

Report: Transparency Act

2024

INTRODUCTION

This report has been prepared by Voith Hydro AS in accordance with Section 5 of the Transparency Act.

Voith Hydro AS focuses on hydropower projects within the product segments of automation, turbines, generators, and electromechanical auxiliary systems. This includes service, rehabilitation, modernization, upgrading, and delivery of new facilities. Voith Hydro AS possesses complete local expertise in electromechanical products and systems for hydropower plants.

The company has four locations in Norway: Oslo, Trondheim, Fredrikstad, and Tranby. In total, the company has 141 employees.

We have chosen to make our work with the Transparency Act visible in line with the OECD's guidelines for due diligence assessments (see Figure 2).

The report covers the period from the previous report up to May 31, 2025.



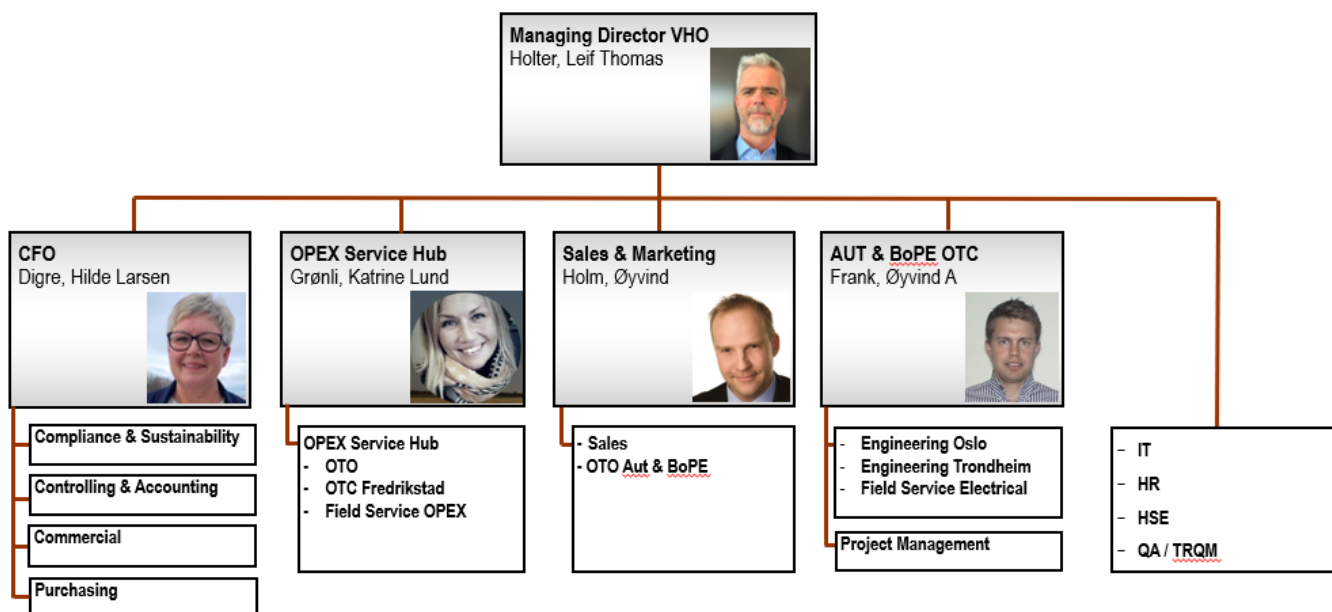


Figure 1 - Voith Hydro AS organisation chart

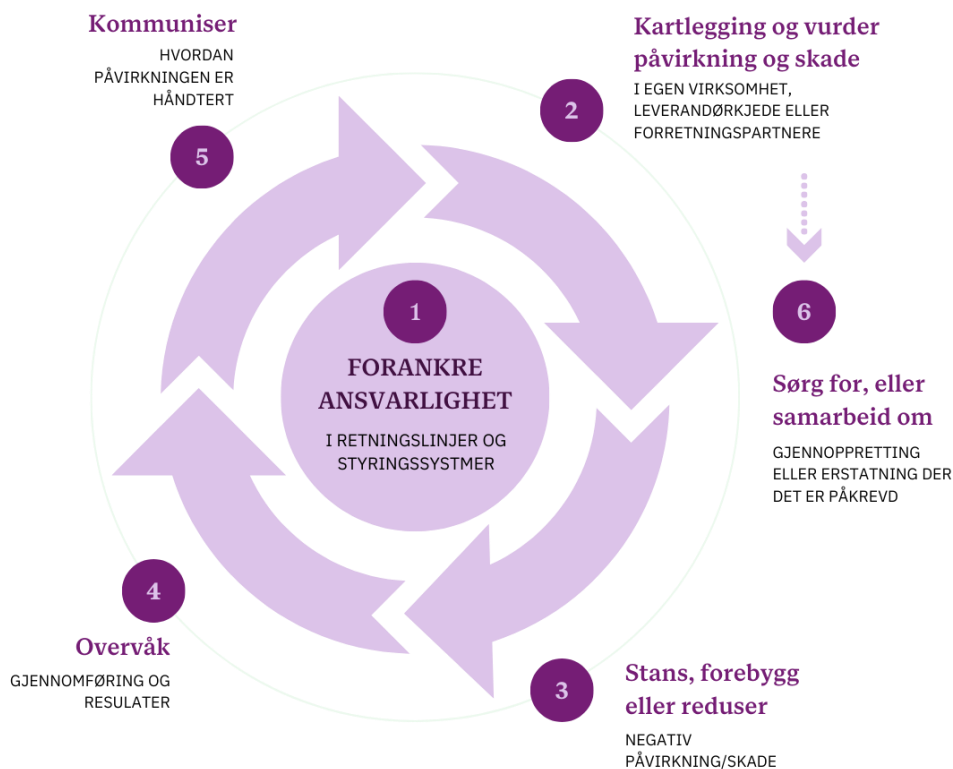


Figure 2 – OECD's Guidance for Due Diligence Assessments for Responsible Business Conduct

TENET CON

01.

Anchoring responsibility

02.

Identifying negative impact

03.

Preventing, Reducing, or
Stopping Negative Impact

04.

Monitoring results

05.

Communication

06.

Remediating negative impact

07.

Further work

1. ANCHORING RESPONSIBILITY IN POLICIES AND MANAGEMENT SYSTEMS

Voith Hydro AS fully supports and respects fundamental human rights and decent working conditions within its own operations and expects the company's suppliers and business partners to do the same.

The work related to the Transparency Act is anchored in the management team and the board of Voith Hydro AS. The management team holds executive responsibility and is tasked with following up on the work. The board holds the overall and final responsibility, and the statement has been reviewed by the board.

Voith Hydro AS's principles (our Code of Conduct) for sustainable business practices cover the areas of decent work, human rights, environment/climate, and anti-corruption, and are embedded in guidelines and management systems. Procedures, questionnaires, and checklists have been developed for the selection of suppliers, where sustainable business practices are assessed. When entering into agreements with business partners and suppliers, a number of requirements are set, and partners commit to following the principles in Voith Hydro AS's Code of Conduct. A breach of this by a partner may result in the termination of the business relationship.

