



MANUAL
SUPPLIERS' MANUAL

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ISSUE CONTROL

ISSUE	REASON	DATE
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INTRODUCTION

The purpose of this **Manual** is to define the requirements related to **CAF's Supply Chain Management Systems**.

The expectations, requirements and standards defined in this **"Suppliers' Manual" CAF.VH.P14.MA.001-GN** apply to all suppliers which supply materials, equipment and services to any **CAF Group** rail vehicle factory with a potential effect on any characteristics of the products that affects the requirements established by **CAF's** customer. All of these present requirements also apply to any supplier referred to **CAF** by **CAF's** customers. The requirements set out in this **"Suppliers' Manual" CAF.VH.P14.MA.001-GN** define the basic requirements and are additional to any other specific requirement provided by **CAF's Category Manager**.

The latest version of this manual will be published on **CAF's** website (<http://seller.ariba.com>) and on the **CAF's Supplier Portal**. Suppliers must visit either of these sites on a regular basis to ensure that they have the most up-to-date version. Each **Productive Subsidiary** has its own supplier portal, with the following table:

Productive Subsidiary	Supplier Portal
CAF S.A	online.caf.net
CAF FRANCE	online.caf-france.net
CAF USA	online.cafusa.com
CAF MEXICO	online.cafmexico.net
CAF UK	online.cafrollingstock-uk.net

This **"Suppliers' Manual" CAF.VH.P14.MA.001-GN** describes the essential requirements for all the suppliers of **CAF Group's** global operations. The quality system requirements have been aligned, as far as has been possible, at all our **Productive Subsidiaries**. Aside from the requirements defined in this document, there could also be some additional site specific standards that apply to the **CAF** operation groups which business is conducted with. The quality and delivery requirements defined in this document neither replace nor alte the terms and conditions set forth in the purchase orders and contracts issued by **CAF**.

CAF's suppliers are also expected to manage their own suppliers of products and services to guarantee that they meet the requirements laid down in this **"Suppliers' Manual" CAF.VH.P14.MA.001-GN**.

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In terms of **safety management**, all **CAF** suppliers (and their subcontractors) shall comply with the “**Safety Management General Conditions for Externally Provided Products and Services**” CAF.VH.P14.ES.057-GN and, as applicable to them, the “**Safety Management Particular Conditions for Externally Provided Products and Services**” CAF.VH.P01.MD.013-GN, and (on a documented basis) with the safety requirements transmitted by means of “**Notification of Safety Requirements**” CAF.VH.P01.MD.012-GN.

1 CAF'S RELATIONSHIP WITH ITS SUPPLIERS

Given the new challenges on the international rail transport market, **CAF** considers the company's suppliers of products and services as one of the strategic stakeholders in the organisation.

With a view towards maintaining an optimum relationship between the Organisation and our suppliers, **CAF's Purchasing Management** has established the following principles in the “**Rolling Stock Business Procurement Policy**” CAF.VH.P14.PO.000-GN:

- The relations with our suppliers will be governed by common principles and **CAF** will conduct strict quality, compliance and excellence controls. The conclusion of a contract with a supplier must always be based on clear relationships, avoiding any type of dependence.
- **CAF** is committed to promoting establishing business relations based on their suppliers fulfilling requirements relating to Respecting Human Rights, Appropriate Working Conditions, Business Ethics, the Environment, Health and Safety laid down in the Company's “**Suppliers' Code of Conduct**” CAF.VH.P14.PO.001-GN.
- The process to select our suppliers must be characterised by the search for competitiveness and quality, guaranteeing equality of opportunities between all suppliers and collaborators with our organisation. **CAF** is committed to performing procurement procedures via its Bid Management Platform, taking account of the total value of the bid and based on short and long-term considerations and goals.
- **CAF** employees will ensure that those suppliers who meet the requirements can compete in the bidding for contracts for products and/or services, and will take the necessary measures to prevent conflicts of interest and favourable treatment.
- **CAF** will positively value the use of their Bid Management Platform and **CAF's Supplier Portal**.
- **CAF** will promote the participation of their suppliers in Managing Innovation for the development and enhancement of their products and services.

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2 SUPPLIERS' CODE OF CONDUCT

The set of general principles and standards are provided below for corporate governance and professional conduct that are applicable to all **CAF** suppliers and subsidiary companies and which are valid for establishing the guiding parameters for the Corporate Social Responsibility of **CAF** in its supply chain.

This “**Suppliers' Code of Conduct**” **CAF.VH.P14.PO.001-GN** is valid for Spain and abroad, always taking into account the cultural, linguistic, social and economic differences of the different countries in which **CAF** operates.

Entering into a contract with **CAF** implies the supplier’s knowledge and full respect of the “**Code of Conduct of CAF**” and of this “**Suppliers' Code of Conduct**” **CAF.VH.P14.PO.001-GN**.

Although this “**Suppliers' Code of Conduct**” **CAF.VH.P14.PO.001-GN** is only applicable to its direct suppliers, **CAF** summons its suppliers to disclose the following principles to their own suppliers.

This “**Suppliers' Code of Conduct**” **CAF.VH.P14.PO.001-GN** must be interpreted notwithstanding any additional requirements that may be established either legally or contractually and which affect the commercial relationship between **CAF** and its suppliers.

2.1 Compliance with Legislation and Human Rights

All suppliers will strictly respect the current domestic legislation in the territories they operate in and they must respect the principles laid down in the **Universal Declaration of Human Rights** and in the **United National Global Compact regarding Human Rights**, Labour Rights, and with regards to the environment and Anti-Corruption.

