

DIE BAHNINDUSTRIE.

VDB VERBAND DER BAHNINDUSTRIE IN DEUTSCHLAND E.V.

CODE OF CONDUCT
SOCIAL RESPONSIBILITY
AND FUTURE-ORIENTED
ACTION



German Railway Industry Association (VDB)

CODE OF CONDUCT
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AND FUTURE-ORIENTED
ACTION

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Code of Conduct

Part 1

06	Foreword
07	Preamble
07	1 Basic Understanding of Corporate Management
07	2 Scope
08	3 Basic Principles
08	3.1 Compliance with the Law
08	3.2 Integrity and Corporate Management
09	3.3 Protection of Information and Intellectual Property
09	3.4 Consumer Interests
09	3.5 Communication
09	3.6 Human Rights and Working Conditions
09	Privacy and Data Protection
10	Health and Occupational Safety
10	Protection from Harassment
10	Freedom of Expression
10	Prohibition of Child Labour
10	Prohibition of Forced Labour
10	Remuneration
11	Workers' Rights
11	Prohibition of Discrimination
11	Working Hours
11	Security Personnel
11	3.7 Environmental Protection
12	3.8 Dealing with Conflict Minerals
12	3.9 Foreign Trade, Sanctions
12	3.10 Civic Engagement
12	3.11 Implementation and Enforcement
13	Part 2 – Commentary

Foreword

With the revision and amendment of the Code of Conduct, the German Railway Industry Association (VDB) e.V. has created guidelines to make its member companies, business partners and employees, as well as the general public, duly aware of the applicable laws and of ethical conduct. The VDB Code of Conduct has served as a corporate behavioural framework since its creation in 2009 and in its current revision continues to provide an overview of legislation and regulations relevant to the railway industry. As a reliable guideline for legally compliant and ethically responsible corporate behaviour in our industry, the Code of Conduct also defines the standard for responsible behaviour in the railway industry both with each other and with the outside world.

With the Code of Conduct, the German Railway Industry Association (VDB) set itself the goal of creating a set of recommendations for a uniform framework for use within the railway industry and with its suppliers. Furthermore, the member companies will be supported in the practical implementation of the VDB Code of Conduct with practical recommendations. The present VDB Code of Conduct and the commentary below do justice to both objectives. The Code of Conduct, its commentary and the implementation guide were developed on the initiative of the Legal Working Group, with the support of the SME Working Group and the ad hoc Compliance Group, and were updated at the end of 2022.

In July 2009, the members of the Presidium, as the highest decision-making body of the German Railway Industry Association (VDB), adopted the first VDB Code of Conduct and approved the updated version in November 2022. Among other things, the requirements of the Act on Corporate Due Diligence in Supply Chains (the “Supply Chain Due Diligence Act” or “Supply Chain Act”), which came into force on 1 January 2023, were included in the revision. As a result, companies in the railway industry in Germany now have the opportunity to ratify a single Code of Conduct valid throughout the entire sector. The formulations and ideas that went into the Code of Conduct are based on comprehensive legal and business expertise from considerably more than a single specialist. On behalf of all those who provided inspiration and key concepts, we would like to thank the VDB ad hoc CoC Group and the VDB Legal Working Group for the preparation of the Code of Conduct and its commentary for the railway industry in Germany.

Berlin, March 2023



Andre Rodenbeck

President

Note: After the adoption of the VDB Code of Conduct in 2009, new legal regulations have emerged, such as the UK Bribery Act, the French Sapin II law and the EU Regulation 2017/821. In order to ensure that the VDB Code of Conduct adequately addresses these new developments, chapters 3.2 and 3.5 of the commentary on the VDB Code of Conduct were updated as early as February 2018.

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.¹. 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.

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 under-

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

takes 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 Convention². 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 Charter³.

Furthermore, it complies with the core labour standards of the ILO⁴, 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.

³ Universal Declaration of Human Rights, UN Resolution 217 A (III) of 1948.

⁴ ILO = International Labour Organization.

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 permitted⁵.