Guidelines and documents for Compliance:

- Code of Conduct
- Supplier Code of Conduct
- Procedure – selection of suppliers
- Questionnaire related to the Transparency Act
- Checklist for foreign labour

Voith Hydro AS monitors its suppliers in a fair and impartial manner. Procurement decisions are made based on assessments in accordance with our verifiable processes.

When selecting a supplier, the procurement manager shall manage and prepare an overview of suppliers approved for use. The procurement manager is also responsible for ensuring that this overview is made known to relevant users.

Andreas Christian
Wellmann
Chairman of the Board



Christian Johannes
Bender
Board member

Hilde Larsen Digre
Board member

Arild Brovold
Board member

Geir Småøien
Board member

Leif Thomas Holter
Managing Director

2. IDENTIFYING AND ASSESSING NEGATIVE IMPACT/DAMAGE

Voith Hydro AS has an extensive supply chain with several hundred direct partners, and due diligence assessments of the supply chain are an ongoing process that requires continuous prioritization. The report involves data collection through a self-developed questionnaire on ethics and compliance, which all new suppliers are asked to complete.

Our goal is for all our partners to respond to and engage with our questionnaire. This fosters awareness and accountability regarding the focus areas that are important to Voith Hydro.

This new approach provides a more detailed picture of the suppliers, including their subcontractors, as opposed to relying solely on external analyses and reports. All responses were reviewed by the procurement department to identify and assess potential negative impacts or harm.

The questionnaire has also been distributed to all employees at Voith Hydro, encouraging them to familiarize themselves with its content. This is done to inform and anchor our focus areas with our partners and to build a culture centered on sustainable business practices.

