

2018 SLAVERY AND HUMAN TRAFFICKING STATEMENT OF THE MODERN SLAVERY ACT 2015 (UK)

1. Introduction

Construcciones y Auxiliar de Ferrocarriles, S.A., as the parent company of the CAF Group, and on behalf of all companies that form part of it (hereinafter, "CAF"), 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 briefly describes the commitments and measures implemented for prevention, and if applicable, the elimination of the aforementioned practices in its own organization, in addition to its supply chain. Likewise, CAF is committed to continue advancing in developing the measures launched with this objective.

2. About CAF

CAF is a multinational group with more than 100 years of experience in the provision of comprehensive, cutting-edge transportation systems with high added value in sustainable mobility. It is a benchmark in the rail sector, offering its clients one of the broadest and most flexible product ranges on the market, from comprehensive transport systems to rolling stock, components, infrastructures, signalling and services (maintenance, rehabilitation and financial services), within the segment of products that it handles, including, among others, high-speed rail, regional and commuter trains, metros, trams and LRVs or locomotives.

In the furtherance of its business, CAF operates production plants in Spain, France, the United States, Mexico, Brazil, the United Kingdom and Poland. Besides, the Company has offices and maintenance centres in more than 20 countries across five continents.

For further information about CAF's activities, you can refer to the 2018 Annual Report of the Consolidated CAF Group published on the corporate website www.caf.net.

3. Commitment and Published Rules and Regulations

CAF proclaims our commitment to fighting slavery and human trafficking, and this commitment includes but it is not limited to: (i) complying with the strictest legislation in force in the territories in which CAF carries out business, (ii) scrupulously respecting the fundamental rights contained in the Universal Declaration of Human Rights and the principles set out by the United Nations Global Compact on Human Rights, and (iii) encouraging responsible practices among its suppliers.

These commitments are public and are included as part of CAF's Corporate Governance System (which are the higher-ranking regulations within CAF's set of internal rules and regulations), and more specifically in: (i) the [Code of Conduct](#) of 27 July, 2011 and in (ii) the [Corporate Social Responsibility Policy](#) of 29 December, 2015, published on the corporate website www.caf.net.

4. Measures Implemented

CAF has implemented a series of measures that seek to guarantee the commitments acquired in this regard, both internally and with its suppliers. In this regard, among other measures, CAF: (i) establishes the general principles of its Code of Conduct as standards of mandatory compliance for all of CAF's employees, as well as the commercial suppliers and collaborators, (ii) has a Crime Prevention Manual that applies to CAF's employees, being the Code of Conduct part of it, and among others, it includes specific measures to be followed in relationships with third-parties, (iii) has a Compliance Committee that supervises the effective application of the Code of Conduct and the Crime Prevention Manual, (iv) has established a general whistleblower channel and other specific and labour-related ones, (v) works on continuous development of the Risk Management and Control System in which controls and measures of management of risks regarding Human Rights are included, and (vi) has assigned specific powers of control and supervision of the Corporate Governance System, regarding Corporate Social Responsibility (CSR) 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 2018 that are briefly mentioned below, in addition to other activities implemented, are described in greater detail in the 2018 Corporate Social Responsibility Report that has been prepared in accordance with the essential option of the international standard Global Reporting Initiative (GRI), published on the corporate website www.caf.net.

4.1 Respect for the Moral integrity of Workers

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

4.2 Code of Conduct and the Crime Prevention Manual

Since 2011, 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 any body 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 in the CAF Group Crime Prevention Manual, which was approved by CAF S.A.'s Board of Directors on 29 April, 2015 (first version), which included the Code of Conduct itself as an essential part of it. Both documents are adapted to local legislation in line with the relevant requirements.

This Manual, together with its development and updates, meets the requirements to verify the sufficiency and effective establishment of the existing controls and procedures in the Group with the purpose of preventing, in as far as is possible, the risk of relevant crimes in relation to the CAF Group activities and their consequences.

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

On the same note, the General Principles of CAF's Code of Conduct are mandatory rules of conduct and ethical standards which establish the scrupulous abiding by the laws, Human Rights, civil liberties and Fundamental Rights, and compliance with principles of equal

treatment and non-discrimination, protection against the exploitation of child labour, and any other principles embodied in the Universal Declaration of Human Rights and the United Nations Global Compact initiative in the field of Human Rights, Labour, Environment and Anti-Corruption.

In like manner, the CAF Group Crime Prevention Manual is periodically reviewed with the final modification approved by the Board of Directors of CAF, S.A. on 18 December, 2018. Further to the approval of any new version of the aforementioned Manual or of its development, the appropriate dissemination and training measures will be adopted.