2.2 Working Conditions

All suppliers must respect all labour-related laws and regulations which apply to them, at least including, minimum wage, equal treatment and non-discrimination, protection against the exploitation of child labour and against modern slavery, respect for diversity and promotion of inclusion, the length of the working day, days of rest, compensation, freedom of association and the right to collective negotiation.

2.3 Health and Safety

Occupational Health and Safety must be a priority for all of **CAF's** suppliers, which must meet all applicable laws, regulations and standards. Suppliers must take appropriate measures to prevent work-related illnesses and occupational accidents and must ensure a safe and healthy working environment for their employees.

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CAF recommends the following to its suppliers:

- Informing their management, personnel and suppliers of their commitment to improving Health and Safety and providing training on these aspects.
- Obtaining or maintaining the **OHSAS 18001** certificate, or equivalent certificate.
- Systematically assessing their Health and Safety conditions by means of audits and reporting on the progress made.

2.4 Environment

CAF suppliers must carry out their activities based on the premise of minimising any negative environmental impacts and of preventing pollution, by promoting research, development and innovation directed at improving processes and ensuring the training of their employees with regard to adequate environmental management and the optimal management of our natural heritage.

CAF recommends the following to its suppliers:

- Informing their management, personnel and suppliers of their commitment to improving the Environment and providing training on this aspect.
- Obtaining or maintaining the **ISO14001** certificate, or equivalent certificate, and considering the criteria established therein to be relevant for their management.
- Systematically assessing their impact on the environment by means of audits and reporting on the progress made.

2.5 Business Ethics

CAF promotes integrity and ethics in all its activities. All CAF's suppliers must meet the applicable laws and regulations, particularly those relating to anti-corruption, anti-bribery and anti-extortion. They must operate according to the principles of fair competition, honesty and integrity, both in terms of their relationship with CAF and with any other public or private organisations.

Under no circumstances should a supplier make or approve illegal payments. Also, CAF will not accept any type of present or gift that could be interpreted as something outside normal business practices or common courtesy gifts.

The supplier must notify **CAF's Purchasing Management** of any current or potential conflicts of interest.

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2.6 Confidentiality

All information obtained as a result of the relationship with **CAF** must be processed with utmost reserve and confidentiality, and the supplier will adopt the appropriate measures to protect it; with special attention to respecting the standards relating to the protection of personal data.

2.7 Governance

CAF reserves the rights to verify their direct suppliers' fulfilment of this "**Suppliers' Code of Conduct**" **CAF.VH.P14.PO.001-GN**. This verification may be performed by various means such as by using self-assessment questionnaires or audits at the suppliers facilities, with the appropriate advance warning provided.

Should the supplier, whilst carrying out work for **CAF** or in the supplier's conduct business with third parties perform with disregard to the general principles of the "**Code of Conduct of CAF**" in general or the principles of this specific "**Suppliers' Code of Conduct**" **CAF.VH.P14.PO.001-GN**, then **CAF** will have the right to take appropriate measures and may reject future collaboration with the said supplier.

All suppliers can send emails to compras@caf.net should they have any queries regarding the "**Suppliers' Code of Conduct**"

3 REGISTER OF SUPPLIERS

Those suppliers which currently supply to any **CAF Group Productive Subsidiary** must be registered in the Ariba database (<http://seller.ariba.com>), according to the instructions of each **Category Manager**. All suppliers who register on any of these databases must fill in all the information fields that determine the applicable business systems, the capacities of the basic products and the identifications of the key contact person. If a supplier has various manufacturing sites with an applicable exclusive DUNS identification, each DUNS manufacturing location must be registered in the appropriate database. The suppliers must keep the information updated on the database. The data must be revised and, if necessary, updated, at least once a year. The information must be kept up to date as these comprehensive databases are accessible for all **CAF** purchasers.

CAF suppliers must also meet the main operating, financial and quality criteria, which, when combined, determine the status of a supplier. These metrics are reviewed frequently and help in developing **CAF** purchasing strategies.

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3.1 General Purchase Conditions of Goods and/or Services

All direct **CAF** suppliers must be committed to fulfilling these. These “**General Purchase Conditions of Goods and/or Services**” CAF.VH.P14.MD.030-GN may be supplemented with Specific Conditions included in the order issued by CAF, or in the contract signed by CAF and the Supplier.

In the event of discrepancies or inconsistencies between the “**General Purchase Conditions of Goods and/or Services**” CAF.VH.P14.MD.030-GN and Specific Conditions, then the latter will prevail.

The Supplier's General Conditions of Sale and different from those established herein will not be accepted, unless **CAF** has expressly accepted all or part of the same.

These “**General Purchase Conditions of Goods and/or Services**” CAF.VH.P14.MD.030-GN and, in general, the requirements established by **CAF** will be applicable to the supplies/services provided by the supplier and cascaded down to the supplies/services of its sub-suppliers

The “**General Purchase Conditions of Goods and/or Services**” CAF.VH.P14.MD.030-GN are available on the **CAF Supplier Portal** in the documentation section.

3.2 Bank Certificate

All suppliers must send **CAF** a certificate issued by the corresponding bank , with an indication of the holder of the bank account in or from which **CAF** makes or receives payments. A hard copy of this certificate must be made available to **CAF's** accounts department.

3.3 Certificate required by General Tax Law 58/2003 of 17 December

For any operations with **CAF S.A.** the Supplier must prove to **CAF** that the supplier is current and compliant with their tax obligations in accordance with **Law 58/2003, of 17 December**, as well as with obligations from the respective Regional Legislations.

4 SUPPLIERS' ACCREDITED APPROVAL

With a view to ensure their capacity to supply the required products and/or services, an Approval procedure is applied to all subcontractors and suppliers of products and/or services incorporated in the product manufactured by **CAF** within their Vehicles business.

