



SUSTAINABILITY REPORT

2019

STADLER

Dear Reader

In 2019, more than half the world's population was living in cities. The UN estimates that this number will increase to more than two-thirds by 2050. As the populations of our cities continue to grow, so too will the demand for transport capacity. For Stadler, this is an opportunity to expand further and to generate value for our customers and shareholders. Stadler wants to ensure that this growth is sustainable, while at the same time protecting the environment and conserving resources. Furthermore, we want to measure our impact on society and the environment wherever possible, and make this information transparent for all stakeholders. For this reason, we are pleased to announce that, starting this year, we will regularly report on our progress in terms of sustainability and share these updates with you.

The Sustainability Report offers information about our approach and the current state of our ongoing projects in the areas of governance, products, employees, the environment and society. Our strategies and actions are based on the United Nations' Sustainable Development Goals (SDGs). In 2020, we are planning to formulate a sustainability strategy and to further expand our sustainability management measures in the coming years. This includes the development of Group-wide guidelines and objectives that we will adopt over the course of 2020 and that will go into effect in 2021.

For us, 2019 was a year that was shaped by exceptionally strong growth. We received orders totalling CHF 5.1 billion, resulting in a record-breaking backlog of orders of CHF 15 billion. The number of employees around the world grew by approximately 25 per cent to a total of around 11 000. Over the course of the year, we delivered 444 vehicles, which is roughly 80 per cent more than in the previous year. By continually developing our railway vehicles and services, we are doing our part to help reduce global greenhouse gas (GHG) emissions and minimise the ecological footprint of railway transport.

With this report, we not only want to give an account of our environmental management measures and our role as an attractive employer for the first time ever; we also want to offer the reader a glimpse into the design and development processes that go into manufacturing rolling stock. In 2019, Stadler invested a great deal in digitalisation, new vehicle concepts and new technologies. The results of this investment include, for example, the innovative battery-operated FLIRT, a completely new tram model, as well as the FLIRT H₂, a hydrogen-powered multiple unit.

In order to increase the capacity of the existing infrastructure, we must be able to operate more trains on these systems. This is made possible through increased automation. Intelligent, connected trains are more punctual and consume less energy. For this reason, demand for driver-assistance systems, which



are similar to autopilot systems in airplanes, will become increasingly important for trains as well. These Automatic Train Operation systems (ATO systems) move trains at constant speeds and with energy-optimised running behaviour. Stadler has developed its own ATO system, which is currently being tested in Switzerland, the Netherlands and Sweden. Depending on the traffic situation, ATO systems make it possible to increase capacity by up to 20 per cent and to save up to 30 per cent in terms of energy consumption. With its two additional digital products, the European Train Control System (ETCS) and communication-based train control (CBTC), Stadler is also playing an active role in shaping the future of rail travel.

We believe that with safe, comfortable, environmentally-friendly railway vehicles, we can get even more people excited about travelling by train or tram. This is why we act responsibly and demonstrate our commitment – in all 41 countries where Stadler trains are in operation.

Find out for yourself on the following pages.

A handwritten signature in black ink, appearing to read 'P. Spuhler'.

Peter Spuhler
Chairman of the Board of Directors, Group CEO a.i.

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THE STADLER RAIL GROUP

Stadler is a successful global systems supplier for the construction and operation of railway vehicles. A company with Swiss roots and strong ties to the region, Stadler has built trains for more than 75 years, and has recently experienced a period of rapid growth. By providing innovative, durable transport solutions, we are contributing to the sustainable mobility of the future.



PROFILE

Stadler employs around 11 000 people worldwide and offers a comprehensive range of products in the railway and commuter rail segments: high-speed trains, EE trains, regional and suburban trains, subway trains, tram trains and trams. In addition, the company manufactures locomotives and passenger carriages. We are also the world's leading manufacturer of rack-and-pinion rail vehicles.

Stadler builds a number of trains with alternative drives: rechargeable batteries, hybrid, hydrogen. As a result, Stadler's model series such as FLIRT and WINK can be designed as purely battery-operated vehicles or as hybrid vehicles. In combination with the light-weight aluminium composite construction of the car bodies and Stadler's automation solutions, these innovative drive concepts help to increase the environmental performance of railway transport even further.

We also offer our customers a comprehensive range of services from repairs and maintenance all the way to revision and refurbishment of rolling stock. Furthermore, our centre of excellence for signalling develops digital solutions for autonomous driving and train protection systems.

As the global population grows and more people move to urban areas, demand for environmentally friendly mobility solutions is increasing around the world. Against this backdrop, Stadler has been able to expand continually and rapidly in the past two decades, thanks in large part to its pronounced customer focus, specialist expertise and reliability. To date, our company has sold more than 8 000 train units in 41 countries, the majority of which were sold in Europe, but also in the US, Russia and North Africa. Stadler's consolidated turnover has increased more than tenfold from CHF 161 million (2000) to CHF 3.2 billion (2019). At a total of CHF 15 billion, the backlog of orders at the end of 2019 was higher than ever.

OUR VALUES

We build trains from the perspective of our customers. Stadler listens, develops and builds optimal railway vehicles not only on behalf of, but also together with its customers. For us, each project is a personal matter.



Cutting-edge technology

Stadler never stands still. We continuously develop our technologies so that all vehicles are up to date at all times.



Cost-effectiveness

Stadler stands for profitability – thanks to high availability, low maintenance, energy efficiency and low life-cycle costs.



Partnership

Stadler supports its customers as a strong partner from the initial contact up to delivery and beyond. Our many long-standing relationships are proof of this.



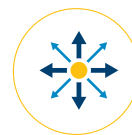
Responsibility

Stadler understands the responsibility that the company bears on behalf of its many stakeholders, the environment and society as a whole.



Reliability

Stadler is reliable. As an experienced expert partner, we provide top quality on time under the agreed terms and conditions.



Flexibility

Stadler takes a clear position: there's no such thing as «no can do». Our engineers and designers are committed to satisfying all our customers' requests.

MARKET

Stadler produces in the heart of Europe. With an average annual total volume of around EUR 60 billion, this continent is the world's most important market for the rail technology industry. While Asia is nearly on par with Europe in terms of sales, it has lost momentum somewhat in recent months. With a projected annual growth rate of around four per cent, industry attention has once again shifted back to Europe and North America.

Until just a few years ago, major German and French corporations dominated the global rail market. In the interim – measured on the basis of sales – Chinese manufacturers have taken over the market leadership. In addition to established suppliers, ambitious companies like Stadler are also becoming increasingly competitive on the market. The growing numbers of competitors on the market will serve to heighten the competition on a global scale.

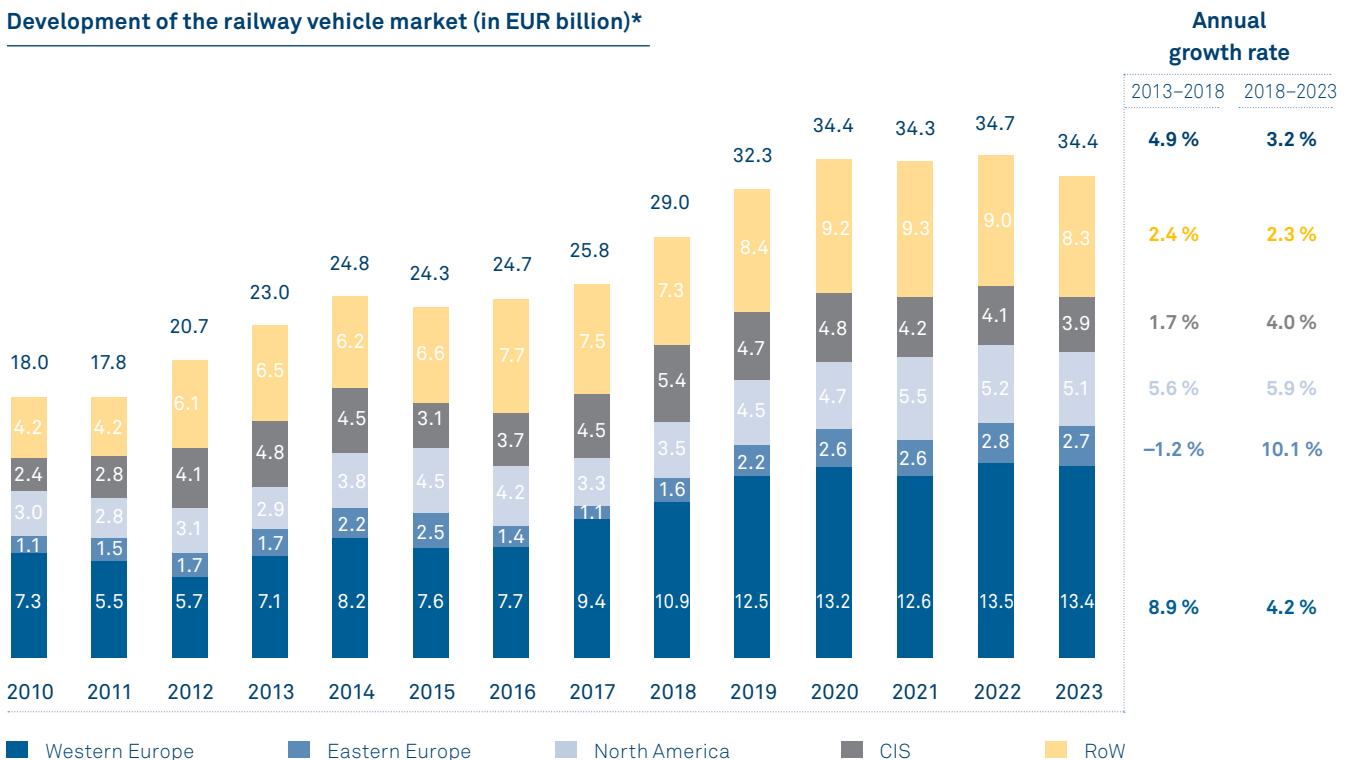
In recent years, Stadler has continually gained market share – both through acquisitions as well as through the company's own growth. In the US, the Group opened a plant in Salt Lake City in spring 2019, with 350 employees. In Germany, Stadler's Berlin/Pankow site was extended during the reporting period. Furthermore, Stadler opened a suburban depot in Herne. In Lodz,

Poland, the company also commissioned a new service site. In terms of the domestic market, at the end of 2019 we moved into a new production plant in St. Margrethen that replaced our Altenrhein location. This investment will allow us to strengthen our competitive position and demonstrates our commitment to remaining in Switzerland.

In addition to the advancing electrification of routes and the construction of high-speed connections, one of the key technological trends in the industry are alternative drive concepts for reduced emissions during operation. Further trends include digitalisation and automation of rail vehicles and technology with the long-term goal of fully automated operation. With pilot projects in all of these areas, Stadler is on the cutting edge of technological development.

Moreover, the company is also forging ahead with standardisation. On the one hand, standards form the basis for the digital transformation of the railway sector. On the other, standard components offer countless advantages for companies – whether they are active on the market as a manufacturer of standard industrial components or whether they, like us, implement specific railway applications as a systems supplier.

Development of the railway vehicle market (in EUR billion)*



The market for railway vehicles is expected to enter into a phase of stable growth, whereby CIS refers to the Commonwealth of Independent States and RoW refers to the rest of the world.

* Source: SCI Raildata.

ORGANISATION

Stadler is a public limited company and has been publicly traded on the SIX Swiss Exchange since spring 2019. Around 41.5 per cent of shares are held by Chairman of the Board of Directors Peter Spuhler either directly or via PCS Holding AG. The RAG-Stiftung foundation holds 4.5 per cent of all shares. The remaining 52 per cent are either free float shares or are held by management.

Stadler operates a total of six production locations: Bussnang, Rheintal (Altenrhein and St. Margrethen), Salt Lake City, Berlin, Minsk, Valencia and Siedlce (Poland). The company also has five component manufacturing plants: Środa, Valencia, Winterthur, Biel and Szolnok. Furthermore, Stadler Rail Service (SRS) maintains more than 40 service centres in Northern Europe (UK,

Sweden, Norway, Denmark, the Netherlands), Eastern Europe (Hungary, Serbia, Poland), Central and Western Europe (Switzerland, Italy, Spain, Germany), Russia and Algeria. The Stadler Rail Group is split up into six divisions, each of which is headed by a member of Group Executive Board. The Group headquarters are located in Bussnang in Eastern Switzerland.

Stadler is a systems integrator. This means that the most important components are manufactured in-house. These components include, for example, car bodies or bogies. All other parts come from a long, mostly multi-stage supply chain that reaches around the globe. Guaranteeing top quality plays a central role in the procurement process. The various components must be delivered on time and the quality must be excellent. In addition, Stadler is also obligated to comply with a range of standards.

