

25. To make proposals to the Board of Directors to modify the Board Regulations, whenever the Committee should deem this to be necessary, including the corresponding reasoning with its proposal.
26. To present an annual assessment report to the Board of Directors regarding its own performance and an annual assessment report on the operation and activities of the Committee during the previous year and an annual assessment report of the performance of the Board of Directors.
27. To issue an annual report on the activity of the Committee during the previous financial year.
28. To check that the information on the experience and professional career and regarding the remuneration of the Board Members that the Company publishes on its website is sufficient and adequate and follows the recommendations of the Code of Good Governance for Listed Companies published by the Spanish Securities Market Commission.

29. Approving an annual work plan that takes into account the annual schedule for Committee sessions, among other matters, with the goal of facilitating efficient compliance with the goals sought.
30. To collaborate with the Audit Committee in those matters in which both Committees perform certain functions, particularly in matters of sustainability, respecting in all cases the scope of their respective competences.
31. Any other duty attributed thereto by Law, the company's Articles of Association, the Regulations of the Board of Directors or the Board of Directors itself.

### **CHAPTER III. COMPOSITION OF THE COMMITTEE**

#### **Article 4. Composition**

1. The Committee shall be made up of three (3) Non-Executive Board Members appointed by the Board of Directors, at least two of which must be Independent Advisers.
2. The members of the Committee will be appointed ensuring that they have the knowledge, skills and experience appropriate to the functions they are called upon to perform and, in particular, in areas such as corporate governance, human resources, selection of directors and executives, senior management functions and design of policies and remuneration plans.
3. The Chairman of the Committee shall be appointed by the Board of Directors from among the Independent Advisers forming part thereof.
4. The Board of Directors shall choose the Secretary, a role that may be assigned to a person who is not a Board Member.

### **CHAPTER IV. CEASING AND DURATION**

#### **Article 5. Ceasing**

The members of the Committee shall cease their roles:

- a. If they cease to be directors of CAF.
- b. By agreement of CAF's Board of Directors.
- c. If they resign.
- d. If they fail to meet the requirements of these Regulations or the legal provisions.

#### **Article 6. Duration**

1. The members of the Committee shall be appointed for a period of four years, without detriment to their possible re-election. The renewal, re-election and dismissal thereof shall be the responsibility of the Board of Directors, in accordance with the provisions of the law and the Company's articles of association.

2. Members of the Committee who are re-elected as Directors of the Company by agreement of the shareholders in a General Meeting shall continue to carry out their roles on the Committee, without the need to be re-appointed, unless the Board of Directors should agree otherwise.

## **CHAPTER V. OPERATING REGULATIONS**

### **Article 7. Meetings**

1. The Committee shall meet periodically as needed and a minimum of three times a year.
2. In particular, the Committee shall meet when requested to do so by the Board of Directors.

### **Article 8. Convening of meetings**

1. The convening notice for meetings shall be sent to each member of the Committee at least five days in advance by the Secretary of the Committee, following the instructions of its Chairman, by email or by any other means which provides evidence of receipt, except in special cases of urgency at the discretion of the Chairman.
2. The Convening Notice shall include the agenda for the session. Notwithstanding the above, the Committee may also deliberate and adopt agreements regarding matters not included on said agenda.
3. Exceptionally, when circumstances so require, meetings of the Committee may be convened by multiple telephone call, videoconference or any other means of remote communication provided that the identity and participation of those attending in real time is duly guaranteed. In this case, the meeting will be understood to have taken place at the registered office.

The Chairman of the Committee may also authorize one or more Directors to attend the meeting by using remote connection systems that duly guarantee the identity and participation of the directors, who will be considered for all purposes to be attending the Committee meeting.

4. In any case, the Chairman of the Committee shall provide the necessary information and documentation to the other members of the Committee him or herself or through the Secretary and sufficiently in advance for them to analyze this prior to the meetings.

### **Article 9. Venue for meetings**

Committee meetings shall take place in the location indicated in the notice, except in the case indicated in the first paragraph of article 8.3.

### **Article 10. Validity**

1. For any meeting of the Committee to be valid, more than half its members must be present or represented. Representation may only be bestowed on other Directors forming part of the Committee.
2. The roles of Chairman and Secretary of the Committee shall be fulfilled by those appointed therefor. In the event that the Chairman is unable to attend or is absent, he or she shall be replaced by the most-senior member of

the Committee and, in the event of several equally senior members, by the oldest of these. In the event that the Secretary is unable to attend or is absent, he or she shall be replaced by the youngest member of the Committee.

3. Additionally, Committee meetings may take place without prior notice when all the members are present or represented and unanimously agree to hold a meeting.

#### **Article 11. Agreements**

1. Resolutions shall be adopted by absolute majority of the Directors in attendance or represented at the meeting.
2. The Committee's Secretary shall draw up minutes for each meeting that takes place, which shall be approved during said meeting or in the next meeting and shall be signed by the Chairman and the Secretary.
3. The Committee meeting minutes shall be available to all members of the Board of Directors.

### **CHAPTER VI. COMMITTEE RELATIONS**

#### **Article 12. Relations with Shareholders**

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

#### **Article 13. Relations with the Board of Directors**

1. 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.
2. Either the Chairman of the Board of Directors or the Managing Director may request the holding of special informative Committee meetings.

#### **Article 14. Relations with internal representatives**

Without detriment to any other provisions of these Regulations and supplementary thereto, the Commission shall have regular or occasional contact:

- a. With the Chairman of the Board of Directors and the Company's most senior executive, especially on matters in relation to the executive directors and senior management.
- b. When deemed necessary, with the Company's directors.

## **CHAPTER VII. POWERS, OBLIGATIONS AND INTERPRETATION**

### **Article 15. Powers of information and advice**

1. The Committee may request any type of information or documentation it should deem necessary to fulfill its duties.
2. The Committee may request that the Board of Directors contract external advisory services for matters of a technical nature or those of particular relevance.
3. Additionally, 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 duties; likewise, it may request the presence of any of these people at its meetings, upon invitation by the Chairman of the Committee, although only to address the specific points on the agenda for which they are invited, who shall not, however, attend the deliberation stage, unless necessary or appropriate, or the voting stage. Similarly, it should be avoided that such presence becomes a regular practice, so that they only attend when necessary.

### **Article 16. Special rules for the filling of vacancies**

1. In the event that vacancies should occur on the Board of Directors, the Committee shall take into account any candidates proposed by any of the Board Members to fill said vacancies.
2. Notwithstanding the foregoing, when the candidates have been presented by significant shareholders, directors representing controlling shareholders, or Executive Directors for assessment by the Committee, the Committee shall take every precaution and gather as much information as it should deem necessary to ensure that the proposed candidate has no ties that could compromise their independence.

### **Article 17. Duties of the members of the Committee**

In any case, and in accordance with their position as Board Members and members of the Committee, these must act with independent judgment and action with respect to the rest of the organization, carrying out their work with the utmost diligence and professional competence, and maintain the strictest confidentiality.

### **Article 18. Compliance and dissemination**

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

#### Article 19. Interpretation

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