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At the beginning of the Approval process, **CAF** reserves the right to review and assess the financial results of each new supplier. The **“Preliminary Assessment Questionnaire” CAF.VH.P14.MD.008-GN** is used to ask each new supplier the turnover for the previous year, current year and the forecast for the next year.

CAF also uses financial reports and tools to determine the financial standing of each new supplier. The commercial, sectorial and financial credit risk of each company is analysed, including the balance sheet, income statement and other financial statements. Once the supplier’s robust financial health has been validated, the Approval process is performed.

The scope of Approval is limited to the families to be purchased and there are various Approval types depending on whether the suppliers are new or already existing and on the product and/or service required to supply.

Once a supplier has qualified, the result is recorded and kept on **CAF’s ERP System**.

Suppliers who do not receive a purchase order in a period of 5 years and for whom accordingly no records of performance exist, will automatically be considered "Non Approved Suppliers". A new Approval process must be initiated in order to be Approved again.

4.1 General Approval

The **Purchasing Department** or **CAF’s Productive Subsidiary** initiates the Approval process for a new supplier by sending the **“Preliminary Assessment Questionnaire” CAF.VH.P14.MD.008-GN** filled in by the supplier to the **Suppliers Quality Manager**.

On analysing the family of the product to be certified, the **Suppliers Quality Manager** defines the type of certificate, as well as the scope of the audit to be performed in the **“New Supplier Approval Datasheet” CAF.VH.P14.MD.017-GN** according to whether or not the products and/or services to be supplied affect the reliability and/or safety of the end product.

If the **“New Supplier Approval Datasheet” CAF.VH.P14.MD.017-GN** indicates the existence of a special process, the **Suppliers Quality Manager** notifies this to the relevant **Special Process Coordinator** so they can proceed in line with section 4.3 of this document.

The general Approval audit, based on Standard **ISO 9001**, audits the general information of the supplier, the Quality of their product and their delivery times, on the date previously agreed on between the supplier and the **Supplier Quality Manager**, typically at the supplier's premises.

The audit results categorise suppliers as Type A, B or C, where A is the Maximum Capacity, B Limited Capacity and C Insufficient Capacity.

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Those people performing the audit assign a score to each of the questions considered in the **“Approval Questionnaire” CAF.VH.P14.MD.014-GN** with the remarks section including any relevant aspects or pending matters detected during the audit. On completion, the auditor, together with the audited supplier draw up the action plan figuring in the **“Approval Questionnaire” CAF.VH.P14.MD.014-GN** assigning an officer and a date for each of the corrective/preventive actions or improvements agreed on.

The **CAF Suppliers Quality Manager**, or in their absence, the auditor, officially informs the supplier of the results sending the **“Audit Result Notification” CAF.VH.P14.MD.015-GN** document.

The performance of all **CAF** suppliers will be monitored by means of timely assessments. For Type A suppliers, an audit every four years is established. For Type B suppliers, an audit will be performed every two years and for Type C suppliers, two audits per year.

CAF determines three key factors that existing suppliers must be re-approved for:

- Unsatisfactory results of the quarterly Continuous Supplier Assessment (C grade) or the decision of the **Suppliers Quality Subcommittee**.
- Products which affect the Reliability and/or Safety of the train.
- An extension of the scope of families for which the supplier was originally Approved. The Approval scope of any supplier is limited to those families for which the supplier was previously approved.

Accordingly, those suppliers which do not affect Safety and/or Reliability and which also obtain a satisfactory result in the assessments keep their original Approval.

4.2 Specific Approval

In the case of suppliers with an impact on Reliability and/or Safety, the Reliability and/or Safety of their product is audited, as well as the general information regarding the supplier, the Quality of its product and the supplier’s delivery times.

4.3 Approval of Special Processes

Special manufacturing processes are characterised by the difficulty of determining product conformity without performing destructive tests.

Unless the contract establishes Other Special Processes which can be demanded by the Customer or Project, the following Special Processes are first considered in **CAF's** work scope:

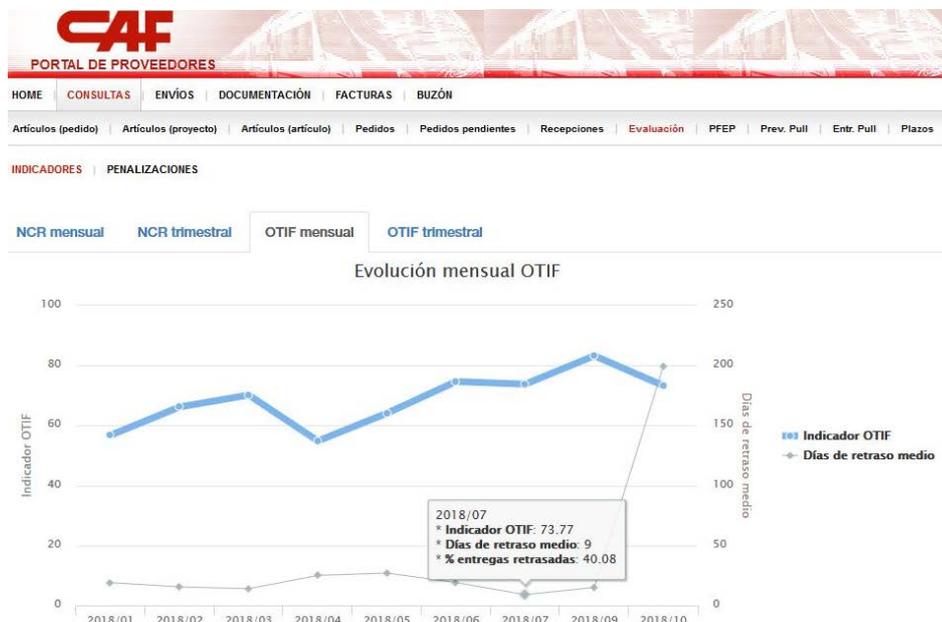
- Bonding and Sealing
- Crimping
- Paint
- Welding
- Tightening torques
- Riveting

The requirements applicable to suppliers which perform special processes are included in specific **CAF** standards and are distributed to the relevant suppliers by the **Purchasing Department**. Alternatively, the suppliers have the latest versions of these documents available in the Documentation section of the **CAF's Supplier Portal**.