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 observed⁶, 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 observed⁷. Employees shall be informed clearly, in detail and regularly as to the structure of their remuneration.

5 ILO Convention No. 138 of 1973 and ILO Convention No. 182 of 1999.

6 ILO Convention No. 29 of 1930 and ILO Convention No. 105 of 1957.

7 ILO Convention No. 100 of 1951.

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 operation⁸.

Prohibition of Discrimination

Employees shall not be discriminated against⁹. 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.

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 law¹⁰, 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 CO₂ 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.

⁸ ILO Convention No. 87 of 1948 and ILO Convention No. 98 of 1949.

⁹ ILO Convention No. 111 of 1958.

¹⁰ Minamata Convention on Mercury of 2013 in force since 2017, Stockholm Convention on Persistent Organic Pollutants of 2001 in force since 2004, Basel Convention on the Control of Transboundary Movements of Hazardous Wastes of 1989, in force since 1992, entered into force for Germany in 1995.

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.

Code of Conduct

Part 2 – Commentary

16	1 Basic Understanding of Corporate Management
17	2 Scope
18	3 Basic Principles
19	3.1 Compliance with the Law
20	3.2 Integrity and Corporate Management
24	3.3 Protection of Information and Intellectual Property
25	3.4 Consumer Interests
26	3.5 Communication
28	3.6 Human Rights and Working Conditions
28	Privacy and Data Protection
29	Health and Occupational Safety
30	Protection from Harassment
30	Freedom of Expression
31	Prohibition of Child Labour
32	Prohibition of Forced Labour
32	Remuneration
32	Workers' Rights
33	Prohibition of Discrimination
33	Working Hours
34	Security Personnel
34	3.7 Environmental Protection
36	3.8 Dealing with Conflict Minerals
36	3.9 Foreign Trade/Sanctions
37	3.10 Civic Engagement
38	3.11 Implementation and Enforcement
40	List of Abbreviations
40	Imprint

Part 2

Commentary on the Code of Conduct

In the following, the primary text of the Code of Conduct is highlighted in grey; respective comments then follow as black text on a white background.

GENERAL BACKGROUND TO THE CLAUSE

With this Code of Conduct 2022 (CoC), the German Railway Industry Association (VDB) offers its member companies the opportunity to act within the framework of a voluntary commitment.

Reasons for Recommendation

A large number of different CoCs appeared in the railway industry at the beginning of the century. Meanwhile, the Deutsche Bahn AG (DB) and other customers from the ranks of the railway operators increasingly insisted on lawful and responsible behaviour on the part of their suppliers. For this reason, the VDB considered it its duty to develop a CoC that both gains consensus among its member companies and meets the demands of the customers. The VDB is aware that many of its member companies use their own CoC. The VDB CoC is intended to facilitate a common basic understanding that summarises and harmonises the respective CoCs and rules of conduct of the member companies.

Basis

The VDB developed its CoC over the course of 2008 and 2009. In doing so, the association followed the templates developed by related industries and companies. These include above all the CoC of the ZVEI. ISO 26000 was also taken into account, allowing companies to establish relationships between the CoC and ISO 26000.

Further Development

As early as February 2018, the VDB amended the commentary on the CoC to reflect new statutory regulations, such as the UK Bribery Act, the French Sapin II Act and the EU Regulation 2017/821. The adoption of the national Supply Chain Security Obligations Act (Lieferkettensorgfaltspflichtengesetz LkSG) in July 2021 provided the impetus to supplement and revise the CoC itself, even though the obligations arising from the LkSG cannot be reduced to the amendment of the CoC. Once again, the VDB based the new version on the ZVEI CoC, which was jointly revised by the ZVEI and the VDMA in 2022.

Code of Conduct

UNDERSTANDING THE TERM

The English term Code of Conduct, comprises of a definition in the sense of a voluntary self-commitment of ethical and/or social requirements for behaviour.

Compliance

In this context, the term firstly means a company's compliance with relevant laws, regulations and official requirements, corporate principles (legal compliance), internal codes and guidelines, adherence to the principles of good corporate governance and generally accepted ethical principles and standards (corporate social responsibility). In addition, the term compliance includes an organisational concept that is intended to ensure and make transparent the measures taken by a company and its employees with regard to adherence to the aforementioned requirements and guidelines.

