

2020 SLAVERY AND HUMAN TRAFFICKING STATEMENT REGARDING THE MODERN SLAVERY ACT 2015 (UK) AND THE MODERN SLAVERY ACT 2018 (AUSTRALIA)

1. Introduction

Construcciones y Auxiliar de Ferrocarriles, S.A., with registered office at Beasain (Gipuzkoa), as the parent company of the CAF Group which is traded on the Spanish stock exchange (hereinafter the "Company") and on behalf of all companies forming part thereof (hereinafter, the "CAF Group"), expressly condemns slavery and human trafficking.

This statement corresponds to the requirements of Section 54 (Part 6) of the *Modern Slavery Act 2015 (UK)* and Section 14 (Part 2) of the *Modern Slavery Act 2018 (Australia)* and briefly describes the commitments and measures implemented for the prevention and, if applicable, the elimination of the aforementioned practices in its own organization, as well as in its supply chain. Additionally, the CAF Group is committed to continuing to progress in the implementation of the measures launched with this objective.

For the purposes of the provisions of the *Modern Slavery Act 2015 (UK)*, this report describes in detail the *Slavery and Human Trafficking Policies*, the *Due Diligence Processes in relation to slavery and human trafficking in its business and supply chains* and the *Slavery and Human Trafficking Training available to its staff*, together with the other content suggested by the Act and by the Secretary of State's guidance.

For the purposes of the provisions of the *Modern Slavery Act 2018 (Australia)* in respect of the identity of the reporting entity, this statement is made by the Company in its capacity as the parent entity of the CAF Group operating in Australia, although it covers all activities carried out by the various companies comprising the CAF Group in Australia. The latter is regardless of whether it is a reporting entity or whether it does so voluntarily. Until 2020, the CAF Group's activities in Australia were those stated in section 2 below, with the exception of those related to the bus segment.

2. About CAF

The CAF Group is a multinational group with more than 100 years of experience in providing its clients with comprehensive, cutting-edge transportation systems with high added value in sustainable mobility.

The CAF Group, which is a multi-business, multi-plant company and a go-to company in the railway sector, offers its clients one of the widest and most flexible product ranges on the market, including comprehensive transport systems, rolling stock (rail and bus), components, infrastructures, signaling equipment and services (upkeep, refurbishment and financing). The whole value offer is available on the company's website.

- Within the rail rolling stock segment, which is its main and longest-standing business line, the CAF Group offers a wide range of products ranging from high-speed trains to regional and suburban trains, underground trains, trams and LRVs, or locomotives, among others.
- In the bus sector, the CAF Group also has trolley buses and urban rail vehicles, offering a wide range of electric buses with zero emissions, where it maintains a position of leadership in the European market.

In order to carry out its operations, the CAF Group has production plants in Spain, France, the United States, Mexico, Brazil, the United Kingdom, and Poland. Additionally, the Company has offices and maintenance centers in more than 20 countries across five continents.

At the end of the year, the CAF Group's workforce stood at 13,057 employees.

For more information on the CAF Group's activities, company structure and organizational structure, please see the consolidated Annual Report of the CAF Group and the Sustainability Report for the 2020 financial year, both published on the company's website www.caf.net.

3. Commitment and Published Internal Rules and Regulations

The CAF Group, in addition to its commitment to the strictest respect for current legislation in all the territories in which it operates, includes in its Code of Conduct and Sustainability Policy its commitment to adopt measures that guarantee scrupulous respect for Fundamental Rights, the principles of equal treatment and non-discrimination, as well as any other principles included in the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact, to which CAF, S.A. is a signatory. Also, it proclaims its commitment to fighting slavery and human trafficking and encouraging responsible practices among its suppliers.

In this regard, in the 2020 financial year the Company has completed the necessary procedures for its adherence to the United Nations Global Compact, confirming its commitment to the Ten Principles contained therein, which are derived from United Nations declarations on Human Rights, labor, the environment and anti-corruption and enjoy universal consensus.

These commitments are public and are included as part of the CAF Group's Corporate Governance System (which are the highest-ranking rules in CAF's internal regulatory system) and more specifically in the Code of Conduct of the CAF Group, and in the Sustainability Policy, both of which are published on the corporate website. The Supplier Code of Conduct, expressly developed to ensure compliance with these commitments in the supply chain, is also published and fully accessible.