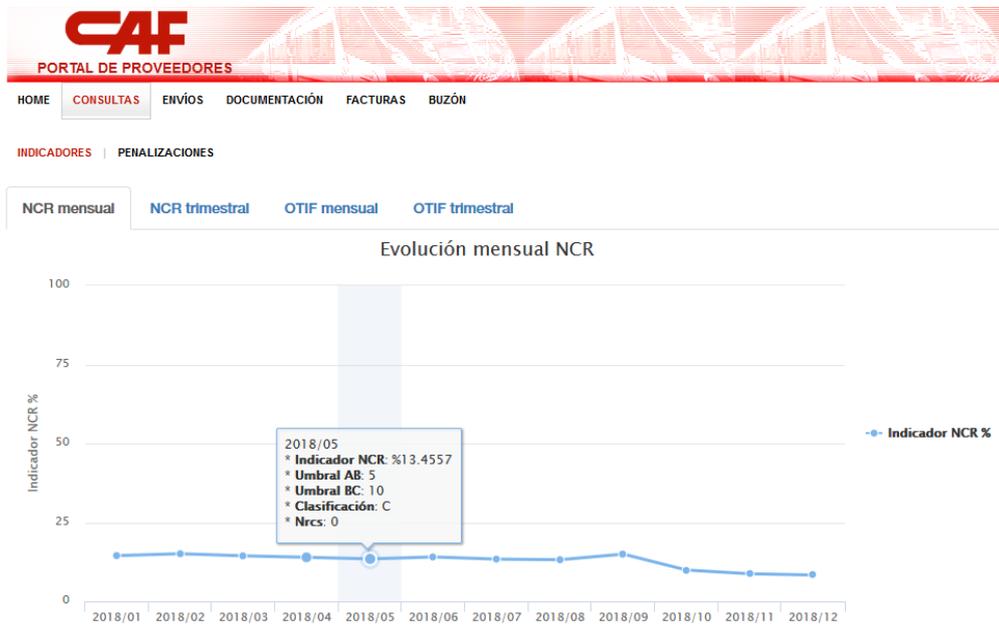
5 ASSESSMENT OF SUPPLIERS

CAF assesses the performance of all suppliers on a six-monthly basis, based on the OTIF (On Time In Full) and NCR (Non **Conformity** Report) indicators.

The OTIF indicator measures the Supplier's delivery performance, based on whether deliveries have been made On Time and In Full. Both conditions must be met for the delivery to be considered compliant. It represents the percentage of compliant deliveries made over the total which should have been made over a period of time (**scheduled or planned deliveries**).



The NCR indicator measures the quality of the products supplied by a supplier based on the number of parts which have been subject to a **"Non-Conformity Report (NCR)"** **CAF.VH.P14.MD.036-GN** attributable to the supplier over the total number of parts delivered for all active Projects, from the first delivery to the end of each Project. It represents the percentage of non-conforming parts.



The quarterly assessment classifies each supplier into Category A, B or C in both indicators, based on score thresholds established by **CAF** which are reviewed and certified on a yearly basis. The goal is for every **CAF** supplier to be in Category A and avoid being in Category C. To this end, **CAF** will perform improvement plans and actions with each supplier with a view towards promoting to a higher category and remaining in the new higher category.

The objective is to try to achieve category A for the OTIF Indicator and show a positive evolution for the NCR Indicator in the shortest possible time. These are the consequences of not reaching category A:

- Presentation and Approval of an Improvement Action Plan
- Commercial Penalties (Information available also in the **CAF's Supplier Portal**)
- No new orders raised.
- Residual Approval (qualitative restriction to supply new products)
- Disapproval as a supplier.

In the case of suppliers classified with category B or C in some of the indicators, the supplier will present a Measurable Improvement Action Plan that can be agreed upon with **CAF**, in order to reach the highest level in the shortest time possible.

The first assessment will be performed in the first quarter and the objective set out must be achieved before the assessment performed in the third quarter.

If the supplier achieves Category B status in the 2nd or 3rd Quarter Assessment, the process will be closed as the objective will have been achieved. If this is not the case, **CAF** reserves the right to apply the aforementioned measures.

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6 DESIGN AND PLANNING OF THE PRODUCTS AND SERVICES

Suppliers must work closely with **CAF** to ensure that all the processes are appropriately controlled to avoid the manufacture and delivery of faulty products.

For all Major Outsourced Equipment (EFAE) or products subject to a Technical Specifications (ET) which will be incorporated on the end product, the supplier will receive the documents describing the specific and general technical specifications and safety specifications of the supply as well as the particular contract conditions.

The requirement to produce Prototypes will result from either by the contract requirements or at the request of **CAF**.

Once the reply has been received from the **CAF** supplier, the technical, and safety aspects and other bid conditions will be analysed.

CAF undertakes a procedure with the suppliers which consists of preparing a bid technical validation document which considers all the applicable requirements.

Following technical validation and safety confirmation, an EFAE (Major Outsourced Equipment) purchase contract and an official order are established.