**UNDERSTANDING
THE TERM**

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has become an important issue for companies, as the EU CSR Directive of 2014 underscores (implemented in Germany by the CSR Implementation Act). In its CoC, the VDB appeals to companies to take responsibility for their actions and decisions within the framework of their respective abilities.

**UNDERSTANDING
THE TERM**

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.¹¹. 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.

The preamble serves as an introduction as well as a presentation of the principles and issues that guided the VDB in the preparation of the CoC. The VDB publicly acknowledges its social responsibility and likewise offers this opportunity to its member companies through recognition of the CoC.

**GENERAL
BACKGROUND
TO THE CLAUSE**

¹¹ The use of wording from the ZVEI/VDMA CoC (2022 version) has been made with the kind consent of the ZVEI and VDMA

**UNDERSTANDING
THE TERM**

Voluntary Commitment

The CoC of the VDB is a voluntary commitment in character. It is a unilateral declaration by the respective signatory member company. The member company commits to complying with the standards and principles specified in the Code of Conduct. The declaration becomes effective when the member company signs the CoC. The signed document is retained by the VDB.

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.

**GENERAL
BACKGROUND
TO THE CLAUSE**

The creation of a uniform perception of corporate social responsibility and sustainable development in the area of corporate governance is the basis for the implementation of the values and principles formulated in this CoC. They are the guidelines for responsible corporate governance as defined in the CoC.

**UNDERSTANDING
THE TERM**

Socially Responsible Corporate Management

On the one hand, this aspect includes the obligation to comply with legal regulations and requirements, for example in the sense of Section 91 of the German Stock Corporation Act (AktG), Section 43 of the German Limited Liability Companies Act (GmbHG) and Section 130 of the German Administrative Offences Act (OWiG). With regard to any other special statutory rules and regulations, please refer to the implementation guide. On the other hand, socially responsible corporate governance is not limited to this alone. It also includes the company's social responsibility, for the well-being and welfare of its employees, for the environment and society in general for instance.

Sustainable Development

The following shall serve as a definition of sustainable development: Sustainability is the concept of a permanently future-oriented development of the economic, ecological and social dimensions of human existence. These three pillars of sustainability are interdependent and require balanced coordination in the long term.

Sustainability or sustainable development has been a guiding global principle since the UN Conference on Environment and Development in Rio in 1992 and forms the nucleus of the Sustainable Development Goals (SDGs), the 17 global goals of the world community for sustainable development by 2030. The corresponding 2030 Agenda includes the objective of enabling a decent existence for all human beings while simultaneously preserving the natural conditions of life – and this in economic, ecological and social dimensions.

**UNDERSTANDING
THE TERM**

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.

This clause is of a clarifying nature with regard to the claim to validity and scope of the CoC. It is important that the member companies observe the principles laid down in the CoC and their subordinate units and that they are passed on within the supply chain. This is intended to ensure that the principles of the CoC are applied and observed as comprehensively as possible and have a lasting positive influence on the economic, ecological and social activities of business enterprises in terms of sustainability. The mandatory forwarding of the CoC to suppliers shall be carried out in an appropriate and differentiated manner. Local conditions can be taken into account.

**GENERAL
BACKGROUND
TO THE CLAUSE**

Options and Scope for Action

Options and scope for action refer to the latitude available to the member company for the implementation of the CoC. The scope is limited, for example, by the size of the company, its economic strength, and the measures already taken in terms of compliance or CSR or its negotiating power. In this way, the values contained in the CoC are protected with the aim of establishing a common level of corporate social responsibility in the industry.

**UNDERSTANDING
THE TERM**

Supply Chains

UNDERSTANDING THE TERM

The CoC stipulates that the content should not only be observed in the company's own organisation, but that the values should also be communicated to the suppliers, their governing bodies, managers and staff and, if necessary, throughout the entire value chain. If a supplier cannot commit to the CoC or a comparable CoC, the supplier should at least commit to comparable values and principles. The supplier bears the responsibility of passing these on to his business partners in the same manner.

