STADLER

Document – No.	**NTA 2024**
State	Released
Type of document	Annual report
Number of pages	10
Project	Stadler Service Norway

Annual Report – SRS Norway

NTA – Norwegian Transparency Act

Created		Checked		Released	
Name	Date	Name	Date	Name	Date
jusdar	28.5.2024	webmar	31.5.2024	strreg	26.6.2024

Stadler Service Norway AS

STADLER

Index of contents

1 Introduction

On the 1st of July 2022, the Norwegian Transparency Act ("Transparency Act") came into force. The Transparency Act aims to increase companies' respect for fundamental human rights and decent working conditions in connection with their supply chains and to ensure public access to information regarding how companies address adverse impacts on human rights and working conditions.

The Transparency Act, therefore, requires companies to regularly:

- Carry out due diligence procedures according to the OECD Guidelines for Multinational Enterprises
- Account for the implementation of due diligence procedures as part of their reporting
- Ensure public access to information upon written request.

Stadler Service Norway AS is subject to the Transparency Act cf. sections 2 and 3.

Stadler Service Norway AS (SRS NO) is committed to fair and cooperative business relations as well as to social and ecological sustainability. Moreover, Stadler explicitly acknowledges and respects universal human rights, as defined by the UN's Universal Declaration of Human Rights, and aims to carry out its business with due diligence to protect human rights throughout its entire supply chain.

These expectations are reflected and described in the Code of Conduct for Stadler employees and in the Code of Conduct for our Business Partners. The Codes are based on the principles of international standards, such as the OECD Guidelines, the ILO Conventions, and the ICESCR, as well as country-specific laws and regulations. They reflect the fundamental values of Stadler Service Norway AS: integrity, legality, and ethical behaviour.

Stadler Group regularly publishes easily accessible financial and non-financial reports, including sustainability reports, on the 'Investor Relations' section of their website (Investor Relations). The most recent sustainability report from Stadler Group (published in April 2024 - here) includes a materiality analysis and a dedicated section on human rights. Stadler Service Norway follows all statutory sustainability strategies and objectives of the Stadler Group.

Stadler Service Norway AS acknowledges the public's right to information regarding adverse impacts on fundamental human rights cf. section 6 of the Transparency Act. Stadler Group has established a process for receiving and managing complaints and reports, which can also be used for written information requests related to the Transparency Act. The process is accessible on the 'Compliance' section of Stadler's website (Compliance).

1.1 General Information

This report describes the means and current status of compliance with due diligence requirements of the Transparency Act and consists of three main chapters with relevant information about:

- **Organisational Structure:** This chapter highlights how Stadler Group and Stadler Service Norway AS are organised, what their area of operation is and which other relevant

parties are involved when it comes to fulfilling requirements of the Norwegian Transparency Act.

- **Process of managing requirements of the Norwegian Transparency Act:** This chapter introduces the procedures on how Stadler Service Norway organises the fulfilment of the requirements of the Norwegian Transparency act and of relevant internal policies.

- **Adverse impacts/risks and their mitigation:** This chapter gives insights into the current status of due diligence procedures (results 2023) as well as an overview of the measures taken to mitigate risks and avoid adverse impacts.

2 Organisational Structure

2.1 Enterprise Structure – Stadler Rail AG (parent company)

Stadler has been successfully building trains for over 80 years. In 1942 Ernst Stadler founded a small engineering office that has since grown into a globally active manufacture with around 14,500 employees. During this time, Stadler has developed from a vehicle manufacturer into a provider of integrated mobility solutions. Stadler supplies vehicles, infrastructure, service and the associated automation technology from a single source across all segments and at the highest level of innovation.

Stadler provides a comprehensive range of vehicles in the heavy rail and urban transport segments: high-speed trains, intercity trains, regional and commuter heavy rail trains, underground trains, tram trains and trams. Stadler also manufactures mainline locomotives, shunting locomotives and passenger carriages. The tailormade sector is another important market segment in which Stadler has grown considerably on a global scale and remains the world's leading manufacturer of rack-and-pinion rail vehicles. Stadler also provides solutions and services in the areas of maintenance and signalling to ensure efficient, digital and sustainable rail transport.

Stadler has core production and components plants as well as engineering and signalling sites in Europe, the CIS region and the Unites States. For our service business, Stadler operates service locations worldwide.

Stadler's extensive supply chain covers a large number of suppliers in many countries across the world. Stadler's suppliers provide materials, specific components, IT, communication equipment and services (e.g. repairs and overhauls of parts and components), office and workshop cleaning, maintenance services, transportation, couriers, marketing such as merchandises supplies, office equipment and supplies, and professional services such as auditors, legal counsel, banks, insurer and recruitment agencies.

