

**CORPORATE SOCIAL RESPONSIBILITY  
POLICY OF “CONSTRUCCIONES Y AUXILIAR  
DE FERROCARRILES, S.A. (CAF)**



**29 December 2015**

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## **1. INTRODUCTION**

This present Corporate Social Responsibility Policy has been approved by the Board of Directors of “CONSTRUCCIONES Y AUXILIAR DE FERROCARRILES, S.A. (hereinafter “CAF”) in compliance with the recommendations set out in the Good Governance Code approved by the CNMV and in accordance with article 34. 1) of the Company's Bylaws and article 5.3 m) of the Regulations of the Board of the Directors.

This policy outlines the principles and commitments that CAF promotes in its activities and in the companies that form part of its Group, reconciling the achievement of its mission with the interests of the community that surrounds it and of the various stakeholder groups, and sustaining this over the long term.

## **2. OBJECTIVES**

The main focus of CAF's corporate strategy is that every person that forms part of this Company and its Group base their actions on the ethical principles of good faith and integrity, and that their standards of behaviour are governed by the values contained in this present Corporate Social Responsibility Policy.

CAF's principal objective, as established in its Code of Conduct, is to generate confidence and distribute value in the national and international markets of the assets, equipment, materials, goods and services devoted to carrying out transport and other related activities, in order to meet the needs of customers, shareholder investment, the competitiveness of the countries in which we operate and the expectations of everyone who works in the organisation.

CAF defines its social responsibility as a voluntary commitment to advance its business objectives, complying with its legal obligations and applying equilibrium criteria in its stakeholder relations, so as to create value in a sustainable way.

This present Policy should serve as a guide in the activities of all the governing bodies of CAF and the companies that form part of its Group, to which it is applicable, and must:

- Favour the achievement of the company's strategic objectives.
- Strengthen CAF's competitive position, promoting innovation, long-term vision, environmental awareness and ethical behaviour.
- Manage the risks and opportunities deriving from environmental changes, with the aim of maximising the positive and minimising the negative impacts on the environment and society.
- Establish balanced and trusting relationships with stakeholders and create value for them.
- Improve CAF's reputation and external image.

To achieve these objectives certain operating principles and commitments to stakeholders have been defined and are outlined below.

### **3. OPERATING PRINCIPLES**

- a) **Establishment of preventive measures to ensure strict compliance with existing regulations** in those territories where CAF operates, assuming, in addition, international standards and guidelines, where no adequate or sufficient legal framework exists.

The approval and distribution of a Crime Prevention Manual in CAF, as part of the commitment to compliance at all times with existing legislation, protecting against the risks of any possible serious breaches through the use of the supervisory mechanisms established in the Manual itself.

- b) **Scrupulous respect for fundamental rights**, the principles of non-discrimination and equal treatment, protection against child exploitation and any other of the principles included in the Universal Declaration of Human Rights and the United Nations Global Compact in all areas of human rights, labour, the environment and anti-corruption.

There is a commitment to these aspects shared both internally with CAF employees and externally with the other stakeholders.

- c) **Monitoring of corporate governance practices** generally, and in particular those included in the latest CAF Code of Conduct, which regulates the behaviour expected of all professionals and employees in the organisation and the supervisory and control mechanisms of this behaviour.
- d) **Confidentiality and transparency.** Transparency of the information provided to the various stakeholder groups, transmitting relevant and accurate information about CAF's activities and results and complying with the existing legal requirements for public information. At the same time, all CAF professionals shall exercise a great deal of caution when doing this, preserving their integrity, confidentiality and availability, and minimising the risks resulting from the disclosure and misuse of the information, both internally and externally.
- e) **Responsible Communication Practices.** CAF is committed to ensuring practices are in place which clearly protect the fundamental values of accurate communication, honesty and complete respect for people's integrity and honour. Similarly, CAF is committed to communicating using transparent language, which is clear and responsible and helps customers, shareholders and other stakeholders to make informed decisions.
- f) **Compliance with CAF's fiscal responsibility** in all of its transactions in the various territories in which it operates, in accordance with prevailing fiscal legislation. In addition, decisions on tax matters shall be adopted on the basis of compliance with applicable legislation, avoiding fiscal risks and fostering a suitable relationship with the tax authorities, based on good faith, in the interests of reducing tax disputes.
- g) **Commitment to Innovation and Sustainability.** CAF believes it should maintain and expand both its internal technological capacity and the quality and safety of the

projects, products and services that it provides for its customers, ensuring that they guarantee the company's sustainability.