Locations at a glance

Locations	Production	Components	Service
STADLER SWITZERLAND			
Bussnang, TG	●		●
Altenrhein, SG	●		
St. Margrethen, SG	●		
Winterthur, ZH		●	
Biel, BE		●	
Wil, SG			●
STADLER AROUND THE WORLD			
Algeria, Algiers			●
Denmark, Aarhus			●
Germany, Berlin	●		●
Germany, Herne			●
Germany, Essingen			●
France, Montceau-les-Mines			●
The Netherlands, Hengelo			●
The Netherlands, Leeuwarden			●
The Netherlands, Nieuwegein			●
The Netherlands, Twello			●
The Netherlands, Venlo			●
The Netherlands, Blerick			●
Israel, Kishon			●
Italy, Merano			●
Italy, Sassari/Macomer			●
Italy, Bolzano			●
Italy, Venice/Bologna			●
Italy, Turin			●
Norway, Bergen			●
Norway, Oslo			●
Austria, Vienna			●
Poland, Siedlce	●		
Poland, Środa Wielkopolska		●	
STADLER AROUND THE WORLD (CONT'D)			
Poland, Warsaw			●
Poland, Katowice			●
Poland, Lodz			●
Portugal, Poceirão			●
Russia, St. Petersburg			●
Sweden, Stockholm			●
Sweden, Västerås			●
Serbia, Belgrade			●
Spain, Valencia	●	●	●
Spain, Alicante			●
Spain, Mallorca			●
Spain, Madrid			●
Spain, Lleida			●
Hungary, Szolnok		●	●
Hungary, Pustaszabolcs			●
Hungary, Budapest-Istvántelek			●
Hungary, Szombathely			●
UK, Liverpool			●
UK, Glasgow			●
UK, Norwich			●
UK, Sheffield			●
USA, Salt Lake City	●		
Belarus, Minsk	●	●	●

INTERESTING FACTS AND FIGURES

Stadler – the systems supplier of solutions for railway vehicle construction, with headquarters in Bussnang, Switzerland.

20

COUNTRIES ARE HOME
TO STADLER LOCATIONS

41

COUNTRIES IN WHICH
STADLER VEHICLES
ARE IN OPERATION

30 419

REGISTERED SHAREHOLDERS
AS OF 31.12.2019

10 918

EMPLOYEES WORLDWIDE

(average FTE 01.01.2019–31.12.2019)

13 MN

PASSENGERS ARE TRANSPORTED
BY TRAIN DURING ITS LIFESPAN

7 000

SUPPLIERS IN OUR
SUPPLIER NETWORK

9 g

CO₂ EQUIVALENT PER PASSENGER
PER KILOMETRE FOR A KISS VEHICLE

5.2 MN

KILOMETRES IS THE DISTANCE TRAVELLED BY A TRAIN DURING ITS LIFESPAN

40 000

ELECTRICAL CONNECTIONS GO INTO A 4-CAR FLIRT VEHICLE

100 000

INDIVIDUAL PARTS MAKE UP A 4-CAR FLIRT VEHICLE

9 000

METRES OF WELDING GO INTO A 4-CAR KISS VEHICLE

140

KILOMETRES OF CABLE GO INTO A 4-CAR KISS VEHICLE

22 000

ELECTRICAL PARTS GO INTO A 4-CAR FLIRT VEHICLE

35

TONNES OF USEFUL LOAD FOR A 4-CAR FLIRT VEHICLE

SUSTAINABILITY STRATEGY

The subject of sustainable drive systems has deep roots in Stadler's history thanks to the efforts of its founder and first owner, Ernst Stadler (1908–1981). Having studied high- and low-voltage engineering and with a passion for innovation, Ernst Stadler was interested in automobiles and their electrical systems from early on. At that time, resources such as fuel (coal and mineral oil) were becoming increasingly scarce due to the Second World War. As a result, alternative drive technologies were becoming increasingly popular. Electricity from local hydropower was the most environmentally friendly option. During this period, Ernst Stadler was the Head of Electrical Services of an automotive plant in Zurich, and it was here that his innovations in the area of converting petrol-powered vehicles to electronic drives attracted a great deal of interest from customers.

Before the end of the Second World War, Ernst Stadler founded his own company with a focus on converting vehicles to battery operation. Brick factories in particular were interested in the electrically operated locomotives since their businesses were also impacted by fuel rationing measures. As a result, Ernst Stadler began to spend more time developing an electrical drive for the conversion of locomotives. He placed a great deal of importance on the durability of his designs in order to ensure that they were optimally suited to the environments in which they would be used.

He was able to make a number of innovative breakthroughs in the following years. Because his battery-operated locomotives soon reached their limits on long routes, Ernst Stadler developed the first generation of bimodal locomotives for powering industrial railways for the International Rhine Regulation Railway (IRR). These locomotives were equipped with a battery that allowed them to travel short distances without a contact line.

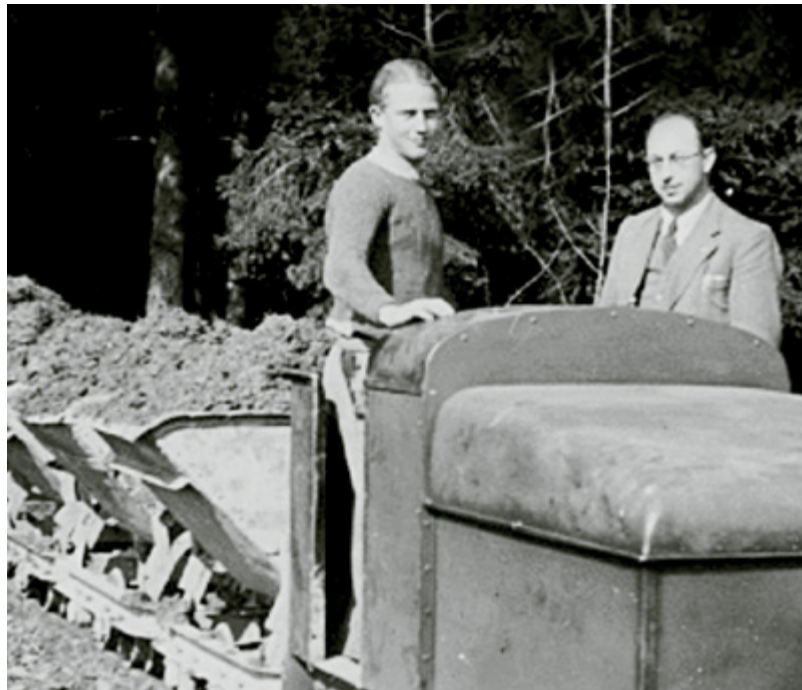
This short anecdote demonstrates how Ernst Stadler's pioneering spirit and innovative ideas were able to turn the use of locomotives with electric drives into the cornerstone of Stadler's sustainability concept, which is reflected today in the company's current sustainability efforts within the global context of climate change.

Since these early sustainability efforts, Stadler has become a large company with a wide-reaching impact. Given its expansion in recent years, Stadler wants to assume responsibility for its growing number of employees and business activities along with the resulting environmental impact. According to the Inter-

governmental Panel on Climate Change (IPCC), the industrial sector is responsible for around one-fifth of the global greenhouse gas emissions caused by economic activities. Stadler wants to do its part to prevent climate change.

Stadler recognises its corporate responsibility to society and aims to strike a balance between the three dimensions of sustainability – economy, ecology and society – in all of its business activities. Our efforts include our products and services, production facilities, employees, business partners as well as other stakeholders. By offering innovative, long-lasting transport solutions, we contribute to the sustainable mobility of the future and generate value for future generations.

The Stadler Rail Group pursues a decentralised management approach that not only considers the various requirements of the different divisions, but also of the various regions where our facilities are located. Moreover, all of the divisions are run based on the latest management, environmental and safety systems in accordance with the relevant ISO standards such as 14001 and 45001 (see also the table on page 38 in chapter 4). We have a number of established structures and processes in place that contribute to the sustainable development of the company, in particular our QEHS management system.



1943 Ernst Stadler (right) in front of his first battery-operated vehicle.

As stated in our Management Manual, «Stadler's long-term success greatly depends on our ability to continuously improve the quality of our services and products while also protecting people and the environment.» For this reason, the company obligates all of its employees and contractors to actively contribute to and take responsibility for work safety as well as health and environmental protection. Furthermore, Stadler promotes open communication with all stakeholders (top-down/bottom-up, internal/external) to ensure understanding of and compliance with the regulations, standards, programmes and services that have been adopted in order to guarantee work safety and health and environmental protection.

Sustainable development has been a top priority for Stadler for many years. However, the Group does not have an actual sustainability management system in place to pool the existing policies and coherently develop new ones. Only our locations in Bussnang (CH) and Siedlce (PL) are members of the EcoVadis network (silver status), which regularly assesses their efforts in terms of corporate social responsibility.

In conjunction with its initial public offering, Stadler has laid the groundwork for systematic sustainability management during the reporting period. As part of an internal process, the compa-

ny has defined five key areas of action that will be used to structure its efforts from here on. The company will also issue regular reports on its progress in these areas. The chapters of this initial sustainability report have been divided up into these areas: governance, products and services, employees and leadership, environment and society.

To develop and firmly anchor a comprehensive sustainability strategy within the company, Stadler is planning to implement the following measures by the time the next Sustainability Report is published:

- Execution of a materiality analysis in accordance with the GRI standard
- Definition of Group-wide sustainability guidelines in the five key areas
- Definition of binding, Group-wide targets
- Involvement in sustainability partnerships
- Publication of a Sustainability Report in accordance with the GRI standard



2018 Press trip with the first battery-operated FLIRT.

OUR CONTRIBUTION TO THE SDGS

Stadler's business activities help to realise the UN's Sustainable Development Goals (SDGs), in particular:

8

DECENT WORK AND ECONOMIC GROWTH

SDG 8 – Decent work and economic growth: Stadler has continued to grow and create jobs around the world with attractive working conditions. In this way, the company is making a major contribution to improving job opportunities in a number of different regions.

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE

SDG 9 – Industry, innovation and infrastructure: We create and implement modern, efficient production infrastructures and processes with the aim of contributing to a green economy.

11

SUSTAINABLE CITIES AND COMMUNITIES

SDG 11 – Sustainable cities and communities: With the construction and maintenance of trains, Stadler contributes to sustainable mobility in urban centres, rural regions and entire countries. Modern technology and digitally connected transport concepts reduce emissions to a minimum.

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12 – Responsible consumption and production: We use ecodesign processes when designing our vehicles. These processes increase resource efficiency, conserve resources and reduce waste in a targeted way.

13

CLIMATE ACTION

SDG 13 – Climate action: By implementing small and large measures to reduce energy consumption in our workshops and administrative buildings every year, we also reduce CO₂ emissions in our own company.

STAKEHOLDERS

Stadler maintains a permanent dialogue with its internal and external stakeholders. The most important stakeholders are:



EMPLOYEES



CUSTOMERS



SUPPLIERS



SHAREHOLDERS

OUR CORPORATE SOCIAL RESPONSIBILITY (CSR) PRINCIPLES

The following guidelines apply for Stadler's locations in Switzerland in accordance with the Stadler Management Manual. Given the fact that the Stadler Rail Group has grown in recent years in large part as the result of joint ventures and takeovers of other companies, the other locations have their own core values, mission statements and principles.

EMPLOYEES

Based on our «Vision Zero» strategy for preventing workplace accidents, we are committed to providing a safe working environment for our employees in order to protect their health.

PARTNERS

We enter into long-term relationships with reliable partners and work continuously to maintain and develop these relationships, as well as on the joint development of new products and solutions.

ENVIRONMENT

We prefer environmentally friendly, zero-footprint products not only when it comes to optimising our waste management, leading to a reduction of waste, CO₂, and VOCs, but also in the development of new products. Naturally, we comply with the EU regulation concerning Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and therefore avoid using conflict minerals as a matter of course.

STAKEHOLDERS

We know our stakeholders (internal and external) and regularly assess their interests and influence.

GENERAL PUBLIC

As a fundamental principle, we are committed to compliance with legal and regulatory provisions (legal compliance). Moreover, we are dedicated to the promotion of close, transparent relationships with our direct neighbours, communities and cantons.

NON-GOVERNMENT ORGANISATIONS (NGOS)

Our commitment also includes supporting charitable organisations and helping people in need.



AUTHORITIES



TRADE UNIONS



MEDIA



NGOS



BUSINESS PARTNERS



NEIGHBOURS NEAR AND FAR



INVESTORS

GOVERNANCE

Stadler complies unconditionally with all applicable local, national and international laws, guidelines and regulations in all of its business activities. Furthermore, the company holds itself to strict ethical principles and stands by its social responsibility. Our Code of Conduct, which applies to all of our employees and our business partners, guides all of our actions.



