1- PURPOSE

The purpose of the Sustainable Procurement Policy is to define the key sustainability principles within the value chain of WABTEC TRANSIT.

2- SCOPE

This policy applies to WABTEC TRANSIT Segment, a business segment of WABTEC CORPORATION.

3- POLICY STATEMENT

To drive the sustainability transformation of the WABTEC TRANSIT Segment and to meet the advanced market expectations of customers, the WABTEC TRANSIT Segment is leading the change across its value chain. This sustainable procurement policy documents the expectations of the WABTEC TRANSIT Segment towards its supply chain partners.

Mass transportation solutions – such as passenger rail and bus transportation -- provide significant contributions to ensure a more sustainable world. The operations and manufacturing activities supporting the transportation industry need to adapt to support a sustainable world.

WABTEC and its business units have already performed major steps in this journey:
- Alignment to the United Nation's Sustainable Development Goals
- Performance of a Materiality Assessment and Definition of Priorities
- Tracking and reducing GHG emissions on scope 1 and 2 in alignment with climate change science
- Disclosure of GHG emissions on scope 3
- Deployment of a standardized Supplier Code of Conduct

The WABTEC TRANSIT Segment will coordinate with its stakeholders and suppliers as pillars of this process. As key partners, suppliers are selected based on performance, quality, and responsible procurement practices to enable a sustainable supply chain.

WABTEC TRANSIT Segment will collaborate with suppliers over the next three (3) years on the following aspects of sustainable procurement practices:

- **ESG Assessment**
  - Implementation of an assessment of ESG performance and compliance and develop an action plan for areas of opportunity and long-term risk mitigation.

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- ### Decarbonizing our supply chain
  - Collection of data related to Greenhouse Gas emissions for parts and services supplied and assembled into WABTEC TRANSIT Segment products through a dedicated Carbon footprint tool.
  - Development of a Greenhouse Gas emissions Reduction Plan on the category Purchased goods and services.
  - Evaluation of Carbon Pricing of sourced materials and preparation for Carbon Border Adjustment Mechanism (CBAM) and its financial impacts

- ### Integrating ESG criteria into our procurement processes
  - Integration of key ESG criteria into Sourcing processes, such as Supplier selection and other activities

ESG Assessment

The **D&B ESG Intelligence**, tool will enable WABTEC TRANSIT Segment to:

- Incorporate ESG factors into its supply chain due diligence process.
- Monitor ESG risks and engage suppliers.

Beginning in 2024, WABTEC TRANSIT Segment is evaluating its Top 200 Suppliers with an ESG Rating, and associated action plan. Suppliers of WABTEC TRANSIT Segment are expected to reach a minimum score.

Every Supplier is expected to:

- Support the collection of ESG data that enables the rating to be valid.
- Participate in the ESG action plan to identify improvement areas that will support the mass transit transportation industry's efforts to differentiate itself from other transportation modes.

Decarbonizing our supply chain

Climate change is important for every industry due to physical risks, changing market conditions, and increasingly complex regulations, such as carbon taxes on carbon intensive commodities such as steel, electronics, iron and aluminum.

Decarbonizing our supply chain enables our manufacturing and operations to be more sustainable and supports the circular economy. It also serves our customer's sustainability goals.

WABTEC TRANSIT Segment plans to implement a 'Carbon tool' to engage the Top 200 most GHG emitting Suppliers on decarbonization beginning in 2026.

Each Supplier within the Top 200 is expected to:

- Take part in WABTEC TRANSIT Segment decarbonization training.
- Provide Greenhouse Gas data's during tender and project phase to WABTEC TRANSIT Segment.
- Start accounting and disclosing Greenhouse Gas emissions across its value chain.
- Collaborate with WABTEC TRANSIT Segment and other supply chain partners to support decarbonization activities.

By end of 2026, for the TOP 200 Suppliers, WABTEC TRANSIT Segment aims to reduce its Greenhouse Gas emissions within the supply chain by 30% and increase recycled material content to 30% in its product portfolio (baseline 2023).

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Integrating ESG criteria into our procurement processes

As WABTEC TRANSIT Segment starts to evaluate every supplier on its ESG performance, the implementation of an internal carbon price will help WABTEC to decarbonize the products portfolio. Beyond that, ESG criteria will be used to evaluate WABTEC TRANSIT Segment Suppliers and support sustainable procurement practices.

The integration will be made over time, and the weight and importance of the different criteria will depend on tenders and external stakeholder's expectations.

Overall, WABTEC TRANSIT Segment suppliers will be expected to increase the use of more circular, bio-sourced or renewable materials in order to tackle environmental and strategic challenges, such as PFAS or Critical Raw Materials.

Empower and engage everyone into sustainability.

While WABTEC is developing the coverage of the tools, suppliers will be engaged and will be trained and given the possibility to understand necessity to progress on decarbonization path and sustainability improvement.

Every Wabtec supplier is strongly encouraged to become a member of the Railsponsible initiative.

4- DEFINITIONS

Greenhouse Gas ("GHG") emission: concern the calculation of the greenhouse gas accounting methodology based on the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard published in 2004.

Product Carbon Footprint (PCF): The Carbon footprint of products refers to the total amount of greenhouse gas emissions generated by a product from raw materials, suppliers, product design, manufacturing processes, transportation, consumer use, disposal and reuse. Definition is confirmed following ISO 14067

Carbon Tool: Software allowing calculation of the greenhouse gas emission per supplier based on either default emission factors either on specific emission factors shared by supplier.

Top 200: first 200 suppliers ranked versus their global greenhouse gas emissions embedded in the products delivered to WABTEC TRANSIT Segment.

Supplier: External provider of processes, products, or services

5- SPECIAL SITUATIONS / EXCEPTIONS (IF APPLICABLE)

Not Applicable

6- ROLES AND RESPONSIBILITIES (IF APPLICABLE)

Not Applicable

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7- CONTACTS (IF APPLICABLE)

The **Contacts** section highlights the department or individual to contact for questions or clarification of the policy.

Department (or Individual)	Contact Information
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8- REFERENCES

Not applicable

9- REVISION HISTORY

The **Revision** History section details the sequence of revisions.

Date	Revision	Reason / Description
03/01/2024	1.0	Initial Release

10- REVIEW AND APPROVAL

	Business Unit	Name	Function
Prepared by:	Transit	Frederic KOELTZ	Transit Sustainability & Performance Sourcing Leader – Transit BPO Sourcing
Verified & approved by:	Transit	Ludovic KASPERSKI	Transit Sustainability Manager
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	Corporate	Brian SHEPARD	Chief Procurement Officer
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Released by:	Transit	Jerome MOTHERON	Transit Quality VP

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