Examples of national regulations, some of which also apply beyond their respective national territories:

- Germany: Act on Corporate Due Diligence Obligations in Supply Chains (*Lieferkettensorgfaltspflichtengesetz*) of 16 July 2021.
- United Kingdom: UK Modern Slavery Act of 29.10.2015
- California: California Transparency in Supply Chains Act (2010) with reference to UN Global Compact Strategy Act 2021-2023 (2021).
- France: *Loi relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre* (21.02.2017 ; French Act on Corporate Due Diligence Obligations in Supply Chains)
- The Netherlands: Wet Zorgplicht Kinderarbeid (2017)

No Establishment of Third Party Rights

UNDERSTANDING THE TERM

The voluntary commitment is not legally binding, i.e. a third party cannot in principle hold the signatory member company liable for a possible violation of the CoC. This does not affect the legal liability of the company, e.g. to be prosecuted for a violation of the law. However, compliance with the CoC can be made binding for individual contractual relationships by contractual agreement, including an obligatory control and sanction system.

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.

GENERAL BACKGROUND TO THE CLAUSE

This clause is of an introductory nature with regard to the values and principles mentioned below in the CoC and manifests the principle of sustainability. It also commits the member company to actively and continuously implement the values and principles of the CoC.

Sustained Attention

UNDERSTANDING THE TERM

Basic principles are a commitment to and the consistent implementation of certain values and goals to which the company has made a commitment. The company shall actively work to uphold, implement and continuously communicate the fun-

damental principles enshrined in the CoC. This leads to the necessity of keeping these basic principles, as well as the measures for their implementation and monitoring, constantly up to date and developing them further as required. The company needs to find a suitable way to convey these principles to its employees. In particular, a continuous review of the effectiveness of the measures used for dissemination as well as their monitoring is necessary.

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.

An important, core principle anchored in the CoC is compliance with the laws in the member company's own country and in all countries in which it operates. Although this clause is originally of a legal nature, compliance with the law is simultaneously an indicator of social responsibility as well as an indispensable basis for socially accepted behaviour. The member companies are called upon to obtain an overview of the applicable laws in the respective legal systems in which they operate.

**GENERAL
BACKGROUND
TO THE CLAUSE**

Legislation

The term legislation is understood to mean a collection of generally binding legal norms that have been enacted in a formal procedure by the respective legislator. This also includes EU regulations.

**UNDERSTANDING
THE TERM**

Other statutory provisions

Other statutory provisions cover other binding sources of law which, although they do not constitute laws in the sense of the above definition, nevertheless have binding force because they were either adopted on the basis of laws or directly oblige the addressee to behave in certain ways. Examples of these are implementing ordinances for certain laws such as the Road Traffic Regulations (StVO), the Railway Commissioning Licensing Ordinance (EIGV), the Technical Specifications for Interoperability (TSI), which are issued by the EU Commission as regulations on the basis of EU directives.

**UNDERSTANDING
THE TERM**

Contradictions between Mandatory Local Law and the CoC

A direct contradiction between the principles of the CoC and the mandatory local law is conceivable, for example, in legal systems in which Sharia law applies. However, the question is whether the general law (Sharia in this example) actually imposes a duty on the company to act or a prohibition. A duty to act or a prohibition would then have to take precedence. An example of this is a national ban on employ-

**UNDERSTANDING
THE TERM**

ment derived from Sharia law that conflicts with gender equality or religious freedom. As long as and insofar as options for action exist, the option that corresponds to the principles of the CoC is to be preferred.

In contrast, there is no conflict with mandatory local law if conduct incompatible with the CoC is permissible under local law but there is no legal obligation to exercise this option. For example, no one is compelled to have children work for them, even if this would be legally permissible. In this case, the signatory company shall follow the more stringent requirement of the 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 Convention¹². 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.