Both our success and our reputation are based on the trust that shareholders, employees, business partners, government agencies and the general public place in us. We want to earn this trust in all respects. This is why responsible business practices are a part of our company culture. This is particularly important because we are active in a large number of countries. Furthermore, in the public sector, which is home to many of our customers, there are especially strict standards in place in terms of compliance. Given all these factors, Stadler pays a great deal of attention to governance on the Executive Board and has created a state-of-the-art compliance management system.

Our compliance programme embodies our company's values and principles. It is comprised of a mandatory Compliance Directive, the Code of Conduct, and a number of related instructions, guidelines, sample contracts, and checklists as well as training sessions and corresponding measures to raise awareness. An external auditor regularly assesses whether our system for monitoring compliance is still up to date and whether we are complying with the relevant provisions.

COMPLIANCE MANAGEMENT

The Stadler Rail Group's Audit Committee is made up of three members of the Board of Directors. Among other things, the committee monitors the effectiveness of the compliance programme and the compliance organisation. Moreover, it offers new ideas for ways to change and update the programme and the organisation, should this become necessary based on changes to laws, established best practices, or risk evaluations as the result of new circumstances. Further, the Audit Committee connects the compliance programme with the other corporate functions as well as the monitoring and control systems. This includes, for example, monitoring the assessments in the internal monitoring system (IMS).

The company has a Chief Compliance Officer (CCO) who reports directly to the Group Chief Executive Officer (CEO). It is the responsibility of the CCO to implement the compliance programme across the Group and to continually develop it. He also supports and monitors training courses on this subject. Employees who are in contact with external partners in particular go through regular compliance training. The CCO regularly meets with the Group CEO and the Audit Committee to exchange information, compile reports and notify them of any breaches.

Furthermore, each of our divisions also has their own local Compliance Officers who functionally report to the CCO. They implement the compliance programme within their respective divisions, thereby ensuring the Group-wide consistency of the programme.

The company pays particularly close attention to our agents, who work for Stadler as consultants or intermediaries. Our global network of local agents helps our company to initiate projects. We only contract these intermediaries after they undergo a thorough investigation and examination. Furthermore, Stadler subjects these agents to regular compliance checks, which are carried out by external institutions.

The agents are obligated to submit regular reports and their invoices are inspected by multiple authorities before they are approved for disbursement. If the slightest doubts arise as to an agent's integrity, measures are taken in accordance with the Compliance Directive.



CODE OF CONDUCT

The Stadler Code of Conduct (CoC) defines our company's core principles and values across all locations. The CoC serves as a guide for all employees at all locations. There is a specific Code of Conduct for business partners that all partner companies, suppliers and subcontractors are obligated to sign.

We do everything we can to ensure that our business practices are ethical and legal. At Stadler, it is strictly forbidden to promise, request, provide or receive any advantages that could influence the decision of the recipient. Moreover, illegal market agreements, price agreements or other agreements are also prohibited. We do not share any incorrect or confidential information about the company or its products or about competitors and their products. The Group complies with all corresponding provisions and demands the same from all of its business partners.

The Code of Conduct also defines concrete rules for accepting and giving gifts. Whether they are the giver or the recipient, employees can find guidelines here about which gifts and favours are acceptable and which are not. Moreover, the CoC provides rules regarding confidentiality and protection of Stadler's copyright and intellectual property rights. Lastly, the CoC also states that conflicts of interest will not be tolerated. Possible or actual conflicts of interest must be reported as soon as possible.

If any employee observes or suspects a breach of the Code of Conduct or the statutory provisions, they can contact their direct superior, their local Compliance Officer or the Chief Compliance Officer at any time. They can also send this message anonymously via the intranet. Any and all breaches will be investigated, corrected and appropriately penalised.

The three core principles of the Code of Conduct

INTEGRITY

Stadler recognises and complies with all applicable legislation and internal regulations. Requesting or accepting undue benefits («passive corruption») or promising or granting undue benefits («active corruption») is strictly prohibited, as are all forms of inappropriate business practices such as, for example, practices that are prohibited under competition law. Moreover, employees must also avoid conflicts of interest. Confidential information must be treated as such.

ETHICAL BEHAVIOUR

Stadler not only creates connections in a geographical sense, but it also wants to encourage harmonious partnerships at the interpersonal level. Stadler employees are expected to treat others with respect, tolerance and courtesy. Discrimination and all other forms of dismissive behaviour will not be tolerated.

SENSE OF RESPONSIBILITY

Stadler is aware of its responsibility towards its employees, business partners and shareholders, but also of its responsibility to protect the environment. The Group is a reliable business partner that meets its obligations in a conscientious and timely manner. Each individual employee contributes to this positive overall impression.

SUSTAINABLE SUPPLY CHAIN

The Stadler Rail Group chooses its suppliers carefully and places great emphasis on close, long-term business relationships. We procure materials, specific components, IT equipment and communications equipment and services from external partner companies. Furthermore, we work together with partners for office and workshop cleaning, for maintenance services, transport, and also for marketing or for our office furniture and supplies. We also utilise professional services from auditors, legal consultants, banks, insurance providers and recruitment agencies. On the whole, we maintain a supplier network of around 7 000 suppliers. This is why it is such a challenge for us to monitor whether our requirements are being complied with everywhere at all times.

It is important to us that the products we procure are manufactured in accordance with sustainability criteria. The raw materials should be obtained in an environmentally friendly manner. The working conditions for our suppliers' employees must comply with the relevant standards.

Whether they are suppliers, subcontractors or otherwise connected to our company, we expect all of our business partners to also comply with the basic principles on which Stadler's business activities are based. This also applies to their supply chains. In the event of a breach, Stadler retains the right to impose appropriate penalties. This can also result in the dissolution of the business relationship.

HUMAN RIGHTS AND LABOUR LAW

Stadler complies with all applicable statutory provisions and requirements concerning human rights and labour law. This includes the Universal Declaration of Human Rights and the Conventions of the International Labour Organisation (ILO). Moreover, our company complies with the provisions of the UK's Modern Slavery Act and expressly takes a stand against exploitative and unethical practices such as modern slavery, human trafficking, forced labour and child labour. This obligation also includes all upstream supply chains.

The Modern Slavery Act obligates us to report annually on how we apply our business principles in practice. The protection of human rights is monitored by the local HR departments, which are familiar with the applicable local laws.





«We want to foster a dialogue with our employees»

INTERVIEW WITH DR IUR MAJA KRAPP
CHIEF COMPLIANCE OFFICER, STADLER RAIL



1. How important is compliance for Stadler?

Stadler is active in a wide range of different countries and cultures, has an extensive network of sales representatives, and many of its customers come from the public sector. All of these factors together give rise to compliance risks that demand a closer look, such as, for example, breaches of applicable guidelines. For this reason, it is imperative that our core values of integrity, legality, ethical behaviour and responsibility are not only put down in writing, but are also well and truly embodied every day not only by Stadler, but also by our sales representatives and business partners – regardless of which country or which culture the business activities take place in.

2. What is Stadler's main area of focus?

Compliance can only be effectively implemented when it is an integral part of the company culture. For this reason, it is extremely important that every single employee knows, understands and internalises the applicable compliance principles. At the same time, management needs to continually reinforce the validity of these principles and exemplify them every day. Therefore the main area of focus is training and advising our employees and management in the area of compliance. We want to foster a dialogue with our employees, for example through in-person training courses.

PRODUCTS AND SERVICES

Stadler's portfolio comprises modular and tailor-made vehicle concepts from high-speed trains to trams all the way to rack-and-pinion railways. The Group companies also provide efficient services and develop reliable signalling products. Stadler's focus remains firmly on its customers and their specific needs. As a comprehensive service provider and dedicated partner, we ensure the highest satisfaction of our customers and, in turn, of their customers.

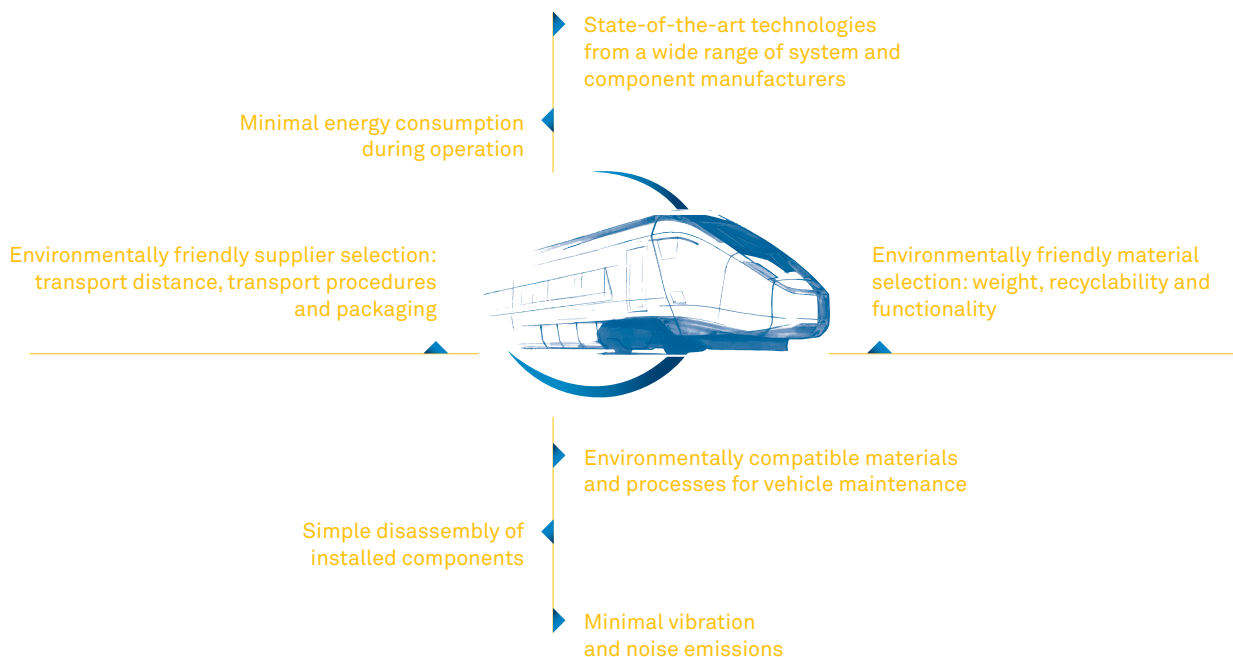


When it comes to railway procurement projects, in addition to price, the decisive award criteria include reliability and the quality of the products offered. For this reason, Stadler maintains a comprehensive quality assurance system in accordance with the international standards ISO 9001 and ISO 22163 (International Railway Industry Standard – IRIS). Moreover, sustainability-relevant characteristics such as energy efficiency, noise emissions and non-hazardous materials in vehicles are playing an increasingly important role on the market. Public-sector customers in particular place extremely strict requirements on the environmental performance of the rolling stock.

LIFE CYCLE PERSPECTIVE

The sparing and careful use of natural resources is an integral aspect of our company philosophy and our processes. Stadler promotes green technology and advances the development of its vehicles and services in this direction. The goal is the greatest possible reduction of emissions. Environmental management also includes a life cycle perspective. In this way, the company has taken ecodesign principles into account for many years. The aim of this approach is to design trains that have a minimal impact on the environment across all life-cycle phases. To achieve this, the company has defined its own internal processes for product development (see the ecodesign processes graphic below).

Stadler's ecodesign process includes the following principles:



To identify and evaluate the environmental impact of our products, we regularly perform life cycle assessments in accordance with the ISO standards 14040, 14044 and 14025. Furthermore, over the past few years, Stadler Rheintal's QEHS department has developed the necessary know-how and serves as a centre of expertise for lifecycle analyses within the Group. Up to now, different methods were used in different company units. We are now working on establishing a uniform method throughout the Group. Furthermore, we want to ensure that the different units work together more closely.

To evaluate the environmental performance of our products, we used the established life cycle assessment software SimaPro. A product's influence on climate change, ozone pollution, and the nutrient and acid balance of the environment as well as the consumption of fossil fuels are all calculated for every phase of the product's life cycle. Moreover, the consumption of raw materials is determined – broken down by primary and secondary resources as well as by renewable and non-renewable raw materials.

DEVELOPMENT AND PRODUCTION

The development of the articulated multiple unit GTW in the early 1990s marked the beginning of the Stadler success story. Based on the unique requirements of two regional railway operators in Switzerland, we developed an unconventional, modular multiple unit in which the drive elements were located in a dual-axle drive module in the middle of the consist. In addition to its versatile design, one outstanding feature of the articulated multiple unit was its lightweight aluminium car body. The low weight allowed for energy-efficient, cost-effective operation.

