

# Modern slavery statement

## Introduction

MER MEC is committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking.

MER MEC is committed to treating employees and people who are connected to its business with dignity and respect; and this includes a commitment to freely chosen employment as defined in its Policies and Code of Ethics.

As a testament to MERMEC's commitment and the importance of increasingly integrating sustainability into its strategic choices, in 2019, MER MEC chose to join the **UN Global Compact**, the world's largest corporate sustainability initiative. It is a voluntary initiative to adopt ten universal principles relating to human rights, labour, the environment and the fight against corruption, which promote the values of long-term sustainability through political actions, business practices and social and civil behaviour.

In 2023, it held the annual **Communication on Progress** in support of the ten principles of the Charter, demonstrating its adherence to this "global movement of sustainable societies".

Through its activities, MERMEC contributes, as far as it is concerned, to the achievement of the **Sustainable Development Goals** (SDGs) of the United Nations 2030 Agenda for Sustainable Development, approved by the General Assembly in 2015. Among the SDGs, MER MEC highlights in this document its work to achieve the eighth goal "Decent work and Economic growth". To this end, MER MEC is committed to working collaboratively on modern slavery issues with its stakeholders, including suppliers, recruitment agencies and authorities

The **Modern slavery statement** is available on the Company website *Group's website under Sustainability (mermecgroup.com)*.

The complete discussion of MER MEC's commitment to sustainability issues is available in the **Sustainability Report** published on the Company website *Group's website under Sustainability (mermecgroup.com)*.



Luca Necchi Ghiri  
Chief Executive Officer

TLP: White

# CONTENTS

OUR BUSINESS AND SUPPLY CHAIN .....	3
MODERN SLAVERY AND HUMAN TRAFFICKING POLICIES .....	3
DUE DILIGENCE PROCESSES .....	5
RISK ASSESSMENT AND MANAGEMENT .....	6
KEY PERFORMANCE INDICATORS AND MEASURING EFFECTIVENESS .....	7
TRAINING AND CAPACITY BUILDING.....	8

TLP: White

## Modern Slavery Statement

### Our business and supply chain

The mission of MER MEC has always been focused on helping railways around the world to manage safe and efficient networks.

MERMEC Group was established in 2008 under the direction of MERMEC S.p.A. with the aim of expanding the product portfolio and increasing the presence on national and international markets of the individual companies constituting the Group itself.

MERMEC Group consists of synergistic companies, global leaders and technological innovators in the provision of innovative end-to-end solutions for the railway, civil and industrial sectors.

Today, MERMEC Group has **more than 1300 employees** and it is able to carry out internally the design, development, production, installation and support of all the solutions of its product portfolio, which includes railway vehicles, electronic and optoelectronic systems, software applications and measurement services for railway infrastructure diagnostics, the construction of technological systems for railway infrastructure and signalling, numerical mapping services and topographic databases.

MER MEC global supply chains consist of a broad assortment of suppliers who provide a diverse range of products and services, including, but not limited to, finished products, semi-finished products, raw materials, test services, consultancy services, calibration services, engineering services, logistics, and transportation services.

The Group is committed to **responsibly managing its supply chain**, as a fundamental element of its production chain. The purchasing processes are based on the search for the maximum competitive advantage for MERMEC and the granting of equal opportunities for each supplier and are based on pre-contractual and contractual behaviours based on mutual loyalty, transparency and collaboration.

MER MEC strictly excludes any form of collaboration with suppliers who can:

- Employ forms of child labour,
- Submit its employees to forced or compulsory labour.

MER MEC suppliers are mostly Europe and North America based in low-risk areas. Anyway, during the selection phase, each candidate as a MER MEC supplier is subjected to a qualification process. The supplier is required to complete a specific questionnaire containing sections specifically dedicated to Human Rights and Labor in order to verify the right to freedom of association, the absence of child labour and forced or compulsory labour.

### Modern slavery and human trafficking policies

MER MEC has a **Management System for Social Responsibility certified according to the SA 8000:2014** standard. The choice to implement a Management System compliant with SA 8000 is

TLP: White

motivated by the will of the organisation to regulate in a clear and unambiguous way the performance of activities according to the requirements of Ethical and Social Responsibility, committing to involve the entire supply chain on these issues in order to identify areas for improvement in the ethical-social field for the benefit of the entire Organisation.