Likewise, the CAF Group's company Crime Prevention Manual, mentioned in section 4.2 of this report and which also forms part of the Corporate Governance System, contains an express commitment on the part of the organization with respect to the OECD Guidelines for Multinational Companies (which covers companies' duty to respect Human Rights and workers' rights in terms of employment and labor relations, in particular eliminating any kind of forced labor, in Chapters IV and V thereof, respectively).

Said commitments are reiterated and materialize as specific actions in other implementing regulations within the CAF Group's Corporate Compliance System.

4. Measures Implemented

The CAF Group has implemented a series of measures that seek to guarantee the commitments acquired in this regard, both internally and among its suppliers. In this regard, among other measures, the CAF Group: (i) implements specific mechanisms to guarantee workers' Rights, (ii) establishes the general principles of its Code of Conduct as standards of mandatory compliance for all of CAF's employees, as well as for its commercial suppliers, business partners and collaborators, and has a Crime Prevention Manual that applies to CAF's employees, of which the Code of Conduct forms part and which contains, among other things, specific measures to be followed in relationships with third parties, (iii) has a system for supplier registration and control of the supply chain, (iv) has a Compliance Committee that supervises the effective application of the Code of Conduct and the corporate Crime Prevention Compliance System, (v) has established a general whistle-blower channel open to third parties and other specific ones related to labor issues and for suppliers, (vi) works on continuous development of the Risk Management and Control System, including the management and control of risks in relation to Human Rights, and (vii) has assigned specific powers of control and supervision of the Corporate Governance System, in relation to Sustainability and the reporting of non-financial information, and of the Risk Management and Control System to each Committee of the parent company's Board of Directors, in order to ensure commitment at all levels of the organization.

These measures and the advances in 2020 that are briefly mentioned below, in addition to other activities implemented, are described in greater detail in the 2020 Sustainability Report that has been

prepared in accordance with the essential option of the Global Reporting Initiative (GRI) international standard, published on the corporate website.

4.1 Respect for the Moral integrity of Workers

The CAF Group is committed to safeguarding the moral integrity of all professionals carrying out activities within the organization and guarantees the right to working conditions that respect people's dignity. Activities at the corporate level are monitored by the Human Resources Department of the parent company in order to ensure compliance with the standard rules set by the CAF Group's Code of Conduct regarding the correct treatment of the workers by the Company in every workplace of the company.

To this end, the corporate people process establishes, through the Labor Relations Policy and its implementing guidelines, minimum requirements that ensure internal coherence in aspects such as labor regulations, collective bargaining and legal representation of workers, fundamental rights, equality and non-discrimination and employment contracts and Social Security.

In this regard, the CAF Group adopts the measures it considers necessary to ensure compliance in its own operations with the provisions of the fundamental conventions of the International Labor Organization (ILO) relating to: 1) ensuring that workers can exercise their rights to freedom of association and collective bargaining in all countries in which it operates, 2) preventing child labor, forced or compulsory labor or the assignment of hazardous work to young people, and 3) guaranteeing and ensuring equality and non-discrimination in working conditions, prohibiting the adoption of decisions that may lead to direct or indirect discrimination against workers on the basis of sex, origin, including racial or ethnic origin, marital status, social status, religion or belief, political beliefs, sexual orientation, membership or non-membership of trade unions, family ties with persons belonging to or related to the company, and language.

In relation to this last point, two specific protocols have been defined, the Protocol for action in the event of sexual harassment or harassment based on gender and the Protocol for the Prevention of Psychological Harassment, incorporated into the Occupational Risk Prevention and Management System. Both protocols contain the management's statement regarding these areas, aim to establish the necessary measures to prevent and avoid the aforementioned situations, and establish the procedures so that, should they occur, the company's personnel know how to act.

The risks inherent in these commitments that could potentially endanger the fulfillment thereof have been identified: (i) violation of the principle of equal treatment and/or discrimination in the workplace; (ii) lack of freedom of association and collective bargaining in own and/or third party centers; (iii) child exploitation in own and/or third party centers; (iv) forced labor in own and/or third party centers; (v) violation of the rights of indigenous peoples; (vi) psychological abuse; (vii) insufficient integration of disabled people and (viii) others that are analyzed on a case-by-case basis depending on the features of the project to which they relate.