The articulated multiple unit was our first product in series production and was constructed in a large number of variants. In the meantime, we have expanded our product range enormously, and now offer both modular and tailored vehicles for nearly every market segment. The one thing all of our products have in common: the use of lightweight materials such as aluminium in place of steel. The material makes it possible to construct extremely energy-efficient trains. Even though aluminium requires a lot of energy during production, at the end of its lifespan it is 100 per cent recyclable at full quality.

The railway vehicles developed by Stadler are all characterised by a long service life. In addition to reliable construction, our engineers also use durable materials. This reduces resource consumption during construction and results in less waste during the lifespan of the vehicle.

The company does everything in its power to ensure that its products do not contain any hazardous materials. Internal processes guarantee compliance with the international REACH chemical regulation (see chapter 4). Moreover, Stadler aims to use as many environmentally certified products as possible, and to increase the proportion of materials made using renewable resources. In addition to the materials themselves, packaging and transport distances also play a decisive role. In Switzerland, we work with a large number of small businesses (20 to 50 employees) from the region.



STADLER PRODUCTS AT A GLANCE



SMILE
11-car high-speed train for long-distance transport



KISS
3- to 8-car double-decker train for suburban rail, regional rail or long-distance transport



FLIRT
3- to 12-car intercity or regional train



METRO
2- to 10-car subway vehicles



TINA
The next generation of low-floor trams
Maximum accessibility
All track gauges possible



TRAMLINK
3- to 7-car low-floor tram
Single- or bi-directional vehicle
Different track gauges



CITYLINK
3- to 4-car low-floor city rail
Tram-train vehicles
Different track gauges



METELITSA
2- to 5-car broad-gauge tram
Continuous low-floor vehicle with articulated bogies
Single- or bi-directional vehicle



EURODUAL
Six-axle locomotives for freight or passenger transport



EURO9000
Six-axle locomotives for freight transport



EURO4001
Four- or six-axle locomotives for freight or passenger transport



RACK-AND-PINION RAILWAYS
Leading global manufacturer of rack-and-pinion railways
Different rack rail and traction systems and track gauges



PASSENGER CARRIAGES
Individual production of sleepers, passenger carriages or panorama cars, such as for the Bernina or Glacier Express



TAILOR-MADE MULTIPLE UNITS AND LOCOMOTIVES
Individual, single-unit production or small-batch series of vehicles tailored to extremely specific customer requirements

LIFE CYCLE ASSESSMENT

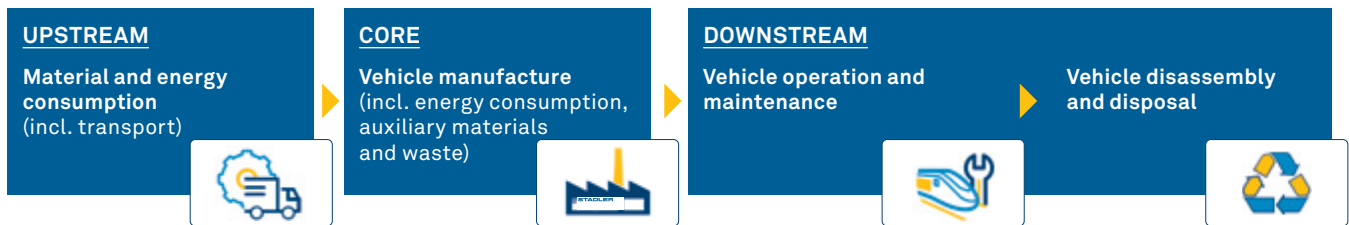
To close the materials cycle, Stadler takes a circular-economy approach: Starting during vehicle construction, we aim to avoid specific material combinations in parts in order to simplify the disassembly, sorting and disposal processes for these materials at the end of the product's lifespan. This allows these materials to be reused in excellent condition. Upon request, we can create a detailed material declaration list for the project, that also includes information on how to disassemble individual parts.

Our experience creating recycling plans has in turn altered the way that we design our multiple units. For example, our employees in production label the materials used and the compo-

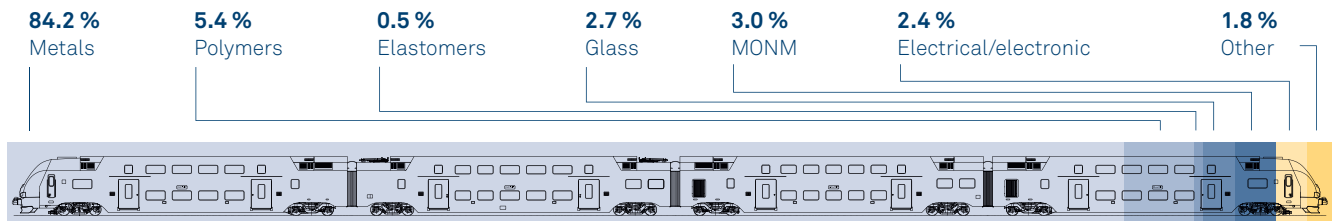
nents to be disassembled with special markings. This makes it easier to disassemble our trains and increases recycling rates. Moreover, it guarantees easy access to the removable connecting parts.

In 2019, Stadler created a public **Environmental Product Declaration** (EPD) for a 4-car KISS-consist to be operated in Sweden for the first time. An EPD is an independently verified and registered document that provides transparent, comparable information about the environmental impacts of products throughout their life cycles. The life cycle assessment is performed based on specific product category regulations for the railway sector.

Elements of the LCA evaluation according to the cradle-to-grave approach



Material composition of a 4-car double-decker vehicle

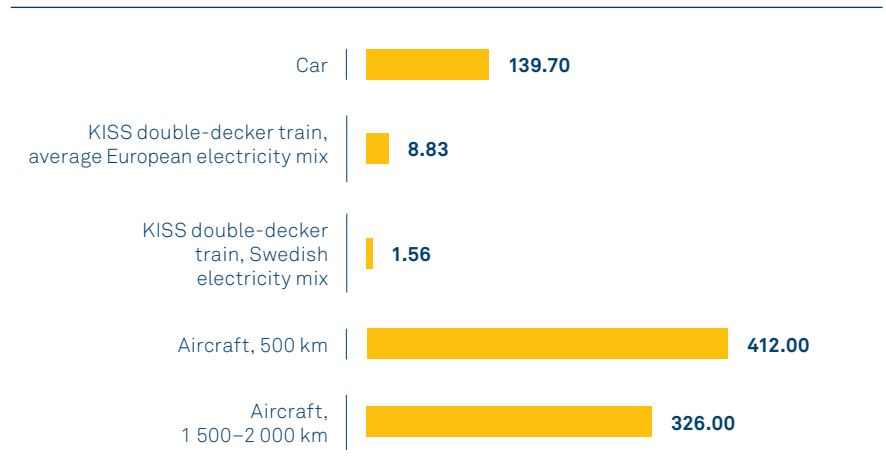


According to its ecological assessment, the weight of a Stadler KISS multiple unit is mainly the result of the metals used. Plastics (polymers), modified natural materials and glass each make up a maximum of just five per cent of the total weight.

For a 4-car KISS consist, the EPD shows a recycling rate of 97.9 per cent and a usability rate of 98.9 per cent. With regard to potential greenhouse gas emissions, the calculations for the operation of the train with the Swedish electricity mix resulted in a value of 1.56 grams of CO₂ equivalent per passenger and kilometre. With the average European electricity mix, the same train emits 8.83 grams of CO₂ equivalent (calculated across the entire lifespan of the vehicle without taking the infrastructure into account).

This result illustrates that the source of electricity plays an important role in terms of a train's overall environmental impact. At the same time, the comparison with other means of transport makes it clear that trains offer by far the lowest greenhouse gas emissions per passenger per kilometre, regardless of the electricity mix (see the graphic on the right).

Comparison of GHG emissions of means of transport in grams of CO₂ equivalent per passenger and kilometre*



Compared with the other means of transport, trains offer the lowest GHG emissions per passenger and kilometre by far, regardless of the electricity mix.

ENERGY-EFFICIENT OPERATION OF ROLLING STOCK

Train travel is much more environmentally friendly than car-travel (see the text box «Train travel saves energy» on page 26). However, railway companies still require a great deal of energy for their transport services. For example, with an annual electricity demand of around two terawatt hours (TWh), Swiss Federal Railways (SBB) is the largest single energy consumer in Switzerland. SBB is responsible for around one-twentieth of the country's overall energy consumption.

Nevertheless, over the past 30 years, the amount of energy required per tonne-kilometre has decreased by just over 10 per cent, even as travel speeds steadily increased and even though most carriages are now air-conditioned. Stadler also played a role in this positive development. The company works tirelessly to improve the energy efficiency of its products in operation. This involves designing vehicles with minimal air resistance and using aerodynamic materials to coat the car bodies.

However, the energy consumption of the train's drive system is a crucial aspect. Advances in technology, in particular in terms of power transformation and intelligent powertrain control, have made it possible for railway vehicles to become even more efficient. Moreover, most Stadler multiple units use electro-dynamic brakes for the majority of braking operations. This makes

it possible to recover up to 40 per cent of the deceleration energy and feed it back into the contact line network (recuperation). We try to actively reduce the use of air brakes, because they can only transform the kinetic energy of the train into heat, which is then lost and cannot be used.

Trains also consume energy when they are stationary – for example to cool the drive units, for air conditioning and for ventilation. We are also continuously working to improve efficiency in this area in order to meet the growing demands of our customer base. As a result, cooling of the power converters, transformers and motors is now managed in a needs-based manner and takes into account the environmental conditions in order to reduce electricity consumption to a minimum. In standby operation, energy demand is additionally reduced by switching off the transformer oil pumps.

Today, energy efficiency is a decisive criteria for many customers when it comes to vehicle procurement. Target values are simulated and stipulated in advance. Thanks to optimised powertrains, traction aids and comfort modes, we are consistently able to not only meet the target energy values, but rather to actually achieve even lower values during real-world operation.

* Source: Peeters, P., Szimba, E., and Duijnsveld, M. (2007). Major environmental impacts of European tourist transport. *Journal of Transport Geography*, 15(2), pp. 83–93.

The drives of the future

Stadler uses its technological advantage to develop innovative battery drives, hybrid concept drives and hydrogen drives. As a result, Stadler's model series such as FLIRT and WINK can be designed as battery-operated or hybrid vehicles. In mid-2019, we won the Schleswig-Holstein Local Transport Association tender with the battery-operated FLIRT (see the text box below). We are developing and building our first hydrogen-powered train for a customer in California. The fuel cells and hydrogen tanks are arranged in the middle section of the train, which is known as the PowerPack. The Stadler FLIRT H₂ is expected to transport passengers in San Bernardino County in 2024. On its planned route of 14 kilometres per journey, the hydrogen-powered train will avoid around 200 kilograms of emissions of CO₂ equivalents in comparison to the same vehicle configuration with a diesel drive system (tank-to-wheel perspective).

Energy storage on rails

In July 2019, the Schleswig-Holstein Local Transport Association ordered 55 2-car battery-operated FLIRT vehicles as part of an innovation partnership. The battery-operated multiple units are scheduled to go into operation on non-electrified or only partially electrified routes in northern Germany from the end of 2022. The batteries charge both while the train is travelling with a connection to an overhead contact line, as well as at electrified terminal stations. Furthermore, the braking energy is recuperated and stored. This allows efficient and flexible use of the innovative multiple unit. The battery-operated FLIRT has air-conditioned passenger compartments with WLAN and can transport around 200 passengers.

Train travel saves energy

Travelling by train is energy-efficient: If a person in Switzerland travels 100 kilometres by car, they use nearly nine times as much energy as if they had taken the train. Even if there are four people in the car, the journey still uses more than twice as much energy per person as it would have by train. Even on long journeys, rail travel has the lowest levels of energy consumption.

EFFICIENT INFRASTRUCTURE AND CONTROL

It is possible to make environmental progress not only by optimising rolling stock, but also by adapting the existing infrastructure, and signalling systems in particular. Our company has built an international centre of competence for signalling systems in Wallisellen, a municipality near Zurich. At this competence centre, highly qualified engineers develop signalling solutions in the areas of automated train operations (ATO), driverless trains (CBTC) and train protection.

ATO stands for Automatic Train Operation and comprises a number of different technologies for partial and full automation of train operation. The Stadler ATO solution makes it possible to maximise the efficiency of the existing infrastructure – it is used with existing automatic train control devices, guidance systems and rolling stock.