2.2 Area of Operations – Stadler Service Norway AS (subsidiary)

Stadler Service Norway AS is part of the Division Service which belongs to Stadler Group with its headquarters in Switzerland. Stadler maintenance locations with their respective contracts are managed by regions. Each region has its dedicated regional manager supporting the local project organisation in their daily business. This approach ensures a strong cooperation within the network while taking into account local conditions. The regional manager is in close contact with and reports directly to the Executive Vice President located in the Group and Division Service headquarters in Switzerland.

Stadler Service Norway AS is specialized in maintaining and servicing trains, trams and locomotives in Norway. The range of services includes preventive maintenance, vehicle repairs and overhauls, as well as the implementation of modern technological solutions to enhance operational performance and reliability.

Stadler Service Norway AS is active at five locations: Oslo, Drammen, Bergen, Skien and Trondheim. About 130 employees are currently working in the company.

The company is working with global suppliers who provide, among others, materials, specific components, IT, communications equipment and services, as well as maintenance services.

Stadler Service Norway AS is certified in the following standards: ISO 9001/ ISO 14001/ ISO 45001/ ECM 779 (ECM 3 and ECM 4 functions).

2.3 Relevant Corporate Functions

Although Stadler Service Norway AS can function as an independent site for the maintenance of rail vehicles, for the needs of the Transparency Act, SRS NO relies on the support of some of the group corporate functions which are all reporting to the Group CEO.

Those are:

- **Global Sustainability**: development of methods and processes to assure legal compliance with the ESG framework, e.g. regarding environmental and social topics.. The implementation and application on contract level is in the responsibility of the local company, e.g. Stadler Service Norway AS.

- **GPO (Global Procurement Office):** development of methods and processes related to ESG in the supply chain, e.g. risk assessments of suppliers, criteria for the suspension of suppliers due to ESG-relevant breaches on a company level.

- **General Counsel** (legal, compliance): development of ESG-relevant guidance related to governance (e.g. Statement on OECD Guidelines), compliance reporting office, internal Code of Conduct as well as Code of Conduct for Business Partners (e.g. all suppliers).

- **Corporate Communications**: Publication of ESG-relevant external information, e.g. the sustainability report.

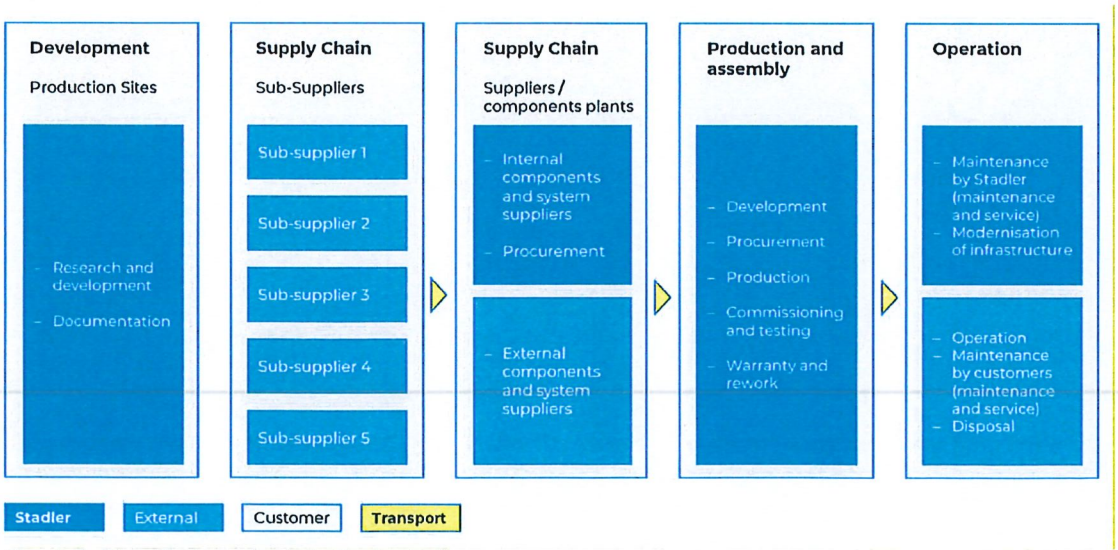
- **Chief Compliance Officer (CCO):** The CCO is reporting directly to the Group Chief Executive Officer (CEO). It is the responsibility of the CCO to implement the

compliance program across the Group and to continually develop it. The CCO also supports and monitors training courses on this subject. Employees who are in contact with external partners in particular, go through a 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 division has its own local Compliance Officer (LCO) who functionally reports to the CCO. The LCO implements the compliance program within his respective division, thereby ensuring the group-wide consistency of the program.