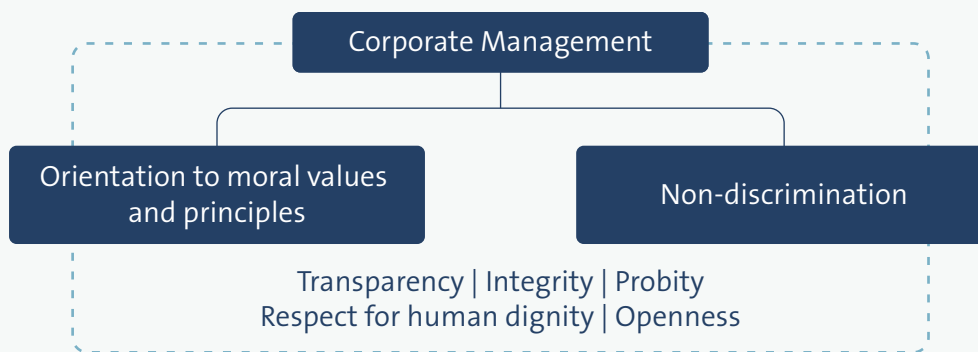
GENERAL BACKGROUND TO THE CLAUSE

The principles set out here show that the principles established in the CoC are not merely the exercise of voluntary aspects of social responsibility (for example, civic engagement). Moreover, it is a concern of the CoC to ensure a mandatory standard in its own country and in other countries by committing to integrity and transparency in corporate governance. That this is not merely an end in itself is demonstrated by the very existence of international criminal law, cf. §§ 1 ff. StGB: The national legislature also threatens the company that does not comply with appli-

12 United Nations Convention against Corruption of 2003, in force since 2005

cable law with consequences that are not limited to¹³ criminal sanctions, e.g. in the form of heavy fines, but may also result in exclusion from award procedures (“blacklisting”). Further consequences may include the paying of compensation or the personal liability of the management. German law is only mentioned here as representative of other legal systems in which even more wide-ranging consequences may threaten, for example in the USA. In addition to the consequences under criminal and liability law, a company that does not comply with the requirements of integrity and transparency is also threatened with numerous other entrepreneurial consequences, e.g. increased costs in terms of restoring the loss of image and establishing a functioning compliance structure, potentially enforced structural changes to the company, and possibly also procurement bans imposed by customers, which in the case of the DB can even be up to five years, cf. the General Terms and Conditions of Purchase of the DB (AEB).

Accordingly, we can conclude that the introduction of a Code of Conduct as well as compliance systems are necessary elements of self-regulation and self-organisation resulting from the development of the economy.



Direct Perpetration

The direct perpetration of a criminal offence is understood to mean the perpetrator’s own execution of an act or the execution of an act by or with another person. In principle, this includes all acts that the perpetrator wants to commit as his or her own.

UNDERSTANDING
THE TERM

Indirect Perpetration

Indirect perpetration of a criminal offence, on the other hand, includes all forms of participation, namely instigation and aiding and abetting. In contrast to direct perpetration, this includes all acts that the perpetrator intends to be committed by others.

UNDERSTANDING
THE TERM

Appropriate Measures

Appropriate measures to prevent criminal offences are understood to be all actions that are necessary and appropriate to achieve this purpose.

UNDERSTANDING
THE TERM

13 United Nations Convention against Corruption of 2003, in force since 2005.

Explanation of Offences by means of Examples

Theft

§§ 242 FF.
STGB

The offence of theft is defined as the taking of another person's movable property which the offender does not have in his or her custody, with the intention of unlawfully appropriating the property for himself or herself or for a third party. A typical example of theft within a company is the unauthorised removal of work materials for private use.

Embezzlement

§ 246
STGB

In contrast to theft, embezzlement in the criminal law sense means that someone unlawfully appropriates for themselves or a third party another person's movable property that the perpetrator has in their custody. A typical example of embezzlement within a company is the appropriation of promotional gifts or the resale of goods subject to retention of title, unless this is expressly permitted.

Fraud

§§ 263 FF.
STGB

The offence of fraud denotes a pecuniary offence in which the perpetrator, with unlawful intent to enrich himself or herself, deliberately misleads the victim by false pretences or by distorting or suppressing verified facts in such a way that the victim's own assets or those of a third party are damaged. A typical example of fraud within a company is the overstatement of expenses in travel expense reports.