The primary advantage of the ATO is that trains are operated in accordance with an optimised speed profile, which reduces energy consumption. Furthermore, the reduction of headway also increases capacity and operational reliability. Smooth operation without abrupt braking also increases passenger comfort, minimises wear on the drive and brake systems and the tracks, and reduces noise emissions. Inspections of the Stadler ATO solution in the Czech Republic have shown that it can reduce energy costs by up to 20 per cent.

In cooperation with the Swiss railway industry, SBB and Stadler tested the new digital assistance system on the newly built Bern-Olten route. During these tests, a double-decker train was automatically accelerated and braked in the presence of a driver. This degree of automation is comparable to an autopilot in an airplane: The driver is in the driver's cab and they can monitor the system and intervene if necessary. The new driving assistance system builds on the existing train protection system (European Train Control System – ETCS). The aim of the test is to increase the capacity and security of the Swiss rail network and to save energy and cut costs.





«Connectivity will result in a quantum leap»

INTERVIEW WITH DANIEL FORRER
HEAD OF PRODUCT DEVELOPMENT, STADLER RAIL

1. In your opinion, which products or vehicles have the greatest potential in terms of environmental protection?

There are different aspects that we can leverage. Right now, we need to replace as many diesel-operated vehicles as possible with low-emission vehicles. In addition, it would be ideal if we could electrify all of the routes. However, this is not always the most economically efficient solution, and can also be difficult to implement in some cases. Electrically operated vehicles are already thoroughly optimised and offer few opportunities for major improvements in terms of energy efficiency. For this reason, our main area of focus is on providing these vehicles with power from renewable energy sources. In the meantime, I feel that automated or connected operation is the area with the most potential. In some cases, assistance systems are already helping drivers to operate trains in a more energy-efficient way today. Vehicle connectivity would represent a quantum leap. The ability to connect with one another and with the infrastructure would allow all consists on a network to be operated with the least possible power. It would eliminate ineffective acceleration manoeuvres or unnecessarily high speeds that consume a great deal of energy. This would make it possible to drastically lower energy consumption regardless of the drive technology. For this reason, digitalisation will remain a key area of focus in the railway sector in the near term.

2. Which alternative drive systems are most likely to replace diesel vehicles?

Diesel-powered vehicles can be replaced by low-emission vehicles in many areas, but not everywhere. At the moment, alternative drive systems are unable to achieve the distances that diesel vehicles can. This means not only do we need to change the vehicles, we also need to rethink our overall operating concepts. I expect that we will see battery-operated vehicles for passenger transport and on shorter routes in the near- to mid-term. In recent years, battery performance has increased dramatically and will continue to improve. On longer routes, hydrogen-powered vehicles are most likely to be the most promising alternative solution. However, it is a good idea not to focus on just one single alternative drive technology, but to keep hybrid solutions in mind as well. Battery-operated vehicles, for example, should be able to be operated with batteries as well as under contact wires. Often the existing networks are suitable for more than one drive system.



EMPLOYEES AND LEADERSHIP

Stadler is an attractive employer for more than 10 000 employees. The company trains apprentices, focuses on professional development throughout its employees' careers and offers above-average employee benefits. The health and safety of our employees is our top priority.

Stadler operates in an extremely technical and specialised industry. Our excellently trained specialist employees form the backbone of the company. They are what allows us to thrive on such highly competitive markets.

Because there are just a few manufacturers of railway vehicles, it is nearly impossible to find trained specialists on the job market. Within the train as a whole, the individual systems interact in complex ways. Furthermore, there are a wide range of standards that must be observed. For this reason, training takes a long time in all areas, such as engineering, production and commissioning all the way to management.

PERSONNEL STRUCTURE

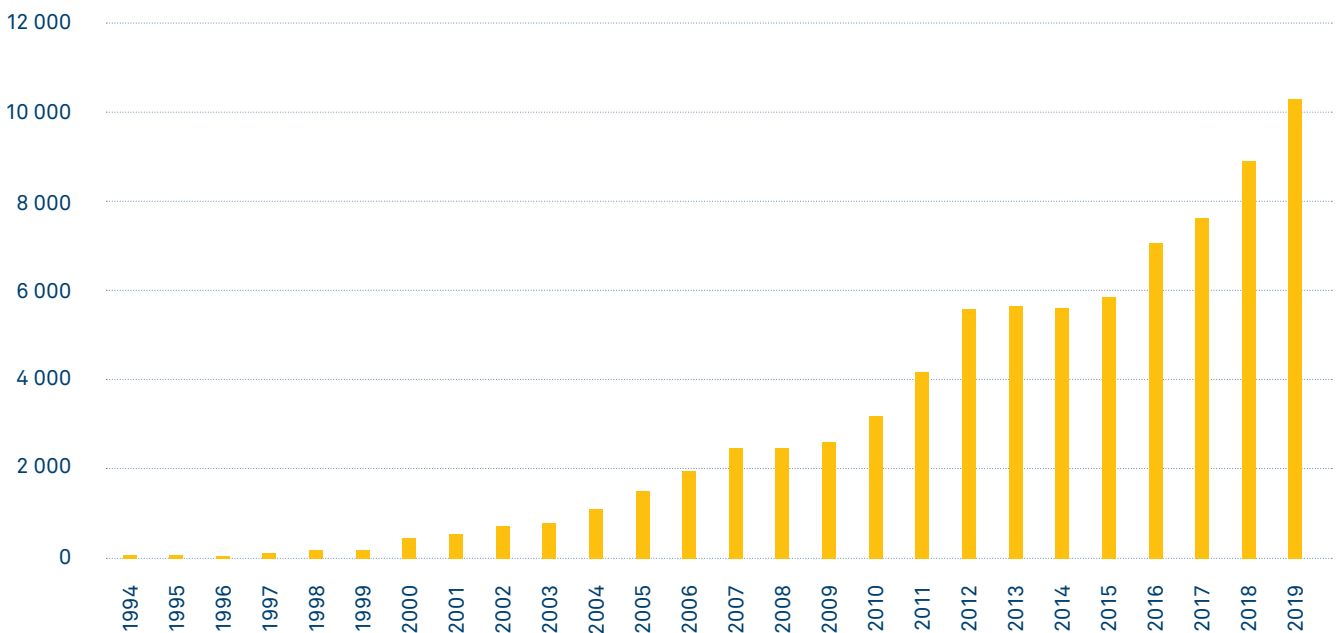
The number of Stadler Rail Group employees has been growing for many years. At the end of 2019, 10 535 employees (full-time equivalent – FTE)* worked at our 18 production and engineering locations and our 17 service sites. In the previous year, the average number of employees totalled 8 874.

As the result of the high degree of specialisation and the investment in specialist training, it is in our interest to hold on to our employees for as long as possible. This also results in an even distribution of age groups.

Stadler has a large number of foreign employees. This is just one reason why we support the fair treatment and integration of foreign employees across all levels, in particular in the advancement of linguistic competency, as well as in terms of remuneration, education and further training, and promotions.

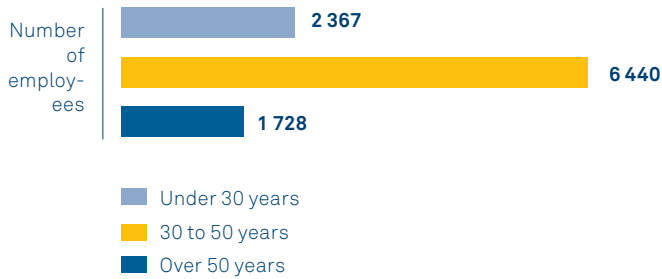
The proportion of women in technical professions is low, particularly in Switzerland. For this reason, we want to remove the barriers that prevent women from entering into technical professions in the mechanical engineering industry, promote their development, and offer them opportunities to rise through the ranks. We aim to offer our employees with familial obligations innovative working models and scheduling options, as well as to make it easier for employees to return to work after taking parental leave.

Development of full-time positions since 1994



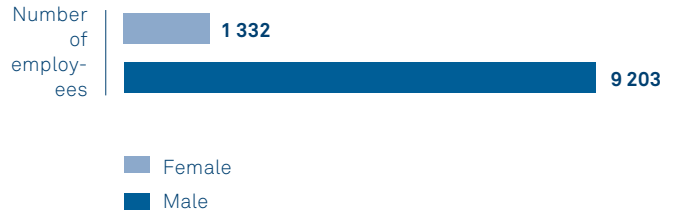
The number of Stadler employees has grown continuously, passing the 10 000 mark in 2019 (full-time equivalent – FTE).

Global age distribution 2019



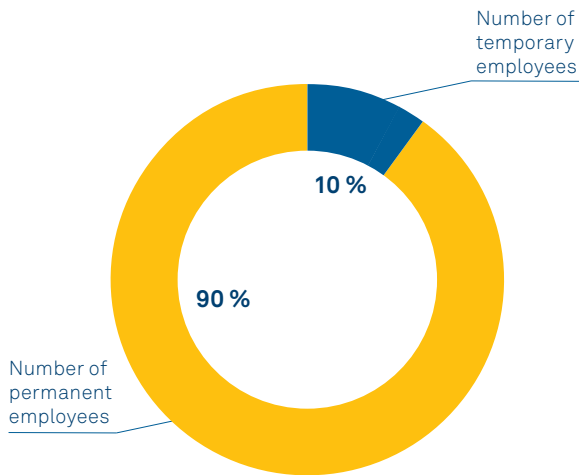
The age distribution within the Stadler Rail Group is evenly balanced. Many employees are highly specialised and stay with the company for a long time.

Breakdown by gender 2019



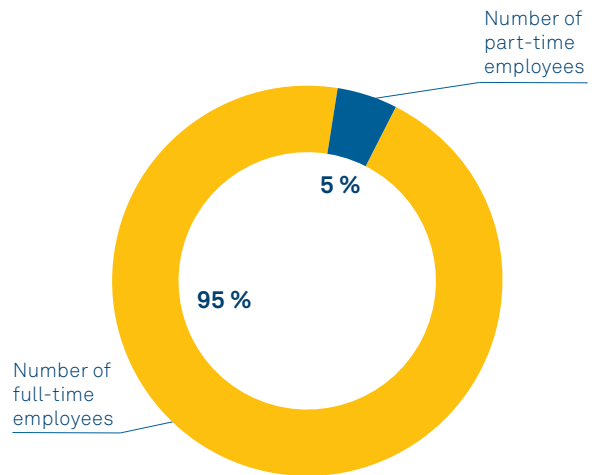
Men make up the vast majority of our employees.

Number of permanent and temporary employees in 2019



Of all Stadler employees, 90 per cent are permanent employees.

Number of full-time and part-time employees in 2019



The full-time working model is the most common working model at Stadler.

* The number of employees specified in this Sustainability Report differs slightly from the number of employees specified in the Annual Report. The reasons for this are as follows:

- The Sustainability Report only includes employees who have a permanent or temporary employment contract with Stadler.
- Employees who are hired through temporary employment agencies are not included.
- Apprentices are not included in the calculations used for the Sustainability Report.
- The calculations used for the Sustainability Report only included Stadler companies with more than 30 employees.
- The Sustainability Report includes all employees who were employed by Stadler companies as of 31.12.2019, whereas the Annual Report specifies the average number of employees over the full year.

CONDITIONS OF EMPLOYMENT AND EMPLOYEE BENEFITS

Division Switzerland has adopted a collective employment agreement (CEA), which we brokered with our social partner, the trade union Unia. **The tariff contract** is publicly available and determines the working conditions such as working time, remuneration, holiday entitlement and benefits as well as employee participation in the company. Employee participation is guaranteed by a staff council in all Swiss plants. The council is comprised of at least three employees.

The principle of equal pay for equal work is upheld in the CEA. A specialised company systematically evaluates the wage gap between women and men at the company as well as the proportion of female employees on an annual basis. Moreover, every five years the salary structure is examined in detail using a widely recognised functional evaluation method (ABAKA-BA®). The most recent certificate, which was issued by Landolt & Mächler Consultants AG at the end of 2018, confirms that Stadler is in full compliance with the applicable principles of equal pay for equal work that are valid in Switzerland.

As a rule, employees work 40 hours per week. Overtime hours can be paid out with 25 per cent interest, or be otherwise compensated by mutual agreement. The amount of holiday offered to employees is greater than the legal minimum of 20 days a year and increases based on the number of years an employee has been with the company. Stadler offers 18 weeks of maternity leave – four weeks more than the legally prescribed minimum.

In addition to their basic salary, all of our employees are included in a multi-tiered bonus system. They receive a performance bonus if they reach their individually agreed-upon targets, a Christmas bonus, and a health premium if they do not take any sick days during a given year. All employees receive disability, old age and life insurance from the Stadler Rail Group pension fund. The company covers at least 50 per cent of the contributions.