The impacts of such risks could result in penalties related to occupational safety and Human Rights violations, as well as the deterioration of CAF's brand image or reputation as a result of media coverage of such violations. This first impact is reflected in the short term; however, the other impacts have an effect in the medium term due to their more progressive materialization.

As part of the ongoing development of the Risk Management and Control System and that of Corporate Compliance, the management and control of Human Rights risks is included.

4.2 Code of Conduct and Crime Prevention and Business Ethics Compliance System

Since 2011, the CAF Group's Code of Conduct has defined the set of general regulations and principles for corporate governance and professional conduct which apply to all the Group's professionals, as well as to any entity or person collaborating with or related to the Group, thereby serving as a basis for any other Codes of Conduct for any possible specific aspects which supplement the former.

In developing the Code of Conduct, a crime prevention program was established embodied in the CAF Group Crime Prevention Manual, which was approved by CAF S.A.'s Board of Directors on April 29, 2015 (first version), which included the Code of Conduct itself as an essential part thereof.

Both documents are adapted to the local legislation of each country in which the CAF Group has subsidiaries, depending on their needs, which vary from a simple adaptation to the adoption of a complete local compliance program in certain cases.

Successive improvements and extensions have made it possible to have a robust corporate Crime Prevention Compliance System.

This Manual, as a central regulation of the corporate Crime Prevention Compliance System, together with its implementing regulations and updates, meets the requirements to verify the sufficiency and effective establishment of the existing controls and procedures in the CAF Group with the purpose of preventing, insofar as should be possible, the risk of relevant crimes in relation to the CAF Group's activities and the consequences thereof.

To this end, an obligation has been established, among others, whereby the legal and professional representatives of the CAF Group, and third parties that enter into contracts with companies of the Group, abide by the General Principles of the CAF Group's Code of Conduct. Section 4.3 of this report provides a detailed explanation with regards to suppliers.

In this regard, the General Principles of the CAF Group's Code of Conduct are imperative rules of conduct and ethical standards that are founded in scrupulous respect for laws, Human Rights, public freedoms, and Fundamental Rights, the principles of equal treatment and non-discrimination, protection against child labor, and any other principles contained in the Universal Declaration of Human Rights and the United Nations Global Compact in the areas of Human Rights, labor rights, the environment, and anti-corruption.

In order to ensure the latter, in early 2020, the CAF Compliance Committee approved CAF Group's Due Diligence Manual for contracting with Third Parties, which is a development of the CAF Group's Crime Prevention Manual and at the same time of its Code of Conduct.

Specifically, the Due Diligence Manual for contracting with Third Parties formalizes and standardizes the specific due diligence measures that must be adopted prior to and systematically during contracting with Third Parties (i.e. Business Partners, Business Consultants and Suppliers), and constitutes a tool of corporate scope that allows for the unification of criteria and formalization of the controls that had been applied in this area.

Similarly, the requirement to comply with Human Rights is a priority issue in the activity of the CAF Group and at the beginning of the 2020 financial year, the Standard Due Diligence Procedure regarding Human Rights was updated, the scope of which is corporate. This procedure means that all potential projects (understood as any business activity) must be previously and systematically evaluated from the perspective of Human Rights, so that it can be assessed a priori that the intervention of the CAF Group will not lead to the violation of such Rights through its own activities, or through direct mediation of its operations, or through the sale of its products or services.

Each of the recommendations and indications of the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights have been scrupulously taken into account in the design of the procedure.

On the other hand, the Crime Prevention Compliance System is updated on an ongoing basis and, specifically, the CAF Group's Crime Prevention Manual is reviewed periodically (more specifically, there were reviews in 2016 and 2018), the latest amendment being the one approved by the Board of Directors of CAF, S.A. on December 18, 2018. A further revision of the Manual is planned for the year 2021. Further to the approval of any new version of the aforementioned Manual or any implementation regulations in relation thereto, the appropriate dissemination and training measures will be adopted.

