

# Code of Conduct Social Responsibility and Future-Oriented Action

Revised edition, March 2023

## Preamble

The German Railway Industry Association (VDB) unites the manufacturers of the entire range of products for railroad operations under one roof. This includes the manufacturers of vehicles, control and safety technology, infrastructure and the respective suppliers and service companies. The VDB is committed to fair and cooperative business relationships, including those between system houses and the supplier industry. The association is particularly dedicated to creating a common basis for responsible, entrepreneurial action. With the following Code of Conduct (referred to as “CoC” below) the VDB provides support to its member companies in responding to the different framework conditions in a global marketplace and in facing the challenges of social responsibility that result, as well as from the increasingly networked cooperation in the value chains. The contents of this CoC were developed by the VDB on the basis of the joint Code of Conduct published by the ZVEI e.V. and the VDMA e.V.<sup>1</sup> The CoC is intended to uphold the interests of the VDB and its member companies in fair, sustainable, responsible and ethical principles of action. The CoC has been conceived as a voluntary commitment that the member companies are free to sign. Its adoption is recommended by the VDB to its member companies.

## 1 Basic Understanding of Corporate Management

This CoC is based on a common basic understanding of socially responsible corporate management, as defined in the following guidelines. For the signatory company, this is understood to mean that it assumes its responsibilities by considering the consequences of its business decisions and actions in the context of economic, technological, social and ecological issues, and by striking an appropriate balance between these interests. The signatory company shall voluntarily contribute to the welfare and sustainable development of those societies at the locations where it operates throughout the world, within the framework of its respective options and scope for action. It is guided by universally accepted ethical values and principles, in particular integrity and rectitude, as well as respect for human dignity, as set out in the principles of the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the core labour standards of the International Labour Organization (ILO), as well as the United Nations Guiding Principles on Business and Human Rights.

<sup>1</sup> The use of wording from the ZVEI/VDMA CoC (2022 version) has been made with the kind consent of the ZVEI and VDMA.

## 2 Scope

The geographical scope of this CoC includes all of the countries in which the signatory company conducts business. The material scope of this CoC includes the signatory company and its supply chain. This means that the signatory company undertakes to demand compliance with the contents of this CoC from its suppliers within the scope of its respective abilities and sphere of influence and to call upon and support them to do the same in their supply chains. Rights in favour of third parties shall thereby not be established.

## 3 Basic Principles

The signatory company shall actively work to ensure that the values and principles set out below are observed and upheld in a sustainable manner.

### 3.1 Compliance with the Law

The signatory company shall comply with the applicable laws and regulations of the countries in which it operates. Where local laws and regulations are less restrictive, its actions shall be guided by the principles of this CoC. In cases where there is a direct contradiction between mandatory local law and the principles contained in this CoC, local law shall prevail, although the signatory company shall endeavour to comply with the contents of this CoC.

### 3.2 Integrity and Corporate Management

The signatory company shall orient its actions to universally valid moral values and principles, in particular integrity, transparency, integrity, the respect for human dignity, openness and the imperative of non-discrimination on the grounds of racial or ethnic origin, gender, religion or belief, disability, age or sexual identity. The signatory company rejects corruption and bribery in accordance with the relevant UN Convention<sup>2</sup>. It shall promote integrity, responsible management and control within the company in an appropriate manner and shall take suitable measures to avoid, in particular, the direct or indirect perpetration of the following breaches of the law:

Theft, embezzlement, fraud, breach of trust, forgery, money laundering, agreements which restrict competition in tenders, such as price, customer, market or tender collusion or the division of markets, as well as infringement of trade secrets and unauthorised exploitation of templates or regulations of a technical nature, corruption and bribery in business dealings, granting of favours as well as the granting of benefits or other favours to employees of contractual partners or the acceptance of such benefits or favours.

The signatory company is committed to reputable and recognised business practices and fair competition, in particular in compliance with antitrust and competition law. It observes the relevant statutory obligations for the prevention of money laundering and does not participate in transactions that serve to conceal criminal or illegally obtained assets. In addition, the signatory company avoids conflicts of interest that could illegitimately influence business relationships. Existing conflicts of interest shall be disclosed and resolved by taking appropriate measures.

2 United Nations Convention against Corruption of 2003, effective since 2005.

### 3.3 Protection of Information and Intellectual Property

Confidential information shall be protected and intellectual property shall be respected; technology and know-how transfers shall be made in a manner that protects intellectual property rights and confidential customer information, trade secrets and other information that is not in the public domain. The relevant prevailing legislation on the protection of commercial secrets shall be observed, confidential information belonging to business partners shall be treated accordingly and shall neither be passed to third parties without authorisation nor be made accessible to them.

### 3.4 Consumer Interests

Where consumer interests are concerned, the signatory company shall comply with the applicable consumer protection regulations as well as with appropriate sales, marketing and information practices. Particularly vulnerable groups shall be given an enhanced level of attention.

### 3.5 Communication

The signatory company shall communicate openly and in a manner conducive to dialogue on the requirements of this CoC and on its implementation with respect to employees, customers, suppliers and other interest and stakeholder groups. All documents and records shall be produced with due care, shall not be improperly altered or destroyed and shall be stored appropriately. The signatory company shall provide its employees and business partners with access to a protected mechanism to report any potential violations of the principles of this CoC in confidence, as required by law.