Lastly, Division Switzerland employees enjoy additional benefits and discounts: Every year, these employees are offered a CHF 630 voucher for the purchase of rail passes. They also only pay half-price for the regional rail pass. Furthermore, employees can also take advantage of discounts on recreational activities, insurance policies and mobile phone plans.

Stadler's business activities can require employees to work abroad from time to time for an extended period. The aim of these deployments is to transfer knowledge effectively when building or expanding one of Stadler's locations around the world, or to ensure that a project goes smoothly. For example, there is currently a transfer of knowledge in place between the plants in Poland, Belarus and the US. Moreover, employees

often spend different lengths of time working with customers on site, for example for vehicle fleet support as part of a guarantee or for maintenance purposes.

These deployments usually last for longer than three months. We have developed a set of guidelines for this purpose that helps integrate our employees in the target country, but that also ensures that the employee can remain part of the social system of their home country.

EDUCATION AND QUALIFICATIONS

As a training facility, Stadler guarantees comprehensive training in various professions within the mechanical engineering and metals industries. Together with the Winterthur Training Centre (azw), we contribute to Switzerland's dual system of vocational education and training.

At our Bussnang location, there are currently 61 apprentices, and 41 apprentices in St. Margrethen, who are completing vocational training to become systems and equipment engineers, automation technicians, automation mechanics, industrial painters, commercial employees, design engineers, logistics specialists, computer scientists and production mechanics. In the medium term, we have made it our goal to increase the number of apprentices in Bussnang to more than 100, and in St. Margrethen to 57. Furthermore, in St. Margrethen, starting at the beginning of the 2020 school year, we will be opening our own training workshop for basic vocational training in three professions.

Stadler is also training 16 young professionals at its Winterthur location. The apprentices have an employment contract with azw. Stadler is offering them a chance to get hands-on, real-world experience. As part of this regional partnership, the apprentices receive basic vocational training at azw and specialised technical training at Stadler.



In order to find suitable apprentices, Stadler makes an effort to maintain personal contact with secondary schools. Our vocational trainers take part in parent-teacher conferences, career presentations and career fairs. We also regularly invite school classes on factory tours. We carefully select our apprentices. Most complete a trial apprenticeship before we offer an apprenticeship contract to them.

Stadler is generous with its apprentices and, for the most part, treats them as regular employees. For example, our apprentices receive Christmas bonuses and performance bonuses. We also support and help cover the cost of external training courses and remedial courses when necessary.

For 10 years, the Stadler Rail Group's young professionals have demonstrated their skills at the SwissSkills Championships, which are held every two years. We have qualified for the last two years in a row. In 2018, one of our apprentices reached sixth place, and one placed third. Three apprentices are competing in 2020.

In August 2019, Stadler US established a vocational training programme in automation engineering at its plant in Salt Lake City, Utah, based on the Swiss vocational education system. In the US, it is practically unheard of for companies to offer hands-on vocational training. Stadler US selected 16 students to start this dual vocational training programme. In this way, these young people have been offered an opportunity to prepare themselves for their future careers both in terms of education and in terms of real-world skills. Through this programme, Stadler US is establishing a link between industry and education, while at the same time investing in the long-term development of skilled workers (see the interview with Justin Neville).

Every employee in Switzerland has an annual qualification discussion with their direct superior. In this discussion, the employee's development is evaluated and individual measures and further training options are discussed. Stadler generally supports the personal development of its employees. As a rule, Stadler covers the costs of training courses either in whole or in part. We also offer our employees a wide range of internal and external courses – from railway technology all the way to negotiation techniques.

Our HR department also pursues an in-house personnel development plan, and starts succession planning for key employees well in advance. This also includes a talent management programme, which is used to identify particularly skilled employees early on. These employees are prepared to take on key positions or as part of succession planning with individualised professional development plans.

In addition to Project Manager or management career paths, we also offer employees the option to pursue a career as a Technical Expert. As part of this programme, employees can reach different levels ranging from Specialist to Expert to Senior Expert in specific railway topics such as front cabs, corrosion protection, train protection systems or dynamics of vehicle movements. Graduates of the Technical Expert programme receive certification every year during a special conference. In 2019, 11 Specialists and one Expert were certified.

Stadler also looks for highly qualified skilled professionals at the university level. In German-speaking countries in particular, we participate in a large number of university conferences and events and present ourselves to the faculties and students. In 2019, Stadler participated in a total of 22 events such as the job fair at Vorarlberg University of Applied Sciences, the Zurich University of Applied Sciences (ZHAW) graduate conference, the Swiss Federal Institute of Technology in Zurich (ETH) Polymesse and connecticum in Berlin.

Stadler's subsidiaries in various countries also maintain contact with local universities. For example, in Poland we have established an institutional partnership with the Siedlce University of Natural Sciences and Humanities. A Stadler expert works as a lecturer there and university graduates regularly complete apprenticeships with our company.



WORK SAFETY AND HEALTH PROTECTION

The Stadler Rail Group's primary objective is for all of its employees to go home safe and healthy every evening. For this reason, as part of our QEHS management programme, we have implemented effective systems for work safety and health protection. Thanks to comprehensive efforts across the Group, we have reduced the number of accidents in recent years by half.

The Division Switzerland locations (Bussnang, Altenrhein/St. Margrethen, Winterthur), Valencia, Szolnok, Siedlce and Minsk are certified in accordance with ISO 45001 (previously OHSAS 18001). Furthermore, we comply with all national and international safety standards and workplace practices that are applicable to the rail industry.

Our QEHS departments at our various locations are responsible for implementing the work safety management programme. Some of our locations have a work safety organisation at the division level that is responsible for harmonising certain processes. However, up to now there have not been any global QEHS guidelines in place with Group-wide targets and standards.

Each of our 18 production departments has one or more safety consultants, referred to as the «COPWS» (contact person for work safety). The COPWS carries out a safety check in their area of responsibility at least once a week and discusses any issues they observe and possible measures directly with the Head of Department.

COPWS personnel play an important role in the company. For example, one COPWS came up with the idea of securing the door and window openings of vehicle bodies with railings before the glass has been installed. This simple design was transferred to other areas, and is now used as protection against falling across practically the entire Group.

At Stadler locations in Switzerland, QEHS aspects are discussed every week during the so-called Monday Meeting, which is also attended by the CEO of the respective location and all department heads. At these meetings, the CEO personally discusses safety and quality issues. These meetings often result in particularly clever solutions.

Department heads also carry out a weekly safety tour and, in this way, play an active role in preventing accidents as superiors. Team Leaders are also responsible for safety at their workplaces. They discuss safety issues every week in a short meeting with their teams.



In the event of an accident, the persons involved and the responsible superior are obligated to analyse the sequence of events that led to the accident in detail and evaluate possible suggestions for improvement. The results are made available to the team members as well as other departments so that they can learn from the accident and prevent a similar accident from happening again.

In our Swiss plants, we raise awareness among employees with regular informational campaigns. The locations implement various projects from an workplace health management (WHM) approach. Topics addressed include electrical hazards, hazardous materials, tripping and falling. Furthermore, the company has also joined in the current Swiss National Accident Insurance Fund (Suva) initiative and is consistently implementing their motto «In case of danger: Stop. Fix it. Back to work!».

The topic of safety is ever-present in our day-to-day work. An accident scoreboard is displayed in every department. It shows the numbers of accidents that have occurred in the current year, as well as the number of days since the last accident. The annual statistics of the department and of the company as a whole are also displayed on the department's bulletin board.

At every location, the Stadler Rail Services (SRS) Division focuses on a different safety issue every month in order to raise awareness of work safety in a targeted way. The topics are chosen based on audit results, workshop visits or from the Executive Board's safety flyer.

All Group employees regularly attend health and safety training sessions. Stadler HR Management has introduced an internal training programme in cooperation with the QEHS Manager. The aim of this programme is to impart the necessary skills in order to effectively eliminate or reduce health, environmental and safety risks in the workplace.

Our employees are provided with a suggestions scheme that they can use to report any unsafe situations or equipment or make suggestions for improvement. This direct line of communication between employees, management and the QEHS department allows the company to react quickly to possible hazards. The employees can submit their messages and suggestions anonymously.

Health- and safety-relevant aspects are regularly reviewed at Stadler's locations abroad as well. For example, in Valencia in 2019, the air quality was measured and, as a result, particle filters were installed and diesel stacker trucks were replaced with electric models. Safety-relevant incidents are analysed together during the annual quality conference. If necessary, counteractive measures are introduced.

In 2019, our plant in Berlin received the «Clever Fox» safety prize from the Trade Association for Wood and Metal for the exemplary implementation of work safety measures. They received this award because the department developed a device of its own initiative that effectively exhausts the hazardous smoke that occurs during joint milling.

Number of workplace accidents per 100 000 hours of working time at the Stadler Rail Group, relative values.



The relative number of workplace accidents at Stadler locations decreased slightly from 2018 to 2019. Over the years, a tendency towards stagnation in terms of the relative number of workplace accidents can be observed.

Support programme in the event of illness

To help employees maintain their health and recover after illnesses and accidents, Stadler works with workplace health management (WHM) and case management tools in Switzerland. The aim of OHM is to identify problems early on and avoid extended periods of absence. This includes, for example, preventive measures, absence management and measures that reinforce the personal responsibility of the employees themselves.

In recent years, the absence rate (illness and accidents) at Stadler was between three and four per cent. In Switzerland, the current rate is 3.56 per cent (2019). Around three-quarters of absences are due to illness (76 per cent). A total of 16 per cent of days lost are caused by non-work-related absences, and only eight per cent are caused by work-related absences.

The number of absence days at Stadler is roughly equal to the Swiss average. Nevertheless, there is still potential for improvement, such as at the Rheintal location. The HR department at this location has, for example, now created a position for case management. There are also further measures in place in terms of reintegration, discussions, and preventive measures for mental health.

If a person is absent more frequently, it is the responsibility of their direct superiors to have a personal discussion with this employee and determine the reasons for these increased absences. Furthermore, after every absence, superiors have a short return discussion with the employee in question. In the event of long-term absences, internal case management gets involved on the 30 day at the latest. Case management is designed to make it easier for employees to quickly return to their jobs after longer absences. If this is not possible, then case management will try to find a socially responsible alternative solution. Case management also mediates in workplace conflicts.



«Training breathes new life into the company»

INTERVIEW WITH JUSTIN NEVILLE
HEAD OF HUMAN RESOURCES, STADLER US

1. What are your biggest challenges when it comes to recruiting new employees?

Stadler is still relatively unknown in the US. However, as soon as people get to know us, they can often see themselves working for us. We have to be a bit flexible here in terms of our expectations for applicants because vocational education in the US is not as hands-on as it is in Switzerland. For our trainers and the team, it is a major challenge ensuring that new employees are thoroughly trained and educated at the beginning.

Another challenge that we face is our prosperous economy, or rather its flip side: Utah's policies are extremely business friendly, which has resulted in the lowest unemployment rates of any US state. This makes it even more difficult to attract new employees, because there are simply fewer people looking for a job.

2. What have you learned from the new dual vocational training system?

In the US, the system of apprenticeships with companies is unknown. For this reason, our new training programme is the first of its kind in Utah. It was exciting to be able to help shape this programme, which is such an important aspect of the educational system in Switzerland and other European countries. The energy that our apprentices bring to us breathes new life into the company. The young employees have proven to be very fast learners and are already making a substantial contribution to the production of our railway vehicles. Furthermore, they have proven to be excellent ambassadors for our training programme at meetings and events with potential applicants, their parents, and even with the governor of Utah.



ENVIRONMENT

Stadler is contributing to the environmentally friendly mobility of the future and to the reduction of greenhouse gas emissions in passenger transport. However, production itself also involves environmental impacts, for example in terms of resource extraction, energy consumption during processes and transport and upstream environmental impacts. To minimise these impacts, Stadler has implemented an environmental management system in accordance with the precautionary principle.

As an industrial manufacturing company, Stadler is the cause of major environmental impacts, specifically in terms of climate change, resource consumption and the emission of air pollutants such as volatile organic compounds (VOCs). Rising raw material and disposal prices, national and international regulations, but also growing demands from customers and investors have prompted the company to minimise the environmental impacts of its activities to the greatest extent possible. Our environmental policy is based on the principle of prevention for preventive avoidance of damage and contamination. Stadler complies with all environmental legislation, but considers these regulations to be merely the minimum requirements.