2.4 Simplified Supply Chain – Stadler Rail

Stadler as a system integrator sees itself as a driver of innovation in vehicle development as well as maintenance. The diagram below shows the supply chain from train production to maintenance and disposal in a simplified form. Materials / components and requirements for sub-suppliers of the components are already defined and some suppliers selected during the development of the train. Stadler's business model does not end with the delivery of the trains to the operators. The company remains available to its customers afterwards as a service partner. The scope of these services - just like the product - is customised to the needs of the customer. It ranges from the supply of individual spare parts to full-service solutions.

The timely procurement of qualitatively flawless components is critical to Stadler's success, as the maintenance plan follows tightly synchronised schedules, which depend on the availability of materials and components. Procurement is decentralised in the respective service locations and is supported by a central unit for the coordination of procurement activities on divisional as well as group level. Both, local procurement and local maintenance locations, have the advantage of proximity to customers and suppliers.



Graph 1. Simplified supply chain Stadler Rail

3 General Description of Due Diligence Processes, Assessment and Management of Risks and Performance

Regarding due diligence in contracts / projects, as in any service contract executed by Stadler, Stadler Service Norway has a supplier management process in place. All suppliers have to sign the Code of Conduct for Business Partners and fill out / sign the Supplier Questionnaire, which contains among others questions about specific quality, safety and environmental requirements. Furthermore, potential new Business Partners have to confirm their commitment regarding the requirements of the Norwegian Transparency Act.

All existing and new suppliers are also subjected to a supplier risk analysis that is updated in accordance with legal requirements. This ensures compliance with legal regulations, including all applicable due diligences and reporting obligations in the supply chain. The method and measures of the risk analyses are described in the following chapter in more details.

4 Due diligence – methods and measures

4.1 Methods

Stadler Service Norway AS uses a supplier risk analysis tool that includes an indicative, abstract and concrete analysis. The risk analyses are assigned to the supplier approval process (new suppliers) and the supplier evaluation process (existing suppliers).

In order to approve a new supplier, an abstract risk analysis is being performed, using 7 different indices (see also graph 2).

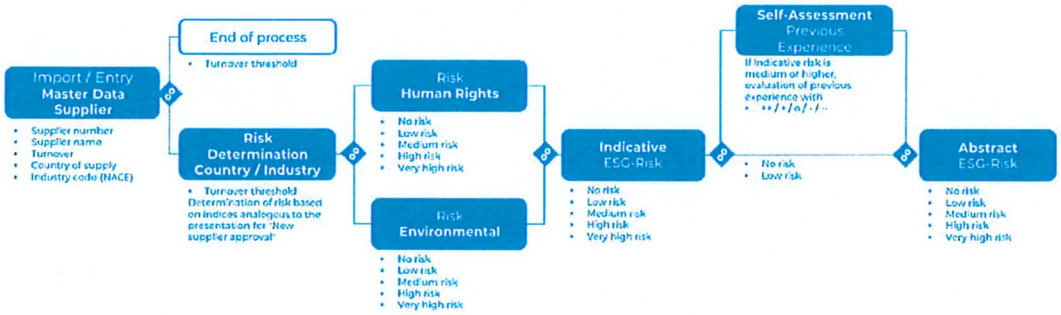
A. Human rights - Country risks
    1 Children's Rights in the Workplace
    2 Freedom in the World
    3 Global Slavery Index
    4 Rule of Law Index
    5 TDi Index Conflict- and risk areas

B. Human rights - Industry risks
    6 Study on human rights risks (BMAS)

C. Environmental – Country risks
    7 Environmental Performance Index

Graph 2. Abstract risk analysis assigned to supplier approval process

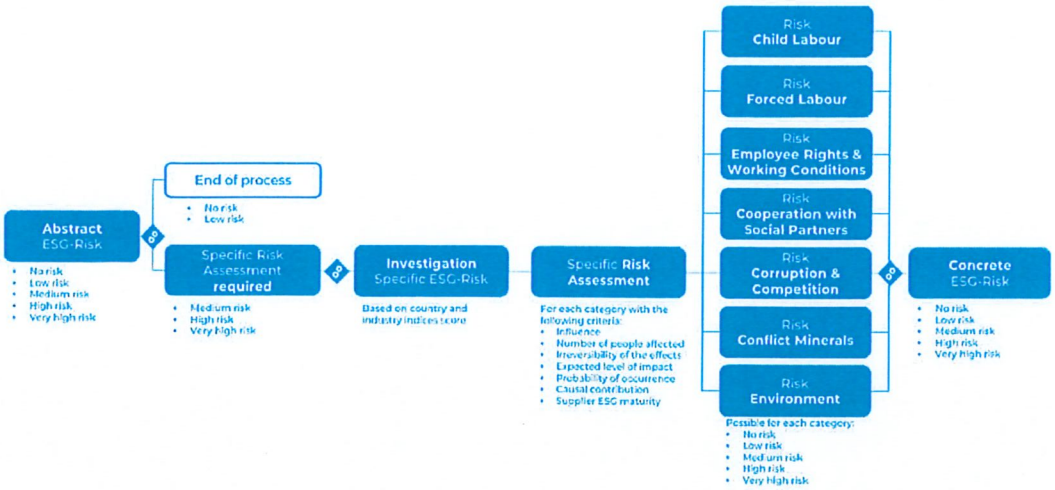
For existing suppliers, the indicative risk is then measured against a self-assessment of previous experience with the respective supplier. This results in the abstract risk classification, which is divided into no, low, medium, high and very high risk (see graph 3).