With this objective CAF is developing a Technology Plan, which, as part of the R&D process, includes the lines of internal technological development that will be followed in all of CAF's activities.

In addition, the quality and safety systems implemented comply with international standards.

- h) **Commitment to the Environment.** CAF is firmly committed to helping build a sustainable world and aims to contribute to its development and provide new solutions that offer means of transport that are more efficient and environmentally friendly. CAF carries out its business under the premise of minimising negative environmental impact, preventing pollution, promoting research, development and innovation that improves processes, and training its employees in appropriate environmental and natural heritage management. In the same way and with the aim of providing means of transport that are more efficient and respect the environment, CAF is heavily involved in the implementation of the Product Sustainability Function, introducing eco-design methodologies in the engineering processes to optimise and control the environmental impact of products from conception throughout their life cycle.

#### **4. COMMITMENT TO STAKEHOLDERS**

##### **a) Commitment to Shareholders**

CAF is committed to ensuring that its economic and financial performance preserves and increases the company's real value, with the aim of adequately rewarding the risk borne by shareholders and investors in the company's share capital. To do this, it develops, revises and adopts suitable business and financial strategies.

CAF is very firmly committed to creating and fostering the necessary conditions to ensure shareholder participation in decisions within their competence, guaranteeing the equality of information and the exercising of shareholders' rights, all within the best interest of the Company.

CAF is committed to affording equal treatment, such that, in no case should the relationships with institutional shareholders result in the disclosure of information that could give them a privileged or advantageous position compared to other shareholders.

**b) Commitment to Customers**

CAF is committed to offering its customers the projects, products and services that best suit their needs at any time, and which provide the highest standards of quality and safety.

In order to do this, CAF aims to ensure that through its research, development, manufacturing, marketing and services activities it achieves excellent standards of quality and security in its services and products.

As a result, CAF has defined a set of processes which, having been duly rolled out, guarantee the supply of products and services that comply with the customer's contractual, legal and regulatory requirements that apply in each case, with the aim of satisfying their needs and expectations. Each of the activities undertaken by CAF has its own defined system that guarantees the efficiency of the organisation and the quality of the products and services throughout their lifecycle.

CAF is committed to delivering products to its customers which are compliant with international safety standards. In this sense, CAF believes that safety takes priority over the rest of the performance parameters and that it should be an integral part of the entire product lifecycle, right from the very start of the development process. CAF is

dedicated to eliminating in-service safety risks through the application of the necessary mitigation actions.

### **c) Commitment to CAF Employees**

CAF is committed to promoting the professional development of its employees, taking into account the possible balance between the company's objectives and the needs and expectations of its employees. CAF promotes the constant updating and improvement of the skills and competences of the entire organisation.

To achieve this, CAF has implemented a training plan that guarantees the competence of employees throughout their working life by continuous training and the preparation, where appropriate, of individual development plans. In addition, CAF takes responsibility for its employees' professional development, managing their careers and the needs of the organisation through internal mobility.

CAF is committed to taking the necessary measures to eliminate or reduce the occupational risks of all its workforce. With this in mind, CAF has approved an occupational health and safety policy and has deployed certain systems, which go beyond its purely legal obligations and guarantee compliance with the most stringent standards in this field.