Breach of Trust

§ 266
STGB

The offence of breach of trust is divided into an abuse and a breach of trust variation. Both require the violation of a duty to manage assets. Under the offence of abuse, the offender abuses the authority granted to him to manage another person's assets, e.g. through transactions not covered by the authorisation or otherwise approved. Within the scope of the offence of breach of trust, the offender violates the duty to manage assets incumbent upon him; a typical example of a breach of trust within a company is the transfer of company funds into illicit accounts. It is important to note that although this is usually a preparatory act for bribery, for example, it in itself fulfils the offence of breach of trust.

Forgery

§§ 267 FF.
STGB

The legally protected right of documentary offences is the security and reliability of legal transactions. The offence covers both the production or use of false documents, i.e. documents that do not originate from the issuer identified therein (e.g. plagiarism, copying products including the safety or certification label), as well as the falsification of genuine documents and the use of falsified documents, a typical example of which is the subsequent, unagreed amendment of parts of a contract.

Money Laundering

§ 261
STGB

§ Section 261 of the Criminal Code is intended to prevent the concealment of unlawfully obtained assets and the thwarting of their recovery, and furthermore to prevent the smuggling of unlawfully obtained assets into the financial and economic cycle. Since the tightening of the criminal law standard in 2021, it is sufficient if an (asset) or a substitute (asset) stems from any criminal offence, regardless of whether it was committed commercially or was gang-related. The perpetrator of money laundering does not need to know the person of the predicate offender, nor does he

need to know the predicate offence in all its details, as long as he presumes that the (valuable) object originates from some unlawful act. § Section 261 of the Criminal Code does not only apply to money launderers within the meaning of Section 2 of the Money Laundering Act (GwG), but the law provides for a qualifying offence for money launderers with a prison sentence of three months to five years. Its applicability presupposes that the obligated person commits the money laundering precisely in the exercise of his obligation under money laundering law.

Restrictive Agreements in Tender Procedures

Agreements restricting competition are understood to mean the submission of an offer for goods or commercial services that is based on an illegal agreement aimed at inducing the contracting authority to accept a certain offer. Agreements on prices are a typical example in business dealings.

§ 298
STGB

Use or Disclosure of Trade Secrets (Trade Secrets Protection Act)

A trade secret is information (a) which is not generally known or readily available, either as a whole or in the precise arrangement and composition of its component parts, to persons in the circles which normally handle this type of information and is therefore of commercial value and (b) which is the subject of measures of secrecy appropriate in the circumstances by its rightful owner and (c) for which there is a legitimate interest in keeping it secret. Such secrets exist as long as the circle of those with knowledge is closed. It therefore does no harm if several employees in a department have knowledge of the information in question. A typical example relevant to a company is the unauthorised forwarding of offers without reference to a source.

§ 23
GESCHGEHG

The use of protected trade secrets, for example their use in a commercial context or otherwise for personal gain, is also punishable under section 23 of the Trade Secrets Protection Act (Gesetz zum Schutz von Geschäftsgeheimnissen). This includes the unauthorised forwarding and use of technical documents or company forms.

Corruption and Bribery

Granting an advantage (colloquially: corruption, section 333 of the Criminal Code) and bribery (section 334 of the Criminal Code) means offering, promising or granting a benefit to a public official, a person with a special obligation to public service or a soldier, for him or her or a third party to perform his or her official duties; in the case of bribery, the intended official act violates official duties. The protection of integrity in the private sector is protected in a comparable manner by section 299 of the Criminal Code (bribery and corruption in commercial transactions). This means that no employee of a company may provide business partners or other third parties with improper benefits. This is particularly the case if the nature and extent of the benefit is not socially appropriate or is capable of improperly influencing the actions and decisions of the recipient.

§§ 333 F.
STGB

Political Parties

Integrity in business also requires that political parties are supported only to the extent permitted by law.