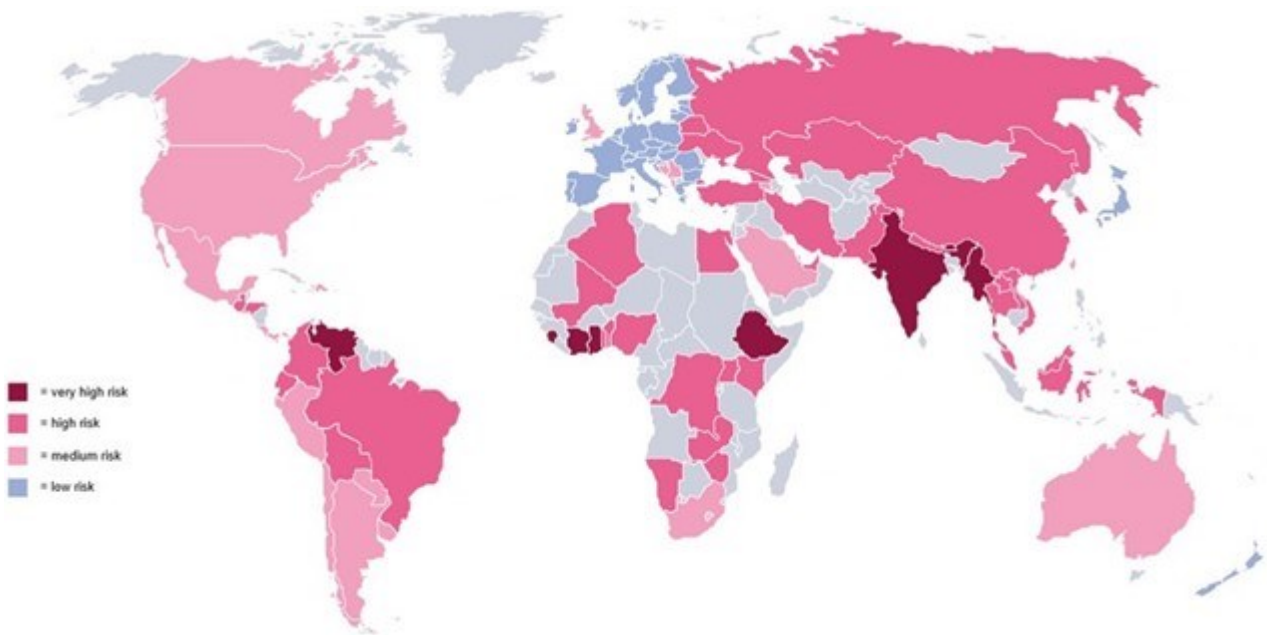
The questionnaire is also available on our website, in both Norwegian and English, and is mandatory for all new suppliers as part of the qualification process.

The questionnaire covers topics such as:

- Governance systems
- Compliance (e.g., anti-corruption, anti-cartel legislation, and anti-money laundering)
- Child labor, forced labor, human trafficking, (modern) slavery, or unjust discrimination
- Taxation
- Unionization and the right to strike in accordance with applicable national legislation
- Ensuring that the above points are adhered to by any third party appointed as a supplier, distribution partner, or other business partner in connection with our business relationships
- Harmful environmental impact, environmental guidelines covering energy consumption and greenhouse gases, water, local pollutants, chemicals or waste, workplace safety measures including PPE, health and safety risk analysis, and specific procedures for handling chemical/hazardous materials

- Salary, employee benefits, and working hours that are at least in accordance with national laws
- ISO certifications, quality systems
- Formal guidelines regarding information security
- Connections with any of the countries we classify as high or very high risk, in terms of purchasing individual components, production, or assembly, with justification if applicable

The classification of countries is provided by the corporate group (countries marked in gray have not been risk-assessed):



The summary of the submitted responses showed some differences from Voith's standards or comparable suppliers. These differences can be explained by the supplier's size, the relevance of the question to the supplier's delivery, or unavoidable differences such as suppliers working with countries classified as high to very high risk, where certain components are exclusively produced.

Examples of topics where there is a 10–15% variance in responses compared to Voith's standards or other comparable suppliers:

- Are your employees trained and instructed in compliance topics such as anti-corruption, anti-cartel legislation, anti-money laundering, etc.?
- Does your company have formalized environmental guidelines covering energy consumption and greenhouse gases, water, local pollutants, chemicals, or waste?
- Does your company have formal policies regarding information security?
- Does your company have any connections with any of the following countries in terms of purchasing individual components, production, or assembly? (very high risk):

Côte d'Ivoire – Ethiopia – Ghana – India – Venezuela
India was the country most frequently mentioned.