The EFAE (Major Outsourced Equipment) Purchase Contract and the official order include the documents regarding Technical Validation and Safety, the Contract Conditions ultimately agreed on, and other General Conditions such as:

- Price.
- Invoicing and payment conditions
- Penalties
- Validity, contract cancellation.
- Legal arbitration.
- Delivery conditions. (CIF, FOB, etc.)
- Bonds, if relevant, for the warranty period.

If it is proved that any of the requirements cannot be met, both in relation to Technical Specifications and Safety and the Specific Conditions, **CAF** will arbitrate a decision to be adopted which the supplier will be notified of.

6.1 EFAE (Major Outsourced Equipment) Design Stage (Development and Approval)

CAF will identify the technical interfaces of the EFAE (Major Outsourced Equipment) with the project during design development and also manage and document any design revisions. A work process is commenced between the engineering department of the supplier and **CAF**, essentially with the purpose of complying with the milestones plan established in the contract.

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In order to fulfil the manufacturing plan, special attention must be paid to the scheduled interface freezing dates. This freezing will be established by **CAF** and the supplier will be notified, highlighting the importance of avoiding any subsequent modifications being made by both parties.

The supplier submits all the documentation requested in the Purchase Contract.

Upon review of the design documentation and if it is found to be in order, the Design will be Approved and the documentation stamped, sealed and filed, where applicable, by drawing up the corresponding **CAF** document.

Should the design not be approved, the deficiencies are communicated to the Supplier, with the remittance of new documents requested, if necessary.

In all cases, the design approval is provisional, and will only be final following the approval of the type tests, and, where applicable, of the corresponding prototype.

6.2 Production and Supply Phase

CAF will frequently assess production progress both for the first article and/or prototype, if applicable, as well as for the series, based on the procurement contract requirements.

CAF will monitor compliance with milestones and also check that the manufacturing procedures are conducted according to the Control Plans drawn up by the manufacturer, in accordance with the previously approved requirements in the procurement contract.

The results of the controls (auditing of the system, process and/or inspections) are the subject of the subsequent reports, where the actions to be taken by the Supplier will be decided on, if required.

7 NOTIFICATION OF MODIFICATIONS

CAF reserves the right to modify the drawings or specifications of the ordered goods prior to delivery. Should such modifications be made, then the outstanding order must be manufactured in accordance with the new specifications and/or drawings indicated by **CAF** and any price adjustments that may be applicable, will be negotiated. As a general rule, the application of the modification must be made from the next planned delivery. In the case of improvements, non-mandatory modifications or high-impact modifications to the material in the process of manufacture, the best time for application will be agreed with the supplier.

The supplier must officially inform **CAF's Purchasing Department** of any change in the product and/or process specification for approval thereof, pursuant to the instructions provided in the corresponding project configuration manual issued by the **CAF's Purchasing Department**.

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8 PRODUCTION CONTROL

The production process control must include ongoing revisions of the characteristics of the product/process and of all the key parameters that affect the manufacturing process. Appropriate statistical process control methods or error testing on all the identified characteristics must be applied according to **CAF's** indications. The parameters of the process and the characteristics of the product which are subject to the safety, environmental and/or emissions legislation regulations, must be documented in the control plans, in line with **CAF's** specific requirements.

8.1 Quality Control

In addition to the presentation of the resources and facilities available to carry out their activities, each supplier must notify **CAF** of the inventory of Control Resources available and their calibration period.

Together with the inventory of measuring, inspection and testing equipment, the supplier must indicate their capacity to perform the various types of inspections and indicate whether these will be performed using their own resources or third-party resources. The laboratories and/or technological centers the supplier works with must be indicated.

The supplier must attach a control plan for the finished product, making reference to the points to be inspected, the sample size, acceptance/rejection criteria, actions to be taken in the event of a fault, quality records, etc.

Each supplier must briefly explain the procedure to deal with Non-Conformities detected on Reception or Production, making reference to the Identification of Non-Conforming Products, Non-Conformity Documentation and Analysis, Corrective and Preventive Actions.

8.2 Special Processes

For those suppliers whose production processes have been catalogued as special by **CAF**, suppliers must provide details of the company certification (**DIN 6701, EN 15085, ISO 3834**, etc.) and attach an up-to-date copy of the certificate. If they do not have these certificates, suppliers must confirm their intention to submit themselves to an official assessment and provide a target date. The supplier must also notify **CAF** of the number of qualified operators for each special process.

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8.3 FAI

The FAI (First Article Inspection) is an inspection conducted on a first product or assembly obtained under Serial Manufacturing representative conditions in order to verify that it was manufactured according to the specified drawings and technical specifications with an acceptable quality level.

The purpose of the First Article Inspection (FAI) is to provide objective evidence that design requirements and specifications have been understood, taken into account, verified and documented.

CAF reserves the right to conduct an FAI Inspection at Source attended by the customer, provided this is requested. The supplier must provide the FAI evidence requested by the **Quality Department** before the inspection is performed.

The FAI can be conducted at the suppliers premises, at an external Laboratory, or at **CAF's Productive Subsidiary** where the product is received-manufactured.

In addition, the FAI Inspection of products or facilities will always be carried out when, even if a previous FAI had been performed, the following applies:

- New supplier (or network of sub-suppliers).
- New **Productive Subsidiary**;
- New manufacturing process;
- Significant changes in the manufacturing process (tooling, dies, obsolete machinery, new welding process, etc.);
- Significant design changes impacting on a form-fit-function.
- Interruption of the manufacturing process of an item or facility during more than 1 year.
- In the case of platform projects, changes in significant performance specified in the Technical Specifications.

The FAI results may have the following results: Passed, Passed with Plan of Action and Rejected (with pending matters).

The FAI cannot be considered completed (and therefore a first delivery cannot be made) until all the Open Issues (if any) are closed and the corresponding Corrective Actions are implemented.