Likewise, the Criminal Compliance risks on the risk map must be reassessed periodically. In the year 2020, the global reassessment of the Criminal Compliance risks linked to the operational processes of each of the activities carried out by the CAF Group was completed, introducing and planning adjustments and improvements to the System.

In 2020, actions aimed at raising awareness, disseminating and applying the Crime Prevention Manual and the Code of Conduct continued, which included, among other aspects and as part of the mandatory respect for Human Rights, the commitments adopted regarding the fight against slavery and human trafficking.

When this document was drafted, training on the Crime Prevention Manual had been launched throughout the Group's consolidation perimeter. 93% of the people included in the training plan in this area have completed the training. Since the start of the program, more than 5,600 people have been trained on the subject (in 2019, 4,762 people). During 2020, more than 850 people have been trained. A training system is also maintained which is included in the introduction plans for new employees. All training materials are kept up to date.

By the same token, all the CAF Group's business partners, in all operating regions, are notified of the existence of the General Principles of CAF's Code of Conduct and their obligation to comply therewith.

4.3 Registration of Suppliers and Control of the Supply Chain

The CAF Group has more than 6,000 suppliers of a wide range of raw materials, capital goods, materials and services. The main raw materials are steel, aluminum, polymers and glass. The most relevant capital goods by volume are those incorporated into its products, especially railway rolling stock and buses.

The CAF Group requires all its suppliers to comply with the ethical principles contained in the CAF Group's Code of Conduct published on its corporate website, which includes social, gender equality and environmental commitments.

Additionally, in 2019, the Code of Conduct for Suppliers became effective on a corporate level following its approval by the Suppliers' Forum and ratification by the Executive Committee and is available through the normal means of internal communication, as well as on CAF's website. This code implements the commitments to comply with the general principles of the Code of Conduct, working conditions, health and safety, environment, commercial ethics and confidentiality. Likewise, the CAF Group reserves the right to verify compliance with this Suppliers' Code by its direct suppliers. Said verification may take place through various means, for example, through self-assessment questionnaires or audits at the supplier's facility. The CAF Group reserves the right to implement measures if it detects non-compliance with said commitment.

In this area, the following social, ethical, and environmental risks have been identified: (i) violation of business ethics on the part of the suppliers; (ii) failure to comply with laws and regulations on the part of suppliers; (iii) disregarding of Human Rights, and (iv) participation in corruption (bribes).

When obtaining sustainability assessments from suppliers, the vehicles unit prioritizes those with greater environmental, social, and ethical risk, whether due to the potential environmental impact of the product or being located in countries with greater exposure to these risks.

The assessment is performed by the company Ecovadis, a world leader in this area and the sustainability assessment platform, which has been chosen by the members of the Railsponsible initiative to assess the Sustainability management of suppliers. Ecovadis adapts the assessment questionnaire to each supplier based on the locations it operates in, its sector, and its size to assess 21 aspects of sustainability in line with the strictest rules, regulations and standards on an international level which include the Global Reporting Initiative (GRI), International Labour Organization (ILO), UN Global Compact, and ISO 26000. The suppliers' answers are assessed by specialized analysts who pay special attention to ensure that the documentary evidence is

consistent, recent, and provides an overview of the Policies, Actions, and Results in the various areas. When the result of an assessment does not comply with the requirements established by CAF, the supplier is requested to implement a plan of action to improve the weaknesses identified.

The main results of CAF Vehicles' Responsible Purchase Program for 2020 are shown below:

Coverage	2020	2019
Number of suppliers evaluated	46	39
Coverage of sustainability assessments over the amount of Materials and Equipment purchases	57%	55%

Sustainable supply chain			
General sustainability indicator	Of suppliers of the CAF Vehicles activity	55.7/100	52.9/100
	Of all the suppliers evaluated by Ecovadis globally	43/100	42.9/100
Evolution of CAF's suppliers' sustainability indicator	Improvement	65%	50%
	Stability	19%	20%

In terms of supplier risk, as in 2019, no purchases of materials or equipment were made this year from suppliers with a high sustainability risk; and the percentage of such purchases made from suppliers with medium-high risk was two percentage points lower than last year; 5%.