### 3.6 Human Rights and Working Conditions

The signatory company is committed to the promotion of human rights. It observes human rights in accordance with the UN Human Rights Charter. Furthermore, it complies with the core labour standards of the ILO, insofar as these are referred to in the following.

#### Privacy and Data Protection

Privacy, including personal data, shall be protected. Personal data shall be collected confidentially and in a transparent manner and shall only be used for legitimate, previously defined purposes. Personal data shall only be processed if it is protected against loss, alteration and unauthorised use or disclosure by means of appropriate technical and organisational measures.

#### Health and Occupational Safety

Health and safety at work shall be maintained, in particular by ensuring a safe and healthy working environment to prevent accidents and injuries.

The health of employees shall be safeguarded by taking appropriate health and safety measures (e.g. the implementation of a company health and safety management programme) that adequately covers the following topics:

- Compliance with applicable laws and orientation to international standards in terms of health and occupational safety;

- appropriate workplace design, safety regulations and the provision of suitable personal protective equipment;
- implementation of preventative controls, emergency measures, an accident reporting system and any other appropriate measures for continuous improvement;
- provision of access to drinking water in sufficient quantity and access to clean sanitation facilities for members of staff.

Appropriate staff training shall be ensured.

### **Protection from Harassment**

Employees shall be protected from corporal punishment and from physical, sexual, psychological or verbal harassment or abuse.

### **Freedom of Expression**

Freedom of opinion and expression shall be ensured and protected.

### **Prohibition of Child Labour**

The prohibition of child labour, i.e. the employment of persons younger than 15 years of age and 18 years of age in the case of hazardous work, shall be complied with, unless local legislation sets higher age limits and unless exceptions are permitted.<sup>3</sup>

### **Prohibition of Forced Labour**

The prohibition of forced labour, modern slave labour and work that involves the use of measures that deprive workers of their freedom shall be observed<sup>4</sup>, as shall the prohibition of oppression in the workplace environment.

### **Remuneration**

The labour standards concerning remuneration, in particular those relating to the level of remuneration in accordance with applicable laws and regulations, including those relating to the minimum wage, shall be observed<sup>5</sup>. Employees shall be informed clearly, in detail and regularly as to the structure of their remuneration.

### **Workers' Rights**

The right of workers to freedom of association, freedom of assembly and collective bargaining shall be respected, to the extent legally permissible and possible in the respective country of operation.<sup>6</sup>

### **Prohibition of Discrimination**

Employees shall not be discriminated against.<sup>7</sup> All people shall be treated equally, regardless of gender, age, skin colour, ethnic origin, sexual identity and orientation, disability, religious affiliation, ideology or other personal characteristics.

### **Working Hours**

The labour standards relating to maximum permissible working hours shall be observed.

<sup>3</sup> ILO Convention No. 138 of 1973 and ILO Convention No. 182 of 1999.

<sup>4</sup> ILO Convention No. 29 of 1930 and ILO Convention No. 105 of 1957.

<sup>5</sup> ILO Convention No. 100 of 1951.

<sup>6</sup> ILO Convention No. 87 of 1948 and ILO Convention No. 98 of 1949.

<sup>7</sup> ILO Convention No. 111 of 1958.

In the absence of such provisions, as a minimum it shall be ensured that

- the working hours, including overtime, do not exceed the legally permissible maximum limit;
- the working hours per week, including overtime, do not exceed 60 hours, even in exceptional cases;
- workers have at least one full day of rest per calendar week.

### **Security Personnel**

When engaging or using private or public security personnel, the signatory company shall undertake to provide sufficient instruction and supervision to prevent human rights violations.

## **3.7 Environmental Protection**

The signatory company shall comply with the regulations and standards on environmental protection, including relevant conventions under international law, that affect its respective operations and activities, and shall act in an environmentally aware manner at all of its sites. The company shall take appropriate measures (e.g. the implementation of a corporate environmental protection management system) for continuous improvement regarding environmental factors such as the reduction of CO<sub>2</sub> emissions, an increase in energy efficiency and the use of renewable energies, the safeguarding of water quality and the reduction of water consumption, the safeguarding of air quality, the promotion of resource efficiency, the reduction of waste and its proper disposal as well as the responsible handling of hazardous substances.

The signatory company shall take due account of human rights and environmental due diligence obligations with the goal of avoiding environmental damage that poses a threat to the community.

## **3.8 Dealing with Conflict Minerals**

The undersigned company shall exercise due diligence to avoid the use of conflict minerals in its products in order to prevent human rights abuses, corruption and the financing of armed groups or other similar activities.

## **3.9 Foreign Trade, Sanctions**

The signatory company shall comply with all applicable national and international foreign trade regulations, in particular customs, trade, import and export control regulations as well as sanctions and embargoes. This includes, among other things, the import and export of products, services and technologies.

## **3.10 Civic Engagement**

The signatory company shall contribute to the social and economic development of the country and region in which it operates and shall promote any appropriate voluntary activities by its employees.

## **3.11 Implementation and Enforcement**

The signatory company shall make all appropriate and proportionate efforts to continuously implement and apply the principles and values set out in this CoC. Contractual partners shall be notified of the key measures upon request within the

framework of reciprocity, so that it is clear how compliance with these measures is ensured as a matter of principle.

There shall be no obligation to disclose business secrets, competitive information or any other confidential information.

All members of staff shall be made aware of the contents of the Code of Conduct and receive training on relevant topics as required. Violations of the Code of Conduct shall not be tolerated and may result in disciplinary action.