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8.4 Type Tests

The purpose of “Type” tests is to check that the relevant Major Outsourced Items (EFAE) have been appropriately designed and sized and that they exactly fulfil all the requirements established in the Technical Specifications of the Contract both relating to the functionality and performance and standards and safety requirements to follow, production quality, materials used, etc.

The successive approvals (design, type tests, first presentation, etc.), including those made by the Customer, do not release the supplier from their obligation to meet all the requirements of the Contract Specifications.

8.5 Routine Tests

The Routine Tests and Trials will be performed on All Train Units, Cars, Systems or Supply Items and will supplement the Type Tests or Trials. The results of each routine test will be sent via the **CAF's Supplier Portal** with each of the deliveries.

9 SUPPLY CONDITIONS

CAF intends to optimise their supply chain and to remain efficient, removing any activities that add costs but not value. This is where the continuous flow of all the processes is essential, with the removal of any waste that is costly for the organisation and thus significantly reducing delivery times.

For this it is necessary to agree in the order / contract PULL supply conditions included in the offer and that will be reflected in the order / contract, covering the following aspects:

- Delivery lot
- Leadtime for the First delivery
- Leadtime for Serie deliveries after delivery confirmation
- Manufacturing lot (if applicable)
- Packing lot
- Type of supply (stock, semi-finish, raw material)
- Commitment to the forecasts
- Variability accepted with the forecasts
- Number of retunable packing tools (if applicable)

PULL orders are multi-destination, although there is a delivery point at the head of the order, when the final delivery order arrives, it can be changed by sending the shipment to warehouses close to the original place of delivery.

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On the other hand, a minority managed by GRP orders can coexist, in which fixed delivery dates which are established at the time when the order is raised.

It is essential to use the **CAF's Suppliers Portal** (online.caf.net) to manage the PULL supply conditions and the documentation regarding shipments (delivery note) for both PULL orders and GRP orders.

9.1 Forecast of Consumptions and Deliveries

Every supplier using the PULL system must monitor **CAF's** forecast (deliveries or consumptions) totalized monthly and summarizing the total of **CAF** projects for a specific article and for the following months.

Forecasts are published on the 1st of each month and suppliers can consult them on the **CAF's Supplier Portal**. They can be exported to Excel or XML format.

9.2 Delivery Orders

These are the confirmation of a delivery for a PULL type reference, on which the quantity, delivery date and delivery place of the reference article is indicated based on the supply conditions agreed with the supplier.

Suppliers of materials and equipment can enquiry the confirmations of delivery in the Queries section on the **CAF's Supplier Portal**. These delivery orders are released on the agreed day with the supplier for each reference. For new orders the confirmations of first deliveries are given in the launch of the order or one month before the agreed first delivery period, not having to coincide with the agreed date for automatic confirmations.

If a supplier understands that the agreed supply conditions are not being met, they may not accept the delivery order, indicating the corresponding **CAF** reason through the **CAF's Supplier Portal**.

- **Modification:** An official modification of **CAF** impacts the supply of this delivery order.
- **Technical incidence of CAF:** The supplier can not continue manufacturing due to deficiencies in the CAF documentation that need to be covered. Applicable to first deliveries.
- **Lack of material under CAF scope:** This should not prevent, if necessary, that the supplier can start manufacturing the rest of the product in case of lack of non-essential materials.
- **Lack of returnable packaging tools.**

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- **Commercial disagreement:** Discrepancy of the delivery order with the agreed delivery conditions.
- **It was not in the conditions:** The delivery order exceeds the maximum limit defined in the conditions of supply in the commitment of the forecasts.

The deadline to manage the non-acceptance of delivery orders, always supported by a **CAF** cause, is 5 working days for the last four causes, and unlimited for the first two.

The non-acceptance of delivery orders must be accompanied by a proposal for a new delivery date through the **CAF's Suppliers Portal**, and must not be used to indicate non-fulfillment of deliveries for a supplier's reason. For these latter cases, there is a specific tab called "deadlines" in the **CAF's Suppliers Portal** that the supplier must complete whenever it is not going to fulfill a delivery. This term information does not imply acceptance by **CAF** of such date.

9.3 Packaging and Identification Standards

Suppliers must meet the packaging and labelling standards established in **CAF's** comprehensive **Identification and Packaging Standard** as well as all specific standards, when applicable. These **Identification and Packaging Standards** form part of the general purchasing conditions between the supplier and **CAF**. **CAF's** guidelines can be accessed via the documentation section on the **CAF's Supplier Portal**. The specific requirements will be distributed to each supplier according to the type of material to be supplied to **CAF**. In the event of a discrepancy between the general standard and specific standard, that laid down in the specific standard with prevail.

The suppliers are responsible for removing all labels and expired waste from the containers before packing the new material. Suppliers are responsible for making sure that all containers are clean and that all the functional doors or hinges work properly and safely.

It is the supplier's responsibility to include all necessary information for correct transport, handling, packaging opening and safe removal of the materials.

The relevant identification labels must be obtained from the **CAF's Supplier Portal**.

All non-returnable recyclable packaging must be identified according to the **DIN 6120** standards. The identification label must be made of resistant materials, guaranteeing stability and durability until end use: The labels must be applied in a visible location.

The supplier must identify returnable packaging by means of signs or engravings which must at least include the following information:

- Name of supplier
- Address

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- Phone
- Type of material it will contain (linings, skirting, air conditioning ductwork,...)
- Container identification number or code.

These signs must be produced in rigid and sturdy material and must be applied in a clearly visible location on the container.

If the packaging requires instructions for correct handling, packaging opening and/or safe removal of the material, the supplier must attach or stick a document or graphical instructions on the packaging that can be read and understood easily in Spanish or English.