Unlawful material and immaterial contributions of any kind, such as illegal donations to political parties, their representatives, their mandate holders and candidates for political office shall not be granted.

Donations and Sponsorship

Integrity in business also requires that donations be made on a voluntary basis, without any expectation of any dishonest benefits in return. The sponsorship of individuals, groups or organisations is not to be used to gain unlawful business advantage.

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.

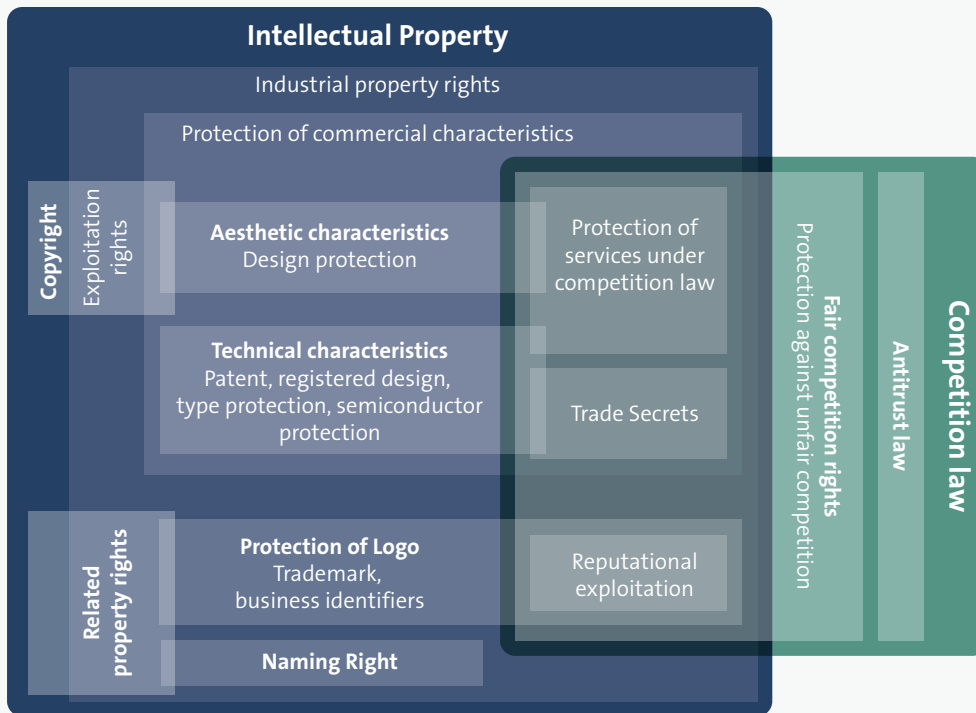
GENERAL BACKGROUND TO THE CLAUSE

The protection of intellectual property is one of the fundamental principles of a free economic order and fair competition. Moreover, it is a driving force for innovation. The concrete design varies in the individual legal systems, although increasing harmonisation can be seen at the European level. Elements of intellectual property are industrial property rights with patent and utility model protection, but also copyright law and trademark and naming rights.

UNDERSTANDING THE TERM

Intellectual Property

The elements of intellectual property are mainly industrial property rights with patent and registered design protection, but also copyright and trademark and naming rights.



Trade Secrets

Any valuable information from business life that is not generally known or accessible, for which appropriate confidentiality measures exist and for which there is an interest in secrecy (section 2 no. 1 Business Secrets Protection Act). This may also be a supplier list with prices for example. Labelling as a trade secret is not required, but recommended.

UNDERSTANDING THE TERM

Technology and Know-how Transfer

Granting or transfer of product and manufacturing know-how on the basis of licence agreements.

UNDERSTANDING THE TERM

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.

This clause was included in the CoC in view of the contents of ISO 26000 and the statutory consumer protection regulations. This is mainly due to the fact that national legislators are required by European law to ensure an almost all-encompassing level of consumer protection. However, consumer protection is only of direct concern to the railway industry to the extent that the consumer, i.e. the private end user, comes into direct contact with the products or services of a member company.