The System is based on the **principles of protection of workers' rights** and health and safety in the workplace, international standards and conventions and the relevant International Labour Organisation (ILO) Conventions referred to in the Standard, applicable national laws, sector regulations, contractual conditions and any other requirement voluntarily signed and adopted.

The commitments and main goals are described in the following policies and documents (available on the company website *Group's website under Sustainability (mermecgroup.com)*).

### ***SA8000 Policy***

The Management undertakes to comply with international standards and conventions and with the Conventions of the International Labour Organisation (ILO) of reference. It undertakes not to encourage or employ the use of child labour and forced labour, to guarantee adequate workplaces, to respect the right of workers to join Trade Unions and not to carry out or support any type of discrimination against staff.

### ***Corporate Social Responsibility Policy***

The Management undertakes to implement, communicate and promote, within its spheres of influence, the ten principles of the UN Global Compact, contribute to the achievement of the Sustainable Development Goals (SDGs) and promote and implement CSR initiatives.

### ***Sustainable Sourcing Policy***

It defines the rules aimed at ensuring compliance with sustainability criteria in the procurement process, the selection of suppliers, products and services, requiring them to comply with the MERMEC group's CSR policies.

### ***Supplier Code of Conduct***

The aim of the Code of Conduct is to share MER MEC fundamental commitment towards ESG (Environmental, Social and Corporate Governance) issues with its supplier and to raise awareness about adopting behaviour aimed at protecting the environment and human rights. Signing the code of conduct by suppliers requires, among other things, respect for human and labour rights: "The supplier recognizes fundamental labour rights, including the protection of workers' health and safety and respect for the freedom of association of its employees. It condemns any form of forced or compulsory labour and slavery and ensures that its employees are not restricted by physical restraints, abuse and threats."

TLP: White

### ***Code of Ethics***

MER MEC's commitment on the subject is expressed in the code of ethics in which the company's commitment to continue operating in compliance with the mandatory requirements and recommendations of the International Labour Organisation "ILO" regarding discrimination, right of association, forced labour, child labour, remuneration, working hours is manifested.

### **Due diligence processes**

MER MEC forges collaborations with commercial partners, agents, representatives, consultants and subcontractors in the world, expecting from them behaviour inspired by ethical principles consistent with those of the company, from the anti-corruption policy to respect for fundamental labour rights.

In their selection, assessment and qualification, MER MEC carries out documented due diligence checks on their background (including background, financial soundness, reporting to databases, compliance with occupational health and safety regulations, compliance with labour and human rights laws).

When establishing new business relationships, MER MEC considers the history of its potential partners and their current reputation, appropriately documenting the conditions for collaboration with them. In this regard, a personal dossier is drawn up.

If the potential partner has never worked with MER MEC, or the partner does not have a consolidated commercial history, it is necessary to evaluate whether it is appropriate to carry out a due diligence check.

The process may require the following evaluations:

- Professional and financial background and history;
- The market in which the potential partner operates, assessing the degree of risk in terms of reputation, corruption and ethics;
- Commercial, shareholdings and managerial positions;
- Links with public officials and other political figures;
- Commercial reputation;
- Involvement in disputes;
- Presence on the international blacklists;
- Any use of child labour and forced labour.

TLP: White

## Risk assessment and management

MER MEC is committed to responsibly manage its supply chain, as a fundamental element of its production chain. As part of the procurement process for the selection, assessment and qualification of MER MEC's suppliers/subcontractors, is carried out a modern slavery risk's assessment.

1. In addition to goal selection criteria, including quality, delivery, performance and prices, respect for the Human and Labour Rights of potential suppliers is assessed, with reference to the exploitation of child labour. All MER MEC's suppliers are required to complete a specific **assessment and qualification questionnaire** containing a section dedicated to Human and Labour Rights, which includes questions relating to the fight against slavery and minimum working conditions.
2. All MER MEC's suppliers are required to sign and accept the **Declaration of Commitment** and the **Supplier Code of Conduct**, with which suppliers undertake to respect the fundamental principles and rights of work, including the protection of the health and safety of workers, the absence of any type of discrimination, to respect human and childhood rights, to eliminate any form of child exploitation, forced or compulsory labour and slavery and are committed to ensuring that their employees are not limited by physical restrictions, abuse or threats.

