



# PURCHASING POLICY

*The following English translation is provided by the Company for information purposes only, based on the original and official document in Spanish available on the Company's website. In the event of any discrepancy between the English version and the Spanish original document, the latter will prevail.*

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## **1. OBJECT**

The **Board of Directors of CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, SA** is empowered to approve corporate policies that establish the basis for the homogeneous functioning of the **CAF Group** (hereinafter "**CAF**") in certain matters, and to this end establishes, among other things, general principles and criteria.

In accordance with the provisions of **CAF's Sustainability Policy**, the purpose of the Purchasing Policy is to project our Commitments to Suppliers to our Stakeholders, ensuring their participation as key actors in the development of an optimal and responsible supply chain. This is based on a network of reliable suppliers that boost competitiveness and help us achieve our objectives.

This policy articulates the fundamental principles that contribute to strengthening the value chain, promoting it to be resilient, efficient, flexible, safe and sustainable, through the establishment of a general framework for collaborative action with our suppliers.

## **2. SCOPE**

This Policy applies to all **CAF** entities and compliance with this Policy is the responsibility of all employees, managers or members of a governing body of any **CAF** entity, regardless of the position they hold or their geographical location.

For investee companies that do not belong to **CAF** because they do not have sufficient shareholding to ensure control, it is encouraged that their principles of action are consistent with the provisions of this policy, at least as far as they coincide with the General Principles of the **CAF Group's** Code of Conduct.

Similarly, in application of the due diligence criteria, these principles can be extended to third parties in the

value chain (Business Partners), in particular to their project partners, agents and suppliers and, where appropriate, to their customers, depending on the type of business relationship, in a reasonable manner and proportionate to the risk. To define the specific requirements for the different types of Business Partners, objective factors such as whether **CAF** has operational control or decisive influence over the third party, or similar criteria recognized in the main international best practice guides.

## **3. BASIC PRINCIPLES IN PURCHASING**

In order to achieve the stated objectives, **CAF** assumes and promotes the following basic principles of action, that govern all its purchasing activities:

**Principle 1: Foster commercial relationships based on supplier compliance with the Suppliers' Code of Conduct.**

**CAF** promotes commercial relationships based on the rigorous compliance with the guidelines established in the Suppliers' Code of Conduct. For its effective implementation, it is essential to communicate the Code to all suppliers and obtain formal confirmation of their commitment to the General Principles of the Supplier Code of Conduct. This approach ensures that each supplier is fully aware of and committed to **CAF's** ethical expectations, thereby fostering a supply chain that reflects corporate values and maintains the highest standards of responsibility, including compliance with commitments such as those established in **CAF's** Conflict Minerals Statement, among others.

**Principle 2: Define and implement pre-qualification processes that prioritize competitiveness, quality, and sustainability, ensuring equal opportunities for all suppliers and collaborators in our organization, as well as transparency in the selection criteria used.**

CAF is committed to establishing supplier pre-qualification mechanisms that ensure a fair and equitable process for all participants. These mechanisms are designed to identify suppliers capable of offering high-quality products and services while promoting sustainable and competitive practices (those that respect the environment, optimize resource use, and contribute to social well-being).

As part of this approach, CAF incorporates due diligence processes to assess and mitigate risks related to sustainability, the environment, climate change, human rights, regulatory compliance, and other critical aspects that may affect the supply chain. This approach includes conducting a risk mapping, which is considered in the supplier selection process, ensuring that potential negative impacts are properly identified and managed.

Transparency is a fundamental pillar of this process, with clear and accessible evaluation criteria for all those involved. In this way, CAF ensures a merit-based selection aligned with its social and environmental sustainability values, strengthening operational efficiency, corporate integrity, and social responsibility throughout the supply chain.

**Principle 3: Define and implement supplier award processes, following corporate guidelines.**

CAF has established a framework for awarding contracts to qualified suppliers, aligned with corporate guidelines that promote fair and transparent evaluation. These procedures ensure the selection of suppliers who meet the required standards for quality, performance, and sustainability.

To uphold this principle, a channel is provided for suppliers to propose their products and/or services to CAF. Additionally, roles involved in the contract award

process are segregated to ensure objectivity, impartiality, and transparency. The award criteria include price, delivery time, quality, compliance with applicable technical and regulatory requirements, supplier performance, and the compliance and sustainability risk assessments available at the time of the award.

By evaluating suppliers' ability to meet quality, performance, and sustainability criteria, CAF ensures that the selected contractors are best suited to meet operational needs.