Along these lines, sustainability audits have been carried out on two suppliers classified as medium-high risk in order to evaluate the supplier's sustainability management and promote the establishment of an Improvement Plan. Additionally, in the case of one of the suppliers included in the responsible purchasing program, a potential social risk was identified and to this end, a sustainability audit was also carried out, which was executed and supervised by the bodies responsible for this matter.

With a view to 2021, it should be noted that it has been agreed to extend the Responsible Purchasing Program to the Group's main activities.

4.4 Actions taken for the management of the Covid-19 pandemic in the supply chain

The team dedicated to the management of the supply chain, in coordination with the Committees and Forums organized for this purpose, has established extraordinary measures with the suppliers that required them. Thanks to the establishment of a specific monitoring plan for each supplier, the CAF Group has been able to mitigate the effect of Covid-19 on each supplier's operations through the implementation of mitigating measures such as the communication of prevention recommendations and the distribution of face masks to suppliers who envisaged a delay in their operations.

The various procurement and supply chain activation teams have conducted specific monitoring of the impacts of the pandemic on CAF's suppliers, including a solvency assessment and specific mitigation plan for suppliers with the greatest cash flow problems.

Supply delay mitigation plans for the suppliers, as well as manufacturing ramp-up plans on certain projects most impacted by the pandemic have required renegotiation of delivery plans with suppliers. In this regard, it should be noted that no relevant incidents have been recorded in the supply due to Covid-19.

In view of the risk of contagion for CAF Group professionals traveling to other countries and visiting suppliers' facilities, the CAF Group has authorized the performance of remote audits and inspections. Although at the time of writing the report the Company is working on obtaining conclusions in relation to the impact that these inspections may have on the different business processes, enabling this

type of audits and inspections from time to time will make it possible to speed up and reduce the cost of monitoring and controlling suppliers.

4.5 Compliance Committee

The Compliance Committee is the body of the CAF Group with autonomous monitoring and control powers, which, among other functions, is in charge of implementing and supervising the corporate Crime Prevention Compliance System, checking the implementation of and compliance with the CAF Group's Code of Conduct and supervising the whistle-blower channel mentioned in section 4.6 below. There is currently a Compliance Committee that adopts the most important decisions and which in turn has an Operating Committee for the permanent management of Crime Prevention Compliance.

The CAF Group's Crime Prevention Manual establishes that the Compliance Unit or Committee may assign Compliance Delegates, who shall be functionally dependent on said unit or committee, in the branches or subsidiaries of the CAF Group in those jurisdictions in which this is either required by the local legislation in force or recommended given the size or characteristics of the branch or subsidiary.

4.6 Whistle-Blower Channel

The CAF Group's Code of Conduct and the Crime Prevention Manual determine the existence of a general whistle-blower channel for the notification of non-compliance and which is managed by the Compliance Committee.

This body periodically analyzes the reports received and, if necessary, takes the corresponding action based on the specific circumstances of each report. In the event that it considers that the complaint merits further attention, the Compliance Committee may refer the documentation to the relevant department in order to jointly assess the facts and determine the measures to be adopted.

The Compliance Committee reports to the Board of Directors or to the Audit Committee or to the General Management, depending on the circumstances and nature of the alleged breaches detected. In any case, the Audit Committee is responsible for supervising the operation of the whistle-blower channel.

The Manual also envisages the possibility that other means may be enabled to receive reports in jurisdictions where local legislation so demands.

In 2020, a general whistle-blower channel was opened for all stakeholders and any third party, enabling employees and other persons related to the Company, such as Board members, shareholders, suppliers, contractors or subcontractors, to report at any time any irregularities of potential significance, including financial and accounting irregularities, or irregularities of any other nature related to the company that they may notice in any company within the Group.

The operating rules for the aforementioned whistle-blower channel as well as the procedure for managing breaches or suspected breaches that have been detected are always available on the corporate website and cover the verification of possible breaches of the CAF Group's Corporate Governance System in general and, in particular, (i) the CAF Group's Code of Conduct and any breaches of internal rules or legislation in the areas of (ii) Crime Prevention, (iii) Competition Law, or (iv) Market Abuse and handling of Privileged Information.