Graph 3. Abstract risk analyses assigned to supplier evaluation process

4.2 Measures

If a medium, high or very high risk is identified as a result of the abstract risk analysis, the supplier must go through a specific risk assessment, which includes a self-assessment-questionnaire to be completed by the supplier. The results of the assessment will be evaluated by Stadler based on the identified risks (see graph 4).



Graph 4. Specific risk analysis as first measure (document supervision)

If a medium risk results after the specific risk analysis, an action plan is drawn up with the supplier for identified risks, which is continuously reviewed and leads to the supplier being blocked in the event of non-compliance.

If a high or very high risk is identified after the specific risk analysis, an ESG-Audit is carried out by an external provider after a thorough materiality check. Following the ESG-Audit, an internal committee decides how to proceed with respect to the supplier concerned. A party can in any case only qualify as a supplier if the risks identified can be classified as a medium risk at most and no blocking criteria are violated.

Based on the final risk assessment, SRS NO can enter into a contract with the respective supplier and will determine the necessary additional preventive measures to ensure due diligence and prevent or mitigate certain risks.

Stadler continuously evaluates and monitors its programs to ensure all actions are consistent with industry standards. Through such evaluation and monitoring Stadler seeks to ensure that its own business and its supply chain comply with all applicable regulations.

5 Due diligence – Results 2023/2024

Stadler Service Norway (Train, Tram and Loc Business) currently has around 89 suppliers, which account for the main volume of purchased parts and services in 2023/2024.

In total, 57 suppliers completed and signed the required documents on group or on country level. SRS NO has noticed some resistance from some suppliers in signing the CoC for Business Partners or the Questionnaire. Specific reasons for their refusal to sign the documents were not given. Nonetheless, Stadler Service Norway AS continues to try and get all suppliers to fill out and sign the CoC for Business Partners and the completed Questionnaire.

For the risk analysis, all actively used suppliers were assessed in the risk analysis tool. The analysis was carried out in accordance with the procedure described above.

According to the indicative risk analysis, only one supplier was found to have a medium risk, which is caused by one of the country based environmental indices. After including the self-assessment and determining that said environmental risk does not exist in this specific case, the result of the abstract risk analysis was adjusted to a low risk. All other suppliers were classified as suppliers with no to low risk, which does not require any further measures.

Table 1 provides an overview of the risk of the identified indicative and abstract supplier risks. This table is only a snapshot of the respective internal screening tool and serves as an illustrative overview. It has been anonymized for reasons of data protection.

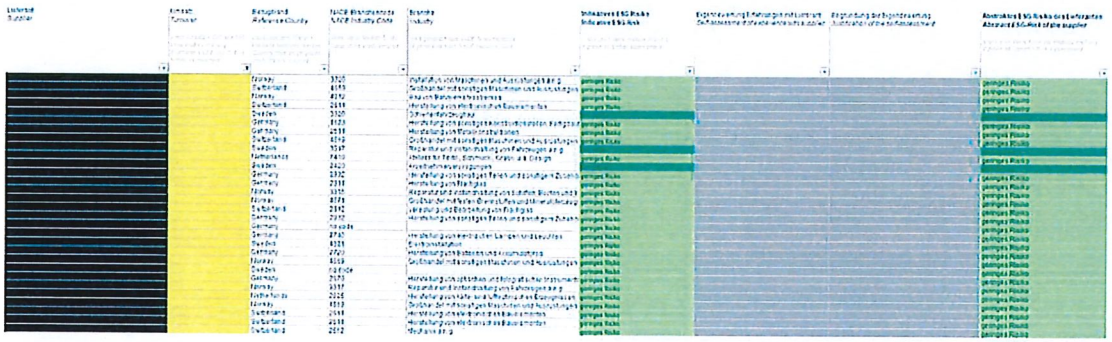


Table 1. Overview indicative and abstract supplier risks

STADLER

Oslo, 27.6.2024

Jonas Walti
Board Director

Digital signiert von
Bettels Bernd SRS
Datum: 2024.06.27
18:53:53 +02'00'

Bernd Bettels
Board member

Claus Hansen
Board member

Raphael Herbert Niklaus Widmer
Board member