Any warning symbols used must conform to standard **ISO 7000**. The symbols must be arranged next to each other on a location on the packaging where they can be easily and quickly read. A symbol will be applied on at least two surfaces of the packaging, on opposite sides to each other, so that they can easily be read. Each container or packaging must include the appropriate unequivocal symbols or indications.

9.4 Shipment Notification

The shipments section of the **CAF's Supplier Portal** provides the shipments to be made to **CAF** and is used to create, modify, delete and print off delivery notes and **"Identification Labels. Purchasing Material"** CAF.VH.P14.MD.040-GN.

Each supplier must fill in header details (Delivery Note No., Order No., Outbound date, Arrival date at **CAF**(must be a true reflection of the day the shipment will arrive at the **CAF** facilities), transport agency) and line item details (Item, Quantity, No. of packages) details.

Depending on which type of material is supplied to **CAF**, the supplier must attach the appropriate documentation or certificates in addition to providing the following information in the **CAF's Suppliers Portal**:

- Edition of the **CAF** code that is being supplied and the supplier code.
- Manufacturing lot number for those items defined as Safety.
- Serial number. Unitary for the configuration items, per unit of piece.
- Expiration date, if applicable.

This information must be reflected in the Identification Labels of the material obtained through the **CAF's Suppliers Portal**, being its truth and certainty very important.

All shipments are recorded and they can be comprehensively monitored at any time.

Finally, when the shipment is received at **CAF's** premises, the reception details are recorded and can be consulted on the **CAF's Supplier Portal**.

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10 NON CONFORMITIES MANAGEMENT

When any **CAF Productive Subsidiary** in its reception area detects a material that does not meet the specified requirements, a **“Non-Conformity Report” CAF.VH.P14.MD.036-GN** is generated and managed according to the nature of the Non-Conformance.

10.1 Non-Conformities Charge to Supplier

When **CAF** detects that a part is not compliant and is Charge to Supplier, the supplier must put all the means to solve the problem as quick as possible. For this:

- Once **CAF Warehouse** has issued the corresponding notice, the supplier must proceed to the collection of the material within two days after the notice. Otherwise **CAF** reserves the option to send it to freight due to the supplier.
- If the rejection occurs during the reception inspection, it proceeds to cancel the entry of the material remaining as not done. The supplier proceeds to make a new delivery of the material against the delivery order not materialized and accompanied by a new delivery note, also indicating the **“Non-Conformity Report” CAF.VH.P14.MD.036-GN** number. In these **“Non-Conformity Reports” CAF.VH.P14.MD.036-GN**, the header of the document indicates that the previous reception has been canceled.
- In the event that the rejection occurs at a later stage than the reception inspection, the return of the new material by the supplier is not billable against a new delivery order, but must proceed with a manual delivery note indicating the number of **“Non-Conformity Report” CAF.VH.P14.MD.036-GN**. These **“Non-Conformity Reports” CAF.VH.P14.MD.036-GN** have priority over any other billable delivery of the same code.

10.2 Non Conformities Charge to CAF

Before proceeding with the recovery of the material, the budget of said recovery must be sent to the **Responsible of the corresponding Purchase Line** for its review and acceptance. After **CAF**'s approval, the supplier must put all possible means to carry out the delivery as soon as possible. The invoicing of these Non Conformities is done by indicating the corresponding **“Non-Conformity Report” CAF.VH.P14.MD.036-GN** number in the invoice.

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11 INVOICING

11.1 Invoice requirements

All suppliers must submit their original invoices, via post, to the address indicated in the order.

Invoices can only be issued for goods accepted by **CAF** following receiving inspection.

In the case of services, acceptance of the service will take place at the time of the acceptance of the invoice, and therefore, should the service be considered unacceptable, then the invoice will be returned.

In accordance with current regulations and the **CAF's "General Purchase Conditions of Goods and/or Services" CAF.VH.P14.MD.030-GN**, the invoices must indicate the Company Name, Registered Domicile and VAT number of both your company and CAF, regardless of the invoice mailing address.

The details corresponding to **Productive Subsidiary** are as follows:

Productive Subsidiary	Company Name	Tax Address	Taxation Code
CAF S.A	CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A	J.M. Iturrioz, 26. 20200 Beasain (España)	A20001020
CAF FRANCE	C.A.F. FRANCE	N°3 Route de Labassaère - cs20221 - 65202 BAGNÈRES DE BIGORRE Cedex	FR84542103048
CAF USA	CAF USA INC.	300 E 18th St, Elmira heights NY 14903	EIN#52-2125544
CAF MEXICO	CAF MEXICO S.A.DE C.V.	Eje 1 Norte Mosqueta Edificio Oriente Piso 1 Buenavista Cuauhtemoc Distrito Federal 06350	CME930324182
CAF UK	CAF Rolling Stock UK Limited	Coventry Techno Centre Puma Way Coventry CV1 2TT	281210243

Aside from the aforementioned details, the invoices must include the following information:

- Supplier number assigned to the Supplier as specified in the **CAF** order.
- Order Reference, **CAF** Order no.
- Amounts associated with one single Order.
- Delivery Note number of invoiced goods.
- Item Position no. of invoiced goods in the **CAF** Order.

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- In the case of equipment-kits, reference and sequential number of the equipment-kit associated with the invoiced goods.
- For advance payments, Milestone number and % invoiced.
- For invoices not subject to an Order, the person at **CAF Responsible** for approval.
- The invoiced price must match the price specified in the **CAF Order/Contract**.

Any invoices that fail to fulfil these requirements will be rejected.

