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Cubic Transportation Systems

Supplier Prompt Payment Action Plan

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0 Preliminaries

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0.2 Approvals

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0.3 Document History

Rev.	Date	Author	Change Description Summary / DRM #
0.1	28/05/2025	Cubic	Rev A Initial draft of document
0.2	27/06/2025	Cubic	Rev B Minor document updates

0.4 Detailed Reason for Change / Change Description for this Revision

This Revision (B): Minor document updates

0.5 Internal Distribution

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0.6 External Distribution

Name	Organisation	Name	Organisation

0.7 Bibliography

0.7.1 Referenced Documents

N/A

0.7.2 Associated Publications

N/A

0.7.3 Glossary and Abbreviations / Acronyms

CAR: Corrective Action Request

CTS: Cubic Transportation Systems

CTSL: Cubic Transportation Systems Limited

IMR: Integrated Management Review

KPI: Key Performance Indicator

PIR: Post Implementation Review

PO: Purchase Order

SLA: Service Level Agreement

SPI: Subsidiary Performance Indicator

Table of Contents

0	Preliminaries.....	2
0.1	Published By.....	2
0.2	Approvals.....	2
0.3	Document History	2
0.4	Detailed Reason for Change / Change Description for this Revision.....	2
0.5	Internal Distribution.....	2
0.6	External Distribution.....	2
0.7	Bibliography	3
0.7.1	Referenced Documents.....	3
0.7.2	Associated Publications	3
0.7.3	Glossary and Abbreviations / Acronyms	3
1	Introduction.....	5
1.1	Cubic's existing practices	5
1.2	Rectification Plan	5
1.3	Monitoring and reporting.....	6

Table of Tables

Table 1 - Actions to address root causes of delayed payment	6
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1 Introduction

1.1 Cubic's existing practices

Cubic's commitment to fair payment practices is reflected in several key aspects of their sub-contract and supplier management strategy:

1. **Transparent Payment Terms:** Cubic ensures that payment terms are clearly outlined in sub-contract agreements, specifying clear payment terms within our supplier agreements and sub-contracts. This transparency helps establish trust and reliability with suppliers.
2. **Invoice Verification:** Cubic employs rigorous invoice verification processes to ensure that payments are made based on accurate and legitimate charges. This involves a detailed review by designated personnel who validate invoices against verified performance and delivery claims.
3. **Regular Monitoring and Reporting:** The Sub-contract Management team, in collaboration with the Finance Team, regularly monitors supplier and sub-contract costs and financial transactions to ensure they align with contractual agreements. This ongoing oversight helps prevent discrepancies and ensures financial commitments are met fairly.
4. **Financial Stability Checks:** Cubic conducts regular assessments of its suppliers and sub-contractors' financial health using tools like Experian, Equifax, and RISQS, ensuring that suppliers are financially stable and capable of fulfilling their obligations. This proactive approach supports fair payment by ensuring suppliers and sub-contractors are not unduly burdened.
5. **Equitable Resolution of Disputes:** In the event of payment disputes or discrepancies, Cubic follows established procedures to resolve issues fairly. This includes direct communication with suppliers and sub-contractors to clarify misunderstandings and ensure payments are processed correctly.
6. **Governance and Compliance:** Cubic adheres to strict governance frameworks that include compliance with industry standards and contractual obligations, ensuring that payment practices are fair and ethical.

1.2 Rectification Plan

Whilst we use robust processes there are instances when we have been unable to pay within our targeted dates. We have assessed the root causes of failure to pay:

- 95% of all supply chain invoices within 60 days; and
- all invoices within agreed terms.

and have provided the action plan in Table 1 to address. Each of these rectifications will be allocated as a Corrective Action Request (CAR) allowing them to be tracked through our corrective action process. All actions are scheduled to complete ahead of the framework award.

Table 1: Actions to address root causes of delayed payment

key issues	Targeted solutions	Status	Complete by
Missing and incomplete information	Introduce a “No PO, No pay” policy for better compliance.	Underway	01 st September 2025
Slow internal approval workflows	Implement reminder emails to the approvers where they are provided with invoice count and amount detail and the age of the invoice is identified (from receipt).	Underway	01 st September 2025
Invoice discrepancies	Introduce SLAs for buyers to act on the PO discrepancies and route invoices to accounts payable for further processing	Underway	01 st September 2025
High volume invoices	Process automation to minimize the manual efforts and enable faster invoices postings	Underway	01 st September 2025

1.3 Monitoring and reporting

Cubic will monitor and control these actions through several mechanisms:

1. **Corrective Action Process:** The Corrective Action Request (CAR) system is used to manage non-conformances. It follows the ‘8D’ problem-solving methodology to ensure timely action and prevent recurrence. The effectiveness of corrective actions is reviewed within six months after closure.
2. **Management Review:** An integrated management review (IMR) is held quarterly, led by the Managing Director and facilitated by the Quality Manager. It evaluates the need for changes to policies and objectives and reviews the effectiveness and suitability of the management systems. Corrective actions are reviewed during this meeting.
3. **Internal Audits:** Internal audits are conducted based on a risk-based Quality Audit Schedule. They aim to ensure compliance with the Quality Management System processes and to identify opportunities for improvement. Auditors are selected based on expertise, location, availability, and impartiality.
4. **Quality Audit Reports:** These reports are prepared after audits, detailing objectives, scope, findings, and any non-conformances. They are reviewed and approved before release, providing a structured way to track issues and actions.
5. **Monitoring and Measurement:** Processes are monitored using the BS EN ISO 9001 Plan Do Check Act methodology, focusing on both quality and efficiency. includes analysing key performance indicators (KPIs) and Subsidiary Performance Indicators (SPIs).
6. **Post Implementation Reviews (PIRs):** PIRs assess the effectiveness of changes and corrective actions, ensuring that improvements are sustained and aligned with contractual obligations.

These mechanisms will collectively ensure that actions are systematically tracked, analysed, and controlled to maintain high-quality performance and compliance with policy and contractual requirements.