

Transparency Act

Statement

Companywide

Indra General

Indra Navia AS
2023

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1 Introduction

Since the requirements of the Transparency Act were known, Indra Navia has been working on a survey to conduct due diligence assessments related to acceptable working conditions in the company's value chain. The findings from our due diligence assessments will be published through this report.

2 Transparency Act

The Transparency Act shall promote companies' respect for basic human rights and decent working conditions and ensure public access to the information. The Act imposes an obligation on businesses to provide information and to conduct due diligence assessments.

Indra Navia hereby publishes our first due diligence assessment after the Transparency Act has entered into force. The report provides guidance on the areas which will be important to prioritize in the time to come.

This report is built around the UN's guiding principles for business and human rights and the OECD's model for due diligence assessments for responsible businesses. The model has six steps that describe how companies can work towards more responsible and sustainable business practices. Even though due diligence assessments are conducted, it does not mean that a company does not have a negative impact on people, society and the environment. It shows a willingness that the company is open and honest about challenges and manages this in the best possible way in consultation with its stakeholders.

3 Indra Navia

3.1 About the company

Indra Navia is a fully owned subsidiary of the Spanish listed company Indra Sistemas. Indra Sistemas is a global technology and consulting company and is a world leader in offering solutions for the transport and defense market. The business model is based on an extensive range of self-developed products. In the fiscal year 2022, Indra had a turnover of €3,851 million, has 56,000 employees, local presence in 46 countries and business operations in over 140 countries.

Indra Navia is a high-tech company with development and production in Asker, Norway. The company supplies safety-critical solutions for air traffic management to 1,400 airports in more than 120 countries. Our Normarc navigation equipment guides aircraft safely to the ground. The InNOVA Tower System gives air traffic controllers a visual overview of air traffic and always ensures safety. Garex communication systems ensure reliable communication between the controller and the pilot.

As Indra Sistema's branch office, we are also responsible for Indra's activities in the Nordics, within transport, defense and security, and IT. The company employs around 200 people and has a turnover of NOK 700,000,000 in the reporting year.

3.2 Responsibility for the Transparency Act

The responsibility for follow-up and implementation of the requirements that follow from the Transparency Act in Indra Navia lies within the Supply Chain Management department. Also, other relevant resources have contributed to the work like Legal Consul and Special Advisor. In addition, Indra Navia has participated in an external network group led by Vier Advokatfirma which works with areas covered by the Transparency Act. The company has also participated in several webinars on the topic.

4 Indra Navia's Supply Chain

4.1 Supplier base

Indra Navia was invoiced by 442 suppliers in 2022. The following table shows the distribution of suppliers with an annual purchase volume of more than NOK 90,000.

Country/area	No of suppliers	Share of procurement	Volume in NOK
Norway	119	55.67%	234 644 945
Europe	41	39.03%	164 525 456
Asia	19	3.76%	15 832 137

The remaining 265 suppliers with purchases under NOK 90,000 sums up to a total of NOK 6,265,088 and have not been assessed in the work. The majority of these 265 suppliers are Norwegian and relates to non-strategic and administrative purchases (flowers, subscriptions, membership, marketing etc.).

4.2 Supplier categorization

Indra Navia categorizes its suppliers based upon strategic importance as follows.

Tier	Purchased volume	Level of business	Level of importance	QA audit level [control level criteria]	Business review [control level criteria]	Financials	Quality
1	More than NOK 3 mill	Critical and/or high volume deliveries	Strategically important. Value added relation [1+1=3]	Audit at start up and yo be assessed or whenever quality or other issues requires new audit	If needed business review every 6 – 12 months. Going through the business with focus on purchasing and logistic issues. Close cooperation through the year where issues are handled on running basis eliminates the need for business review	If considered necessary financial check should be performed (e.g. change in ownership, downsizing, sell out)	ISO or similar quality system mandatory
2	Between NOK 1 mill and NOK 3 mill	Regular and/or frequent business	Important, but there are option.	Re-evaluated every second year or review when quality or other issues requires audit	Business reviews if needed	If considered necessary financial check should be performed (e.g. change in ownership, downsizing, sell out)	ISO or similar quality should be in place, if not an explanation should be given why the supplier does not have the quality system
3	Less than NOK 1 mill	Low volume	Easily replacable	No need for audit	No need for business review	Check if needed	Preferred, but not mandatory

Suppliers categorized as Tier Level 1 amount to 8 and represent approximately 60% of Indra Navia's purchases. We have a close follow-up of these companies through, among other things, regular collaboration meetings. The collaboration is characterized by transparent and frequent communication. The close relationship over an extended period has given us an insight into their supply chain and gives us greater security that their operations have not come into conflict with the Transparency Act: We will briefly mention the status of these 8 suppliers:

- **Production company Norway:** Not covered by the Transparency Act, has conducted a due diligence assessment of own value chain.
- **Service provider Norway.** Not covered by the requirements of the Transparency Act: Followed up in individual project depending on the scope and geographical location of the delivery.
- **Production companies (2 companies) Norway:** Encompassed by the Transparency Act.
- **Production company in Denmark (2 companies):** Has established a Supplier Code of Conduct that sets requirements for suppliers that harmonize with the requirements of the Transparency Act.
- **Production company in Spain:** Has established a Supplier Code of Conduct that sets requirements for suppliers that harmonize with the requirements of the Transparency Act.
- **Trading company in Norway.** Encompassed by the Transparency Act

4.3 Risk assessment

Our Supply Chain department has carried out a risk survey based on the following conditions:

4.3.1 Risk within industry

These are risks that are prevalent in an industry globally due to the characteristics of the industry, its activities, products, or production processes. We must be particularly attentive if we enter into agreements or cooperation with an actor linked to industry risk. For our business, it includes industries such as logistics and production of electronics. Indra Navia uses major European players in these areas. We realize that there may be risks particularly linked to the logistics industry.