ENVIRONMENTAL MANAGEMENT

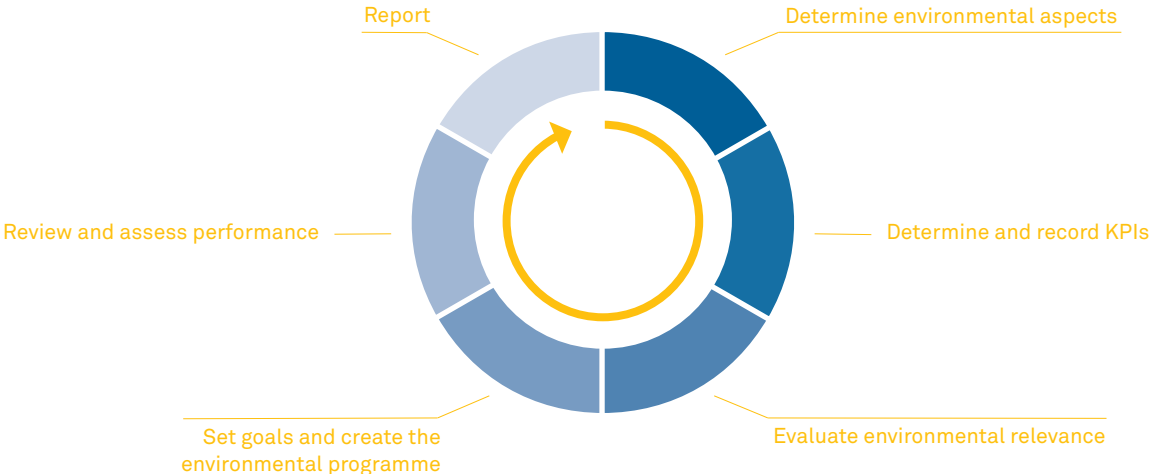
Stadler has had an environmental management system in place since 2012. It is an integral component of the quality, environment, health and safety management system (QEHS). The QEHS departments at different locations are responsible for implementing the environmental management programme. The departments lay out location-specific processes for implementation of the company's environmental management system and measure the environmental performance on the basis of key performance indicators (KPIs). Potential environmental hazards are evaluated in terms of the probability of occurrence and the scope of damage in accordance with the risk assessment process. If necessary, the plants can take measures to reduce or eliminate risks.

A number of our locations also have externally certified environmental management systems in place. The plants in Switzerland (Bussnang, Rheintal, Winterthur), the locations Berlin/Pankow, Reinickendorf, Chemnitz, Valencia, Szolnok, Siedlce and Minsk and the entire Stadler Rail Service Division are certified in accordance with ISO 14001 (see the table on page 38). Stadler Valencia is also certified in accordance with the EU Eco-Management and Audit Scheme (EMAS). Furthermore, the German locations and the Hungarian plant in Szolnok also have an ISO 50001 certificate (energy management system). Recurring internal and external audits guarantee compliance with these requirements.

A superordinate sustainability management system with Group-wide goals and guidelines is currently being developed. We are planning for this concept to be adopted in 2021 and to come into force as quickly as possible. This standardised system will allow us to collect data, evaluate it and use it as the foundation for measures across the Group.

The management is responsible for defining and ensuring compliance with all QEHS process guidelines. The company has also defined a total of 15 QEHS functions. Moreover, the Swiss locations have installed a general QEHS Manager who provides functional management in this area. This person is responsible for multi-site certification and for maintaining, standardisation and further development of the entire management system. Thanks to the well-established QEHS management system, the company has not breached any health and safety regulations or environmental laws in the past five years.

Environmental management process





Main areas involved in QEHS management:

- Resource conservation
- Processes and process changes
- Legal basis
- Air and noise emissions
- Prevention of the release of hazardous substances
- Prevention of hazardous or toxic substances in the product and production process
- Substitution of hazardous substances
- Prevention through suitable organisational and technical measures
- Waste prevention and disposal
- Increased recyclability of the product
- Environmentally friendly product design and material selection
- Emergency planning and hazard prevention (fire and explosion)
- Current environmental technology
- Location-specific factors
- Protection of the environment, our employees, the neighbourhood, the flora, fauna and biodiversity

Locations	ISO 14001	ISO 9001	ISO 45001 (OHSAS 18001)	ISO 50001	ISO 22163
Swiss locations (Bussnang, St. Margrethen/Rheintal, Winterthur)	X	X	X		In preparation
Berlin/Pankow	X	X		X	X
Reinickendorf	X	X		X	
Chemnitz	X	X		X	
Valencia	X	X	X		X
Szolnok	X	X	X	X	
Siedlce	X	X	X		
Minsk	X	X	X		
Salt Lake City	In preparation	X	In preparation		

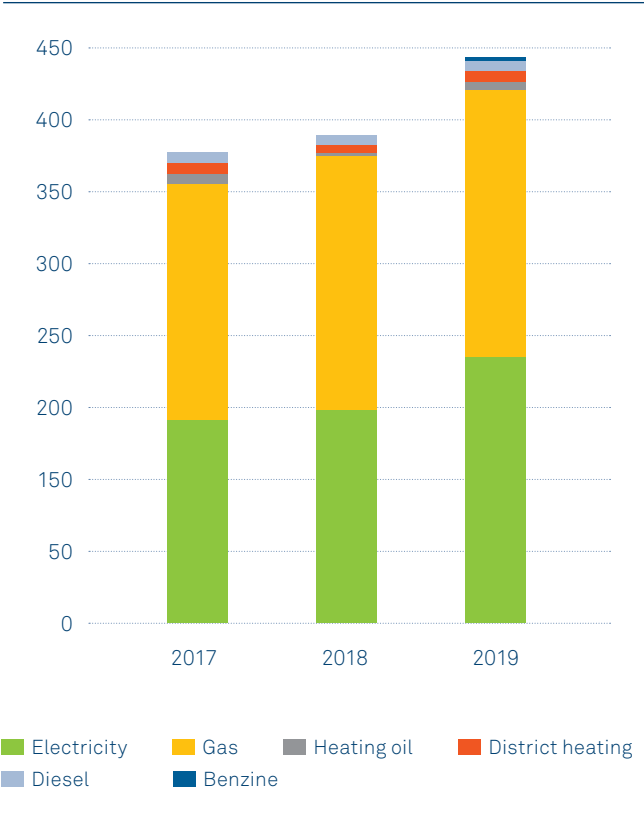
Table of ISO certifications

ENERGY AND CLIMATE

Energy consumption and the corresponding CO₂ emissions are primarily the result of the operation of our buildings and of our production processes. In this report, Stadler is publishing the energy consumption of the Stadler Rail Group (see the graphics below). There are still no standardised processes for the collection of energy data that apply to the entire Group. We are currently working on formulating coherent guidelines that define how regional plants are to collect environmental data. In future, this will result in higher quality data and better comparability. The standardisation of a single method for data collection is made more difficult by the fact that some of the buildings belong to the Stadler Rail Group, but some of the buildings are rented.

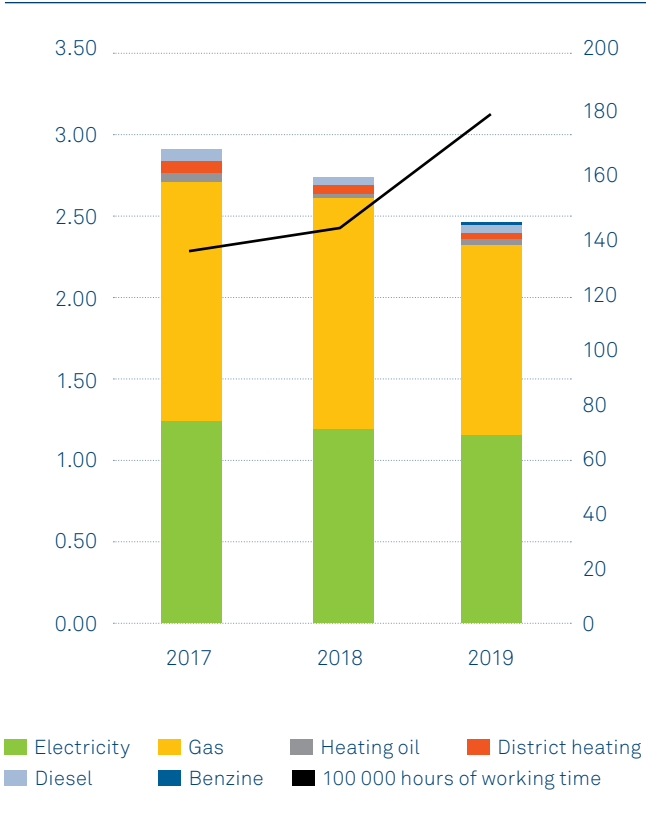
In accordance with the energy law applicable in Switzerland, Stadler's Bussnang location counts as a large-scale energy consumer. In 2012, this location concluded a target agreement with the Swiss Federal Office of Energy (SFOE) and the Swiss Federal Office for the Environment (FOEN). In this agreement, the location pledged to increase its energy efficiency by 116 per cent and to reduce its CO₂ intensity to 80 per cent within 10 years. Target agreements are a tool for implementing Swiss energy and climate protection legislation.

Stadler Rail Group's energy consumption in TJ broken down by energy sources, absolute values



In 2019, the Stadler Rail Group consumed around 440 TJ of energy. In recent years, energy consumption has increased because Stadler has added new plants, received more orders and increased the number of locations that are determining and monitoring energy consumption as part of its environmental management system.

Energy consumption in TJ per 100 000 hours of working time at the Stadler Rail Group, broken down by energy source, relative values with absolute working hours superimposed



The relative energy consumption per hour of working time has decreased significantly over the past three years even as the absolute number of working hours performed has increased.

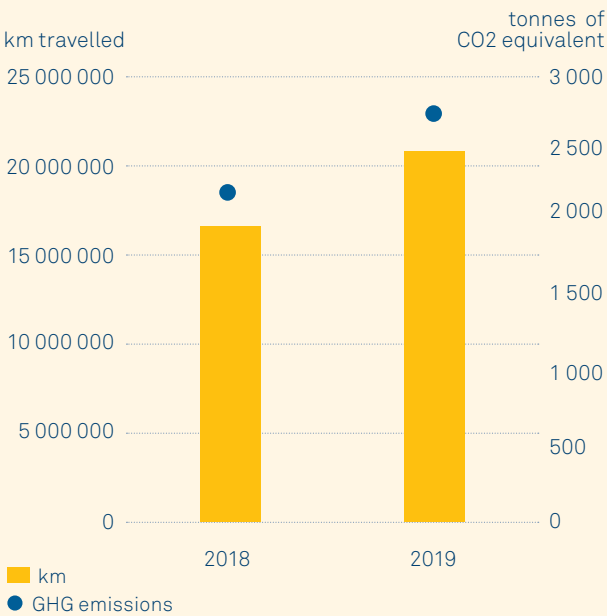
CO₂ intensity in tonnes of CO₂ equivalent per 100 000 hours of working time at the Stadler Rail Group, relative values



Relative CO₂ emissions per 100 000 hours of working time have also decreased since 2017.

CO₂ EMISSIONS AS THE RESULT OF BUSINESS TRAVEL OF DIVISION SWITZERLAND

Kilometres travelled by plane and the corresponding GHG emissions in tonnes of CO₂ equivalent due to Division Switzerland business travel



Because indirect emissions (scope 3) are not included in our carbon footprint, it was important to Stadler to quantify the emissions resulting from business travel by plane. The emissions shown refer to Stadler Bussnang, Rheintal and Winterthur as well as Stadler Rail Management AG. The analysis shows that the kilometres flown and the resulting GHG emissions increased by approximately 26 per cent from 2018 to 2019. One possible explanation for this increase is the larger number of orders received, which resulted in more meetings with customers. We plan to continue tracking this KPI in order to make a more precise statement on the matter.

VOC EMISSIONS

A large number of internal and external parts are painted not only to protect the trains against environmental impacts, corrosion and mechanical strain, but also to integrate them into the customer's corporate design. The paint generally consists of volatile solvents and non-volatile components. The solvents evaporate during the drying process, leaving behind the non-volatile compounds as a smooth film coating the painted object.

Many paints contain a certain amount of volatile organic compounds, also known as VOCs. VOCs can also be found in adhesives and cleaning agents as well as in fossil fuels. VOCs can be hazardous to human health and pose environmental risks by contributing to ozone formation. For this reason, their use is subject to environmental regulations in many countries.

We try to keep our use of solvent-based paints to a minimum and to use water-based coating systems whenever possible. We also have other operational measures in place to reduce emissions. For example, in 2017 the Altenrhein plant updated its declaration and disposal processes for aqueous paint residues, which successfully reduced VOC emissions by around 40 per cent. Up to now, Stadler has used different methods to measure and track VOC emissions. Starting in 2020, these values will be uniformly recorded in all plants, which will make them easier to compare.