CAF is committed to respecting diversity, the right to equal treatment and equal opportunities for men and women. CAF actively promotes the removal of all discrimination, direct or indirect, for reason of sex, and the defence and effective application of the principle of equality between men and women in the workplace, with the increasing establishment of measures which favour a greater work-life balance. The principle of equality of treatment and opportunity between men and women is guaranteed in both access to employment and training, promotion and working conditions. CAF shall take the appropriate decisions and measures in relation to any action that constitutes or causes sex discrimination. To this effect, it has

prepared specific plans which it has distributed amongst the organisation's employees. Another initiative underway in this area is the Anti-Bullying Policy, which adopts measures to prevent such situations from occurring in the company.

CAF is also committed to increasing the integration of disabled people into the workforce and removing any kind of discrimination for this reason.

#### **d) Commitment to Suppliers**

CAF is committed to ensuring that supplier selection process are characterised by the search for competitiveness and quality, guaranteeing equal opportunity between all suppliers of our organisation. The relationships with our suppliers are governed by common principles and are submitted to a rigorous control of quality, compliance and excellence by CAF.

To guarantee this, CAF has developed a supply management process that defines the activities to be carried out by all of the participants within it and which ensures that the aspects referred to above are met.

CAF promotes responsible practices among its suppliers and in this regard has prepared a general framework of action and shared this with its suppliers.

#### **e) Commitment to Society**

CAF is committed to the local, national and international community, developing and promoting initiatives focused on improving the quality of life in those communities where it operates and the environment surrounding its activities. One of CAF's objectives is to be involved with the various communities that it interacts with through its cooperation in the development and support of many public bodies and benchmark public and private institutions.

CAF is dedicated to promoting proactive and participatory action among its employees in relation to its commitment to society, especially with regard to social action and

respect for the social, economic, cultural and linguistic environments that surround the company in those countries in which it operates.

CAF is committed to providing career development opportunities for young professionals, establishing collaboration agreements with educational institutions and public and private organisations. One way of doing this is to encourage student and graduate placements in the organisation, developing learning projects and activities of mutual interest, both in Spain and in CAF headquarters abroad.

CAF has undertaken to support educational, cultural and linguistic activities. To meet this objective, CAF has established collaboration agreements with foundations and public and private institutions.

## **5. STAKEHOLDER COMMUNICATION CHANNELS**

- CAF's main official communication channel is its corporate web page ([www.caf.es](http://www.caf.es)), which is constantly updated and through which the Company channels all the information that could be of interest to shareholders, investors, customers, suppliers and all stakeholder groups in general.

In addition, CAF provides information through the various press releases published in newspapers and the public information it regularly provides to the CNMV.

- CAF is committed to providing its shareholders and investors with complete, accurate and up-to-date information which reflects the real situation of the Company. To do this, in addition to its web page, the Company has also set up a Shareholder and Investor Relations Office to provide a personalised service so as to guarantee full knowledge of the Company and allow correct decisions to be made.

The General Shareholders' Meeting and the regular informative meetings held with institutional investors are other channels that CAF uses to broadcast news on its results and the performance of the Company.

- In relation to Customers, all the activities included in the defined processes guarantee the necessary and suitable communication channels with customers throughout the entire lifecycle, including in the development stages and after finalisation.
- In relation to employees, CAF is committed to promoting dialogue and internal communication. Direct communication channels are established in the various defined processes, promoting the leader-collaborator relationship, and information and communication activities are included in an internal communication process, which is defined in a specific manner with this aim in mind.

CAF has also implemented other communication channels with its employees, such as the CAF portal, the company magazine, the reporting (or "whistleblowing") channel and the internal channel.

## **6. MONITORING METHODS AND SYSTEMS**

CAF's Board of Directors is ultimately responsible for monitoring and enforcing the Company's Corporate Social Responsibility Policy, but it may delegate this to some other body at his own discretion.

## **7. APPROVAL AND ENTRY INTO EFFECT**

This Policy was approved by the Board of Directors of CAF at its meeting of 29 December 2015, with entry into effect from this date.



CAF will report on the development of this Corporate Social Responsibility Policy transparently and periodically, using the media and methods it considers most suitable.

Beasain, 29 December 2015