- Does your company have any connections with any of the following countries in terms of purchasing individual components, production, or assembly? (high risk):

Brazil – Colombia – United Arab Emirates – Ecuador – Egypt – Guatemala – Hong Kong – Belarus – Indonesia – Iran – Kazakhstan – Kenya – China – Laos – Lebanon – Malaysia – Mali – Nepal – Nigeria – North Korea – Pakistan – Russia – Thailand – Togo – Turkey – Uganda – Ukraine – Vietnam – Zimbabwe
The majority of responses mentioned China, with some also indicating Vietnam, Turkey, Brazil, and Colombia.

The risk assessments revealed no significant risks or deviations that would require termination of cooperation or immediate action.

3. PREVENTING, REDUCING, OR STOPPING NEGATIVE IMPACT/DAMAGE

Reducing Risk

To minimize risk in the overall procurement process, we require all our new suppliers—and those who have not yet responded to previously distributed forms—to complete our own questionnaire. The questionnaire also forms the basis for the Sustainability Review and serves as a practical tool with guidelines for assessment during supplier visits.

Another measure is the review of timesheets from suppliers. This is done, among other things, to ensure that they comply with agreed working hours and the provisions on overtime in the Working Environment Act.

A third measure is the use of a checklist when procuring labor that does not originate from Norway. This checklist ensures that those working in connection with Voith Hydro have:

- Decent working conditions
- Approved employment contracts with at least the minimum wage, in accordance with Section 6 of the Norwegian Labour Inspection Authority's "Regulations on Information and Monitoring Obligations and Right of Inspection," and general application regulations.

Use of the checklist significantly reduces the risk that workers in our immediate supply chain are exploited through poor working conditions, violations of working time regulations, or underpayment.

A fourth measure that is carried out systematically and annually is supplier audits.

Control Before Establishing a Business Relationship

The procurement department checks compliance with laws and regulations before a business relationship is established. The first step is to determine whether the supplier is from a high-risk country (Critical Country Check) or is blocked (Blocked List Check). Checks are conducted using publicly available data to assess financial status and determine whether there have been previous compliance-related incidents.



4. MONITORING IMPLEMENTATION AND RESULTS

The work that has been specifically initiated for the report in connection with the Transparency Act requires that the Group and Voith Hydro AS continuously assess the implementation and effectiveness of the measures. This is further explained in section 6.

5. COMMUNICATION ON HOW NEGATIVE IMPACT/DAMAGE IS HANDLED

Voith Hydro AS shall be transparent about the assessments and measures taken within our supply chain and our own organization. In accordance with the Transparency Act, information about how we work with this topic and the results of our efforts shall be published annually. In line with the OECD guidelines, we aim to demonstrate accountability, follow up, and contribute to transparency and development.

Providing information and transparency to the public is important for building trust, including being open about challenges. At the same time, good communication internally and with partners is essential.

The company has a dedicated Compliance Officer who ensures that reporting of negative incidents is carried out and facilitates training and information sharing on the topic.

We primarily focus on three segments in our communication on how potential negative impact is handled:

- External communication takes place via our website and in the annual report.
- Internal communication is conducted through internal channels and information meetings.
- Communication with affected stakeholders shall be carried out in a manner accessible to those affected. If Voith Hydro AS has caused or contributed to negative impact, information regarding measures to stop, prevent, or reduce the risk shall be communicated where relevant.

6. REMEDIATING NEGATIVE IMPACT

If there are indications that suppliers are violating applicable laws or ethical guidelines, our procurement organization will conduct thorough investigations.

Voith follows a defined process when such indications arise, resulting in an individual action plan with clearly assigned responsibilities. Possible measures may include requesting a declaration, establishing regular communication on the implementation of key and essential actions, and reviewing contractual assurances. If communication and measures do not lead to the desired outcome, the business relationship is terminated, and the supplier is marked as closed/blocked. The blocking procedure is then carried out by Voith's central Master Data Governance department, which has had organizational representation in all Voith regions since 2019.

7. FURTHER WORK

Conducting due diligence assessments is an ongoing effort. Follow-up routines have been implemented, and the continued work will largely focus on due diligence assessments of new suppliers, as well as a greater portion of our existing suppliers, and further development of the due diligence process.



REPORTING VIOLATIONS

Breaches or suspected breaches can be reported to: compliance.vho@voith.com or directly to the Compliance Officer at Voith Hydro AS, Hilde Larsen Digre, at Hilde.Digre@Voith.com. This also applies if you have other questions related to our handling of the Transparency Act.