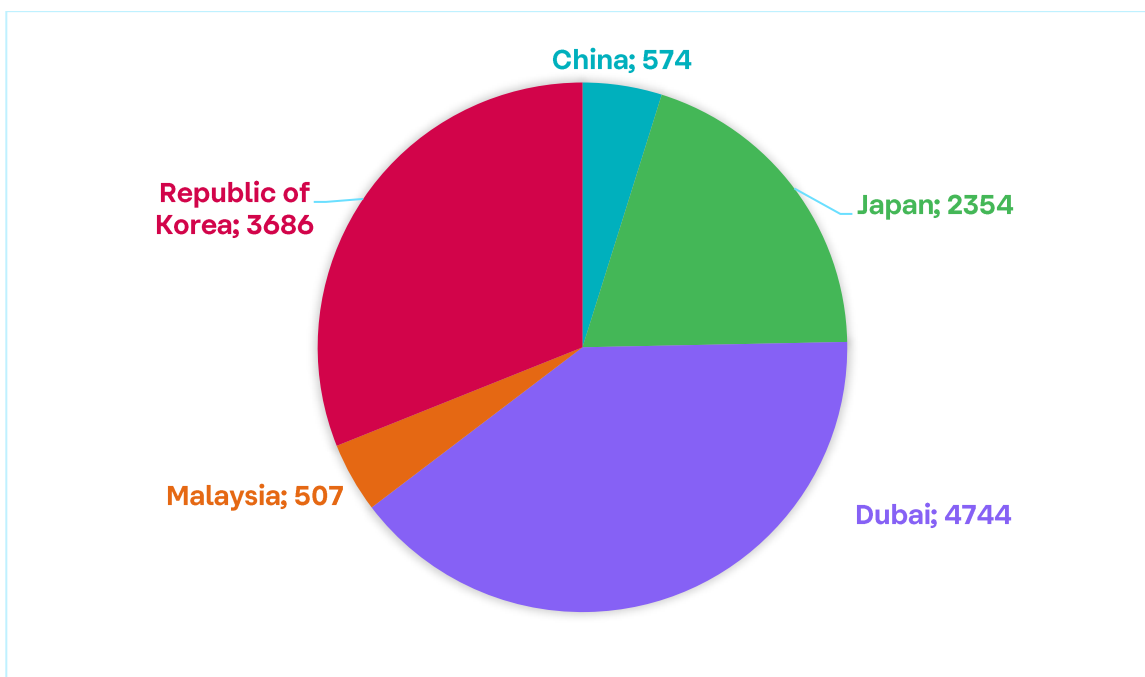
4.3.2 Risk within industry

These are risk elements linked to input factors or production processes used in the development or use of specific products. This can be products manufactured based on informal employment and hazardous work. Phones and computers may contain components that are at risk of being extracted from conflict areas. Indra Navia does not directly acquire these types of products, but through Norwegian or European suppliers. We require that our suppliers comply with the requirements through contractual agreements.

4.3.3 Geographic risk

These are risk elements which relates to conditions in a specific country that can increase the likelihood of risk in an industry. Geographical risk factors are linked to regulations (for example ratification of international conventions), socio-economic context (for example poverty and level of education, vulnerability, and discrimination of population) and political context.

We must pay particular attention to agreements established with entered companies which operate in countries where child labor or indecent working conditions may occur. According to a report by the International Labor Organization, child labor is a major problem in Asia and Africa. Indra Navia has little or no direct purchasing from these areas.



4.3.4 Risk related to enterprises

These are risk elements linked to a particular company, for example weak governance, a poor record of respecting human rights, labor rights, anti-corruption standards, environmental standards, or a lack of culture around responsible business.

Normally, we should not enter into agreements with such companies and such agreements may require thorough due diligence by the company. In the current supplier base, Indra Navia does not have any companies that entail risk at business level.

5 Summary of due diligence assessments

Indra Navia has conducted due diligence assessments and realizes that this work is extensive and requires continuous follow-up. We cannot exclude that stakeholder in our Supply Chain does not have a negative impact on people, society, and the environment, but we want to manage this in the best feasible way. This will be done by implementing the model for the learning Transparency Act Statement 6 process (mentioned in point 2) and establishing due diligence assessments as natural routines. This must be well rooted in the management system and become part of our everyday work.

Pursuant to the requirements of Clause 5b of the Transparency Act, no issues have been revealed through the due diligence assessments Indra Navia has conducted which entail a significant risk of serious negative consequences. We still see it as important to introduce further measures to reduce the likelihood of serious negative consequences and will mention the following measures:

- Update our contract documents to be even more clear on requirements related to decent working conditions in the supply chain. This applies, among other things, to purchasing conditions and supplier agreements.
- Indra Navia makes an annual assessment of Tier 1 suppliers. We will include a point where we evaluate our suppliers focus on decent working conditions in their Supply Chain.
- Supplier registration form. When approving new suppliers, we will emphasize that new suppliers maintain and document decent working conditions in their supply chain before they become an approved supplier to Indra Navia.

6 Contact information

For issues related to Indra Navia's compliance with the Transparency Act:
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This statement will be published the following places:

www.indra.no
Indra Navia AS Annual Report

Tech for trust

We build
trust to
protect and advance
both the present
and future

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