MER MEC has assessed that the suppliers at greatest social risk are those operating in the geographical areas of Asia, Central and South America, North Africa and Eastern Europe. The entire qualification process and, in particular, the completion of the questionnaire and the signing and acceptance of the Declaration of Commitment and the Supplier Code of Conduct, allow the risk to be lowered.

Where controls and/or audits are found to be unsuccessful, MER MEC adopts appropriate corrective measures in accordance with the provisions of the contracts to ensure that the sustainability requirements set out in the guidelines are met. In case of ascertained incidents related to non-compliance with labour and human rights laws, the supplier is disqualified and will not provide services or products to MER MEC.

In 2024, no supplier was identified with a significant risk of forced or compulsory labour, child labour, infringement of the right to freedom of association and collective bargaining.

TLP: White

## Key performance indicators and measuring effectiveness

To assess the effectiveness of its actions in ensuring that slavery and human trafficking do not occur in its business and supply chain, MER MEC monitors the following key performance indicators.

<b>KPI</b>	<b>2022 Achievement</b>	<b>2023 Achievement</b>	<b>2024 Target</b>
1. Suppliers with contractual clauses on sustainability issues	100%	100%	100%
2. Suppliers that have signed the Declaration of Commitment / the Code of Conduct	63%	81%	85%
3. Critical suppliers selected using environmental, social and ethical criteria	100%	100%	100%
4. Medium CSR SPE (Supplier Performance Evaluation)	2,52	3,18	3,2

1. MER MEC ensures that all contracts with its suppliers contain clauses on sustainability issues that require adherence to its policies and Code of Ethics. MER MEC Group is committed to ensuring that this percentage is maintained constant in the coming years.
2. In addition, starting in 2022, MER MEC suppliers are required to sign the Declaration of Commitment and the Code of Conduct, which commit suppliers to respect human rights and children's rights, to eliminate all forms of child exploitation, forced or compulsory labour and slavery, and ensure that their employees are not restricted by physical restrictions, abuse or threats.

MER MEC is committed to ensuring that the percentage of suppliers signing the Declaration of Commitment / the Code of Conduct will grow in the coming years.

3. All suppliers, especially critical ones, are selected and qualified using environmental, social and ethical criteria. MER MEC Group is committed to ensuring that this percentage is maintained constant in the coming years.
4. The CSR SPE (Corporate Social Responsibility Supplier Performance Evaluation) is a KPI that is calculated for suppliers to which orders were placed in the reference year and considers several parameters, including environmental, ethical and social compliance, commitment on environmental, ethical and social issues, the adoption or not of child labour and the possession of CSR certifications. MER MEC is committed to ensuring that this KPI remains stable over time.

TLP: White

## Training and capacity building

MER MEC's employees and supply chain partners play an important role in helping identify and prevent modern slavery in its supply chain.

### Training

To raise awareness of modern slavery among its employees, MER MEC has included training on this issue within its Code of Ethics training. Through this training, MER MEC aims to ensure that all its employees are equipped with the knowledge to understand, prevent and combat modern slavery in all its forms.

In addition, MER MEC wants to raise awareness of these issues among its employees through first and third-party audits and the use of tools to identify and report exploitation cases (such as whistleblowing, internal surveys and webinars with experts).

### Communication

MER MEC's policies, Code of Ethics, Sustainability Report and Code of Conduct are available for consultation to all employees on the internal intranet and to all stakeholders on the company website.

Finally, MER MEC informs that wants to:

1. contribute to strengthen its commitment in preventing modern slavery;
2. convey the message that any form of modern slavery will not be tolerated in any of its activities;
3. ask its stakeholders to adhere to its commitment through the implementation of concrete actions to counter and prevent modern slavery. MER MEC also invites its suppliers to produce statements on modern slavery.

TLP: White