In 2018, CAF's effort was notable in the aforementioned activities of dissemination and training of the Crime Prevention Manual and the Code of Conduct that include, 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 the document was drawn up, the parent company and national subsidiaries achieved that 93% of the people included in the training plan for these aspects had completed said training. In 2018, significant international progress has been made, having embarked on 98% of the scope of consolidation of the training programmes. In excess of 3,800 people have received training on these matters, which amounts to 91% of the eligible personnel. 687 people are currently taking part in this programme. There is also a system by which new employees receive training, with this programme included as part of the new employee recruitment plans. All training materials are kept up to date.

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

4.3 Approval of Suppliers and Control of the Supply Chain

Specifically regarding suppliers, CAF requires all of them, without exception, to comply at all times with the general principles in the Code of Conduct. CAF reserves the right to take measures in the event of identifying non-compliance with this commitment.

To do so, CAF has a supplier approval procedure which establishes asking suppliers whether or not they operate a Code of Conduct, Code of Ethics, or equivalent, and formalizes an effective commitment of suppliers to comply with the general principles of CAF's Code of Conduct, usually by signing for that purpose the general conditions or another contractual document, as applicable. This approval procedure is an essential prerequisite for building the commercial relationship.

In addition to this, in financial year 2018, the Vehicle business, the most relevant in terms of turnover, passed its Purchase Policy and the Code of Conduct of Suppliers, which develop the commitments already established in the CSR Policy and Code of Conduct of the Group.

In the same vein, so as to assess supplier fulfilment of the Code of Conduct, in financial year 2018, the CAF Group significantly improved their Responsible Purchasing Programme through the following actions:

- Joining the Railsponsible sector initiative aimed towards broadening sustainable practice along the rail industry value chain.
- A collaboration agreement with the company Ecovadis, which specialises in sustainability assessment.
- Environmental Management and corporate Social Responsibility training of 36 people who take part in the purchasing process, including Category Managers, Purchasers and the Supplier Certification team of CAF S.A.
- MiiRA and the Vehicle Business Units have implemented an appraisal campaign on the fulfilment of CAF's Code of Conduct aimed towards suppliers of materials and equipment with a significant effect on the environment, as well as any operations in

countries with social factor risks. The relevant measures to reduce the detected effects are requested, as applicable.

4.4 Compliance Committee

The Compliance Committee is a body with autonomous monitoring and control powers, which, among other functions, is in charge of supervising the crime prevention model implemented through the Crime Prevention Manual, checking the application of and compliance with CAF's Code of Conduct and supervising the complaints channel mentioned in the following section 4.5.

CAF Group's Crime Prevention Manual envisages that the Compliance Unit or Committee can assign a Delegate, which will functionally report to it, in the branches or subsidiaries of the CAF Court for those jurisdictions in which, the local valid legislation so demands, or when it is recommended given the size or characteristics of the branch or subsidiary.

4.5 Whistle-Blower Channel

CAF's Code of Conduct and Crime Prevention Manual determine the existence of a unique whistle-blower channel to communicate the general complaints, which is supervised by the Compliance Committee.

Regardless of the foregoing, for situations such as discrimination, abuse, mobbing or safety in the workplace, specific channels are established for the communication and addressing of any inappropriate conduct that could occur in said areas.

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

4.6 Risk Control and Management

As stated in more detail in the Annual Corporate Governance Report of Listed Companies for the 2018 financial year approved by the Board of Directors of the parent company on February 27, 2019, 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 it is based on a range of strategic and operational actions in order to manage risks and meet the objectives set by the Board of Directors.

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

In the framework of the permanent development of the Risk Management and Control System, the latter includes controls and measures of management of risks regarding Human Rights.

4.7 Powers of Control and Supervision of the Corporate Governance System, regarding CSR aspects and Reporting Non-Financial Information, and Supervision of the Risk Management and Control System

As an expression of CAF's firm commitment at the highest level and across the organization regarding regulatory compliance, Human Rights and social aspects, the Appointment and Remuneration Committee of the parent company's Board of Directors has been entrusted, among other functions associated with the general control of the Corporate Governance System, with the following powers regarding CSR aspects and reporting non-financial information: (i) Supervising compliance with the internal codes of conduct and the company's corporate governance rules and (ii) Coordinating the non-financial information reporting process.

Within the framework of these functions, during financial year 2018, a timely report was submitted to the Appointment and Remuneration Committee for the Supervision and Appraisal of the CSR Policy and said Committee has issued a Corporate Governance Supervision and Appraisal Report and an CSR Initiatives Supervision and Appraisal Report.

Also, pursuant to the aforementioned commitments, the Auditing Committee of the Board of Directors has the power to supervise the Risk Management and Control System, which includes both financial and non-financial aspects.

In financial year 2018, the periodic report was submitted to the Auditing Committee, which also reported to the Board of Directors with regards to the overall situation of CAF Group risks.

5. Approval

This statement was approved by the Board of Directors on February 27, 2019 in accordance with the requirements set forth in the *Modern Slavery Act 2015 (UK)*, and corresponds to the financial year ended December 31, 2018.

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



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y Auxiliar de Ferrocarriles, S.A.
on behalf of CAF Group

Beasain on February 27, 2019