VOC emissions in tonnes per 100 000 hours of working time at the Stadler Rail Group, relative values



Relative VOC emissions per 100 000 hours of working time at Stadler locations decreased from 2017 to 2018. Data from 2019 were not available at the time of printing.

CHEMICALS AND HAZARDOUS SUBSTANCES

Stadler's Swiss production locations are subject to the Swiss Chemicals Ordinance (ChemO) and the Swiss Chemical Risk Reduction Ordinance (ORRChem), which are harmonised with the the EU regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). We use a detailed, up-to-date substance list provided by the umbrella organisation of the European rail industry to ensure that we comply with REACH and other applicable standards and regulations. Furthermore, the Swiss locations are informed about the latest changes to applicable legislation by external specialists.

The company trains its employees who regularly come into contact with chemicals and hazardous substances in order to guarantee safe handling of these substances. For example, employees who transport paint and paint residues between Stadler's Swiss locations receive special hazardous substances training. Regular inspections by public authorities have yet to result in any complaints.

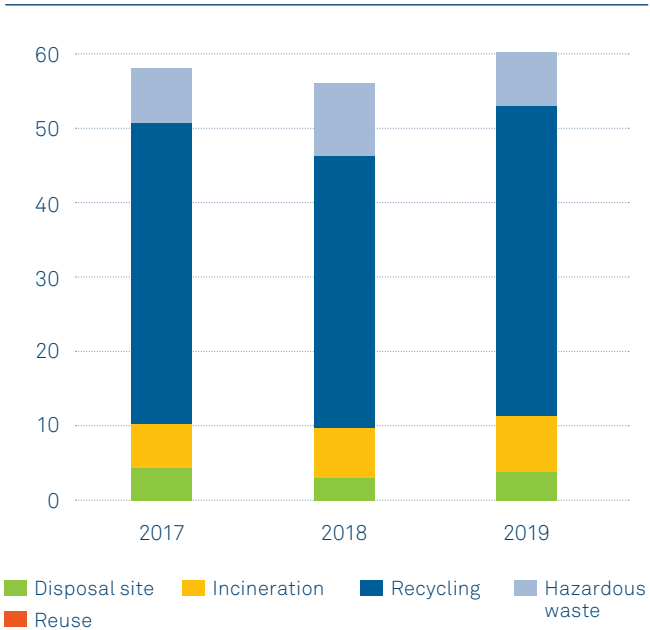
WASTE AND RESOURCES

Stadler tries to conserve resources and avoid waste wherever possible, not least for economic reasons. This starts with product design, material selection and material procurement. «The best waste is the waste you can avoid.» This is Division Switzerland's motto, and one that we remind all employees of on a regular basis.

The plants do their best to separate all unavoidable waste as carefully as possible. Afterwards, this waste is either recycled or properly disposed of. This applies equally to packaging materials (wood and plastic), scrap (steel sheet, aluminium, cables) and residual waste from processes (e.g. residual paint, sand from sand-blasting). Based on local disposal procedures, we create an ecological assessment for each location and determine the recyclable quantities accordingly.

In this report, we publish the waste data of all Stadler locations (see the graphic on page 41). However, there are still no standardised processes for the collection of environmental data that apply to the entire Group (see the «Environmental management» chapter on page 37). The company is currently working on formulating clear guidelines that define how regional plants are to collect environmental data. In future, this will result in higher quality data and better comparability.

Waste in tonnes per 100 000 hours of working time at the Stadler Rail Group, broken down by waste type, relative values



In 2019, Stadler generated around 60 tonnes of waste per 100 000 hours of working time. In absolute figures, this amounts to 10 700 tonnes of waste in 2019. The trend over the years demonstrates that the amounts of relative and absolute waste generated have increased. One positive development is the increased proportion of recyclable waste and the reduction in hazardous waste thanks to better waste separation.

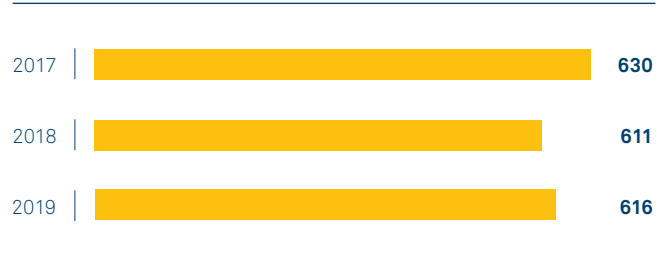


WATER AND WASTEWATER

The Stadler locations primarily consume water in the form of fresh water for operation of the sanitary systems and to clean the products. The water generally comes from the local fresh water supply network. We dispose of wastewater in the public sewage system.

Our company still does not have any standardised processes for the collection of data on water consumption that apply to the entire Group (see the «Environmental management» chapter on page 37). However, we are currently working on formulating clear guidelines that define how regional plants are to collect environmental data.

Water consumption in litres per 100 000 hours of working time at the Stadler Rail Group, relative values.



The relative water consumption per hour of working time at Stadler locations has decreased since 2017.

Energy efficiency in the new plant

At the end of 2019, Stadler largely abandoned its Altenrhein location. The hundred-year-old plant no longer met the requirements for modern assembly facilities. Production was moved to a newly constructed building with a total area of 40 000 square metres. The new plant is located just a few kilometres away in St. Margrethen.

With this move, we are not only maintaining a modern production hall in the Rheintal region, but we are also taking a huge step towards achieving our ambitious environmental goals. These goals, which we are planning to achieve by 2022, include doubling the number of employees who use public transport to commute to work, reducing consumption of fresh water by 25 per cent, cutting natural gas consumption in half and reducing power consumption by 30 per cent.

The new Stadler production facility is located within walking distance of the closest train station and offers employees optimal access to public transport. Moreover, the company encourages employees to commute to work with electric cars by providing charging stations. Thanks to their high level of insulation and the use of external waste heat as well as the recuperation of the facility's own waste heat from the compressed air system, it has been possible to significantly reduce the building's heating energy demand. Only highly efficient LED lights are used to light the building.

Furthermore, Stadler uses the large, flat roof to generate solar energy. With a total area of 6 000 square metres, the cooperative Solar St.Gallen installed the largest solar power system in the region and now sells ecologically friendly power to us directly. The system covers around a quarter of the power requirements for the production of double-decker trains.



«Environmental awareness has increased»

INTERVIEW WITH LINO MESA
ENVIRONMENTAL HEALTH AND SAFETY MANAGER,
STADLER VALENCIA

1. Which environmental issues are you currently concerned with at the Valencia plant?

As our company has grown, our environmental protection efforts have increased. We are increasingly using these improved technological opportunities to reduce the strain on the environment. At the same time, we have also noticed that environmental awareness has been increasing among our employees. The latter has allowed us to establish an effective environmental management system in accordance with the relevant ISO standard. In recent months, we have introduced a number of initiatives that go much further than simply complying with legal requirements, such as life-cycle analysis of our EURODUAL locomotive and voluntary involvement in the EU Eco-Management and Audit Scheme (EMAS).

2. What measures is the Valencia plant taking to reduce its CO₂ footprint?

We have already been working on a way to measure our greenhouse gas emissions for many years now. One milestone on this journey was the CO₂ footprint and emission report that we created and had validated in 2018 in accordance with the standard ISO 14064. This foundation allows us to tackle the most important sources of greenhouse gas emissions step by step. The measures that we have implemented thus far include, for example, replacing standard lighting with LED lights and optimised control of the cooling systems in offices and warehouses. Furthermore, we have replaced the entire fleet of diesel stacker trucks with efficient electric vehicles. We have also used a number of informational campaigns to increase awareness amongst personnel, for example for the economical use of energy, for carpooling with other employees and for using the company's bus fleet to commute to work.



SOCIETY

Stadler has grown to become a global company. Nevertheless, we still consider ourselves to be part of the local community at each of our locations and maintain our regional roots. Not only do we play an important role in regional value creation, but we also regularly support social organisations and address societal concerns in the respective countries.

As a conscientious company, we tackle societal challenges that go above and beyond our business activities. At the same time, we want to make a fitting contribution in order to address important societal concerns and support community cohesion. Our efforts in a wide variety of areas are all carried out with the aim of contributing to long-term solutions.

In countries where our company has production facilities, we make a contribution to society and the community in the form of numerous smaller and larger projects. We support more than 50 organisations from the areas of culture, sports and science in Switzerland alone through donations and volunteer work. The largest financial contribution was donated to Casinotheater Winterthur. Our medium-sized and smaller contributions are mainly directed at programmes that provide support to young people.

In Germany, Stadler Pankow supports one or two charitable organisations every year with a large donation at the beginning of the year. The organisations are suggested by our employees. In 2019, these organisations were Strassenkinder e.V. and Rote Nasen. Strassenkinder e.V. supports socially disadvantaged children through education and societal integration to keep them from ending up on the streets. Rote Nasen is an organisation of hospital clowns. In 2018, the donation went to a children's hospital. Furthermore, Stadler Pankow also supports a number of local events.

In Poland, our efforts are focussed on our production location of Siedlce in order to highlight the company's connection to the city. For example, we support a school for disabled children by sponsoring a minibus that can be used to transport the children to activities outside of the school. We also sponsored the sports equipment for the local football team, Naprzód Skorzec, and organised a Christmas donation drive for people in need together with local employees. This year, the funds went to SOS Children's Villages and to an animal shelter in Siedlce.

In England, we were one of the main sponsors of the Three Peaks Challenge by Rail in 2018. This charity event helps to raise awareness and funds for the organisation Railway Children, which helps children on the streets around the world. The organisation improves the situations of children on the streets – also in the United Kingdom – over the long term and also helps them with immediate needs such as food and housing.

In the US, we also make sure to give something back to the communities where we are located. For example, Stadler supports a number of charitable organisations in Salt Lake City. Together with the local ice hockey team, the Utah Grizzlies, Stadler organises an annual fundraising campaign to fund cancer treatments for people in need. Given the fact that the hockey games are broadcast on television and thanks to all the activities that take place around the games, the event attracts a great deal of attention from the general public. Furthermore, Stadler employees are also involved with fundraising events to benefit the Huntsman Cancer Institute, and take part in sponsored runs and cycling races. Stadler is also part of Utah Works – a programme that helps provide disabled persons with access to education and jobs.

In Hungary, Stadler Szolnok organised an event in 2019 to raise awareness amongst the employees and their children. The motto of the event was «Travel by train to save our planet» and, as part of the event, we held a drawing competition. The goal was to raise awareness among the employees and their families about environmental protection and to motivate them to raise their children in an environmentally conscious manner. A total of 43 children submitted drawings to the contest.

Photos from various events, such as the «Grizzlies Fight Cancer Weekend Presented by Stadler», which Stadler US sponsored last year.



Photos from the drawing contest at Stadler Szolnok in Hungary, the theme of which was «Travel by train to save our planet»





«We are doing everything we can to make rail travel even more environmentally friendly»

INTERVIEW WITH MARINA WINDER
SECRETARY GENERAL AND HEAD OF
COMMUNICATION AND PR, STADLER RAIL

1. In your view, which societal issues are most pressing and what are you doing to make a difference?

When always shop with sustainability in mind. For me, this means purchasing regional and seasonal products. Furthermore, I choose to shop at local businesses. I am willing to pay more for quality and customer service than I would if I shopped online.

2. Where does Stadler want to be in 10 years in terms of sustainability?

Our products already make an important contribution to climate-friendly mobility today. We are doing everything we can to ensure that our trains, locomotives and trams will be even more environmentally friendly in the future thanks to the use of new technologies. Recently, we have been able to make considerable progress using innovative drive technologies. Digitalisation will also help to advance efficient, climate-friendly railway operations. From a business perspective, it is a great incentive for Stadler to use these innovations in such a way that they also increase productivity. We feel that this combination of economic viability, environmental protection, social security and dedication to improving our society is a form of sustainability that benefits every one of us.

OUTLOOK

Stadler will continue to publish a Sustainability Report at regular intervals. Our aim is to continuously improve our sustainability reporting and the quality of our data. For this reason, Stadler has made it its goal to achieve compliance with the GRI standard by the next reporting period. At the same time, Stadler will carry out a systematic materiality analysis – including the involvement of stakeholders and an impact assessment – to determine the most important issues we need to address. This will allow us to build a sustainability strategy in 2021 on the basis of this analysis, and to derive concrete targets and measures from it.





We welcome feedback from our stakeholders and third parties on our first Sustainability Report.

If you have any questions or comments, please do not hesitate to get in touch.

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The new Stadler Rheintal AG plant in St. Margrethen with its photovoltaic system, which measures 6 000 square metres.





STADLER

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