**Principle 4: Standardize the implementation of digital platforms for comprehensive supplier management.**

CAF is committed to establishing qualification, awarding, evaluation, and collaboration processes through a corporate digital platform. This platform enables more efficient and transparent management by digitizing communication and collaboration with suppliers, as well as real-time data collection and analysis. By integrating this technological tool, decision-making is improved, quality and sustainability standards are ensured, and business relationships are strengthened, creating a more agile and competitive ecosystem.

**Principle 5: Promote the competitive development of suppliers to achieve our common objectives.**

CAF promotes the competitive development of strategic suppliers, selected for their relevance in achieving common objectives and/or maintaining medium- to long-term relationships. This involves identifying and selecting high-potential suppliers, establishing collaborative and long-term partnerships, and fostering their development through training, access to technology, and financial support.

Additionally, it is crucial to continuously evaluate and monitor their performance. This approach enhances efficiency, reliability, and responsibility within the supply chain while strengthening business relationships to meet corporate objectives.

#### **4. METRICS AND OBJECTIVES**

To ensure compliance with the principles and commitments established in the Purchasing Policy, **CAF** has defined a robust monitoring and control system based on performance indicators and clearly defined short-, medium-, and long-term objectives. These are reported annually in the Sustainability Report.

The regular monitoring of performance indicators makes it possible to evaluate the progress made in achieving the short-, medium- and long-term objectives previously defined. This makes it easier to identify areas that need attention and improvement and enables the right decisions to be made and appropriate corrective action to be taken. This ensures a cycle of continuous improvement and optimizes performance and efficiency at all levels of the organization.

To ensure their effectiveness, performance indicators must meet the following criteria:

- Relevance: Indicators must accurately and meaningfully measure and reflect progress towards a specific goal, providing information that can be used to make decisions and take action.
- True representation: Data sources must be reliable, and measurement methods must be standardized. The information presented through the indicators must be complete, neutral, and accurate.
- Timeliness: The frequency of indicator measurement must be adequate for timely decision-making.

- Ease of use: They must be easy to understand and interpret, both for those who produce them and for those who analyze them.
- Effective Communication: The results of the indicators must be communicated clearly and concisely at all levels of the organization.

The aim of this approach is to ensure that sustainability is a transversal axis in decision-making at all levels of the **CAF**, so that its activities generate value for both its shareholders and its Stakeholders.

#### **5. GOVERNANCE AND OVERSIGHT**

The **Executive Committee**, under the leadership of the **Chief Financial and Strategy Officer (CFSO)**, is responsible for ensuring compliance with this **Policy**. To this end, coordination is established between the different managers with other corporate functions, such as Risk, Compliance or Sustainability, among others, together with the following internal mechanisms designed to guarantee the correct application of this policy:

##### **Chief Financial and Strategy Officer (CFSO)**

In terms of purchasing, the responsibilities of the CFSO include the designation of a Corporate Purchasing Committee, ensuring the availability of resources and competencies for its optimal performance, the high-level approval and monitoring of the Purchasing Policy, as well as the approval and supervision of objects and key performance indicators (KPIs) defined at the corporate level in this matter.

##### **Corporate Purchasing Committee**

Its main function is to monitor the deployment and implementation of the Purchasing Policy in all Business.

##### **Responsible Purchasing Committee**

Its main function is to monitor and evaluate purchasing performance in terms of sustainability. This includes developing corporate procedures to be implemented in the different businesses to achieve uniform alignment, as well as training and communicating new requirements in the responsible supply chain.

### **Business Management**

The key responsibility of Business Management in purchasing matters is the implementation of this policy, ensuring the definition of deployment plans for development, supervision, and control within their Business, for which they appoint the Business Purchasing Responsible.

### **Business Purchasing Responsible**

Its main responsibility is to deploy corporate purchasing guidelines in the Business, enabling necessary action plans and identifying specific initiatives that the Business may require.

## **6. APPROVAL AND DISSEMINATION**

This Policy is approved by the **Chief Financial and Strategy Officer (CFSO)**.

In order to facilitate its content for interested parties and recipients, this Policy is published on the **CAF's** website.

Date: 2024 December  
Signature: Aitor Galarza  
Chief Financial and Strategy Officer (CFSO)

<b>HISTORICAL</b>	<b>DATE</b>
Initial edition.	2020-12
Complete review of the Policy with ESRS requirements.	2024-12

Note: changes to the document will be marked in red