The general whistle-blower channel accepts communications of all kinds and is always accessible through the corporate website in the main corporate languages. This channel ensures confidentiality and the procedure provides for cases in which reports can be made anonymously, respecting the rights of the whistle-blower and the accused person. In particular, this procedure supports the CAF Group's commitment not to adopt any form of direct or indirect retaliation against professionals who have reported an irregular action that may be investigated, unless they have acted in bad faith.

For its part, the Corporate Supplier Code of Conduct determines a whistle-blower channel for suppliers to communicate their general complaints, which is also managed by the Compliance Committee.

In addition to the above, for situations such as discrimination, harassment, mobbing or safety at work, specific channels are established for the communication and handling of any improper conduct that may occur in these areas.

4.7 Risk Management and Control

As stated in more detail in the Annual Corporate Governance Report for the 2020 financial year, approved by the Board of Directors of the parent company and available on the company's website, the CAF Group's Comprehensive Risk Management and Control System works in a continuous manner, consolidating its management at a corporate level for all businesses and geographic areas in which it operates, and is based on a range of strategic and operational actions in order to manage the risks and meet the objectives set by the Board of Directors.

The CAF Group has a corporate body for risk management and control with the main objective of ensuring the proper functioning of the above-mentioned System.

As part of the ongoing development of the Risk Management and Control System, the management and control of Human Rights risks is included.

4.8 Powers of Control and Supervision of the Corporate Governance System, regarding Sustainability and the Reporting of Non-Financial Information, and Supervision of the Risk Management and Control System

As an example of CAF's firm commitment, at the highest level and globally throughout the organization, regarding regulatory compliance, best practices and recommendations for Good Corporate Governance, Human Rights and social aspects, in this financial year 2020 it is worth highlighting the modification, at the level of the parent company, of both the Rules of the Board of Directors and the Rules of the Appointments and Remuneration Committee and the Audit Committee, respectively, mainly to incorporate recommendations derived from the Good Governance Code of Listed Companies, following the review of the same carried out by the National Securities Market Commission (CNMV) in June 2020.

Specifically, the functions of the Audit Committee in relation to the Internal Control Systems include, among others, the following:

- Supervising and evaluating the process of preparation, presentation and integrity of the financial and non-financial information relating to the Company and, where appropriate, the group;
- Supervising the effectiveness of the Company's internal control system;
- Supervising and evaluating 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 and reputational risks or risks related to corruption.
- Supervising the Company's internal risk control and management;
- Ensuring in general that the policies and systems established for internal control are effectively implemented in practice.
- Supervising compliance with the internal codes of conduct of the Company; and
- Establishing and supervising 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.

For its part, in connection with the Corporate Governance System and the Sustainability, the Appointments and Remuneration Committee is assigned the following duties, among others:

- Supervising compliance with the Company's corporate governance rules, ensuring that the corporate culture is aligned with its purpose and values;
- Periodically assessing and reviewing the Company's corporate governance system and the Sustainability Policy, so that they adequately fulfill its mission of promoting the company's interests and take into account, as applicable, the legitimate interests of the other stakeholder groups;
- Overseeing that the Company's environmental and social practices are in line with its strategy and policy; and
- Supervising and assessing the relationship processes with the various stakeholders.

Within the framework of these functions, during the 2020 financial year, the appropriate report was submitted to the Appointments and Remuneration Committee for the supervision and assessment of the Policy and practices regarding Sustainability and said Committee issued a Corporate Governance System supervision and assessment Report.

Also, the Audit Committee of the Board of Directors has supervised the Risk Management and Control System, which includes both financial and non-financial aspects.

In addition, in the 2020 financial year, the periodic report was submitted to the Audit Committee, which also reported to the Board of Directors about the overall situation of the CAF Group's risks.

5. Approval

This statement was approved by the Board of Directors on February 25, 2021, in accordance with the requirements set forth, respectively, in the *Modern Slavery Act 2015 (UK)* and in the *Modern Slavery Act 2018 (Australia)*, and corresponds to the financial year that ended on December 31, 2020.

This statement will be available on the corporate website www.caf.net.



Beasain on February 25, 2021

Andrés Arizkorreta García
Chairman and CEO of
Construcciones y Auxiliar de Ferrocarriles, S.A.
on behalf of the CAF Group