Mandatorily, the number of the delivery note accompanying the delivery of the goods, must be exactly the same delivery note number quoted in the invoice. Any discrepancy in the series of letters, numbers or other characters in the delivery note identification may hinder invoice reconciliation.

11.2 Payment Method Selection

By default, non Spanish suppliers will be paid by Bank Transfer.

For each invoice, Spanish suppliers/creditors must select whether they wish to receive payment via domiciled payment or by cheque in the “Claim Invoices” section of **CAF’s Supplier Portal**. Invoice payment is blocked until the desired payment method has been selected.

To this end, access the **CAF’s Supplier Portal** of the **Productive Subsidiary** indicated in the order and specify the CAF supplier number and the password provided via the e-mail address online@caf.net during the supplier registration process. Should you have lost the password, email online@caf.net to request that the password be reset.

11.3 Making Payments

To proceed with the payment of the CAF’s invoices, the supplier must prove to be up to date with the tax obligations in accordance with the laws of the country of the corresponding **Productive Subsidiary**.

For domiciled payments, the verification of the certificate validity is made when the promissory notes are issued, such that only will direct debits be made when the certificate is valid at the due date.

Payments will be made on the 10th day of each month, in the periods agreed in the orders/contracts. The **CAF’s Supplier Portal** includes an application for checking the invoice status and selecting the desired method of payment.

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For payments made “upfront on account of Orders” or “before delivery of goods”, **CAF** requires that the Supplier provide a bank guarantee valid until the end of the deliveries, before payment is effective. **CAF** may require a performance bond for the Order, valid until the end of the warranty period.

12 REQUIREMENTS FOR ACCESS TO CAF'S FACILITIES

For operations with **CAF S.A.**, the Royal Decree 171/2004, of 30 January which develops article 24 of **Law 31/1995, on Occupational Health and Safety**, regarding the coordination of business activities (CAE), establishes the need for an efficient inter-company coordination system when activities are performed by various companies at the same workplace.

CAF has implemented an ieDOCe IT platform for the management of documentation regarding the coordination of business activities and the access of workers of other companies to **CAF's** premises at the **Productive Subsidiaries of Beasain, Irún and Zaragoza**.

External companies registered on the ieDOCe can access this platform using a personalised and secret username and password. Each company will receive an email containing their provisional logging in code and username to activate registration. This provisional logging in code must be changed the first time the company accesses the application.

Each company must appoint a single contact (name, surnames, telephone number and email address) to manage CAE with **CAF**.

A user guide containing all the basic instructions on how to use the platform will be sent to this contact person.

The following documentation is required from the external company:

- Forms **MOS-09.01-B-01** and **MOS-09.02-B-01** duly filled out and signed.
- **Risk Assessment** for the work to be performed.
- Certification for the **Preventive Method** chosen by the company.
- A photocopy of the **Third Party Liability Insurance Policy**, with the submission of the successive proofs of payment.
- A full and legible photocopy of the **National Identity Document or Passport**.
- Documents certifying that the employees have received **Occupational Health and Safety training**.
- Written certification that the **Health Monitoring** obligations have been met for the relevant workers.

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- A document certifying that the employees have received the **Personal Protection Equipment (PPE)** required for the tasks to be performed at **CAF's** premises.
- Social Security Documentation: **Clearance certificate and ITA or receipt for freelance workers** in the case of freelance workers.
- Document **A1** for EU companies.
- **Work contract** for those employees who are not members of the EU.
- Any other documents deemed to be necessary by the Company Prevention Service.

These documents will be requested via the ieDOCe platform.

In the case of foreign companies, the documentation submitted for the Approval of the company will be preferably be drawn up in Spanish. If, in urgent situations, the documentation cannot be translated into spanish, then it can be submitted in english.

Non Spanish companies will meet these requirements as required by the **Human Resources Department**, in accordance with current legislation in Spain and **CAF's** internal regulations.

When performing the contracted work, all Approved companies must have an on-site contact person with whom there should be any communication problems due to language.

13 REFERENCES

13.1 External documentation

- OHSAS 18001 "Occupational Health and Safety Management Systems"
- ISO 14001 "Environmental Management System. Requirements with guidance for use"
- DIN 6701 "Adhesive bonding of railway vehicles and parts"
- EN 15085 "Railway applications - Welding of railway vehicles and components"
- ISO 3834 "Quality requirements for fusion welding of metallic materials"
- DIN 6120 "Marking of packaging and packaging materials for recycling purposes - Plastics packaging and packaging materials"
- ISO 7000 "Graphical symbols for use on equipment"

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13.2 CAF documentation

- CAF.VH.P01.MD.012-GN "Notification of Safety Requirements"
- CAF.VH.P01.MD.013-GN "Safety Management Particular Conditions for Externally Provided Products and Services"
- CAF.VH.P14.ES.057-GN "Safety Management General Conditions for Externally Provided Products and Services"
- CAF.VH.P14.PO.000-GN "Rolling Stock Business Procurement Policy"
- CAF.VH.P14.PO.001-GN "Supplier Code of Conduct"
- CAF.VH.P14.MD.008-GN "Preliminary Assessment Questionnaire"
- CAF.VH.P14.MD.014-GN "Approval Questionnaire"
- CAF.VH.P14.MD.015-GN "Audit Result Notification"
- CAF.VH.P14.MD.017-GN "New Supplier Approval Datasheet"
- CAF.VH.P14.MD.030-GN "General Purchase Conditions of Goods and/or Services"
- CAF.VH.P14.MD.036-GN "Non-Conformity Report (NCR)"
- CAF.VH.P14.MD.040-GN "Identification Label. Purchasing Material"
- MOS-09.01-B-01 "Specification of Conditions for contracted or subcontracted companies "
- MOS-09.02-B-01 "Risks information delivery record to external companies"