GENERAL BACKGROUND TO THE CLAUSE

**UNDERSTANDING
THE TERM**

Consumer Protection Regulations

In numerous regulations, the legislator takes into account the fact that individuals do not always face companies as partners with the same market strength; it attempts to protect or improve the position of the consumer through legislation. The signatory company should comply with these consumer protection regulations in the sense of ISO 26000 and not act in contravention of them. Since ISO 26000 not only refers to the classic consumer, but also to the customer, the special statutory regulations must of course also be observed, such as the Machinery Directive, the Equipment and Product Safety Act (GPSGV), the standards of the Civil Code and the Product Liability Act. Violations of these regulations can have far-reaching consequences, for example, failure to properly identify a product may result in a mandatory product recall if this illegal state of affairs is not remedied. In addition, infringements can result in liability claims. In the railway sector, these regulations are largely superseded by the official supervision of the competent safety authority (e.g. the Federal Railway Authority).

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.

**GENERAL
BACKGROUND
TO THE CLAUSE**

Due to the broad spectrum of meaning of the general clause-like term communication, the VDB regards it as its task to present certain aspects of specific corporate communication here.

Open, Dialogue-Oriented Communication

**UNDERSTANDING
THE TERM**

The term open and dialogue-oriented communication in this context includes the internal and external dissemination of and dialogue with relevant stakeholders about the CoC and measures for its implementation. A possible option is the appointment of a contact person for the communication of the CoC within the company.

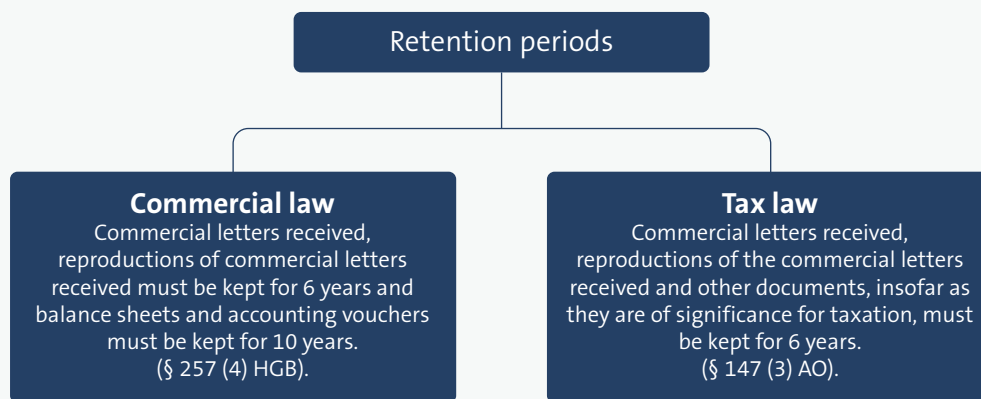
Correct Handling of Documents

**UNDERSTANDING
THE TERM**

The proper handling of documents implies the orderly and responsible storage and safekeeping of business documents that have become part of legal transactions, in particular the adherence to retention periods (see below) and the measures to protect documents from being viewed and removed. In this context, the principle of confidentiality and thus the protection of documents from unauthorised access

to their contents must be understood. Customer data, employee data and company data are to be treated confidentially not only from the point of view of data protection, but also with regard to the confidentiality and integrity of business transactions and the assets usually embodied in the information. Confidential information includes all non-public information which may be of use to competitors or which, if made public, could have a detrimental effect on the company, its customers or suppliers. In addition to the company's own information, this also includes information entrusted to the company by third parties, e.g. licensors or joint venture partners. The obligation to maintain secrecy with regard to confidential information shall survive the termination of the business relationship or, with regard to employees, the employment relationship.

Deadlines for retention are also to be observed.



Protected Mechanism for Reporting Breaches of the CoC

This is understood to mean mechanisms that enable employees, but in some cases also persons from outside the company such as customers or suppliers, to report violations of the company's legal obligations or self-imposed standards. Whistleblowing mechanisms of this kind were often set up on a voluntary basis, but in recent years, it has become increasingly apparent that they are being required by law. An example of this is the EU Directive 2019/1937, the so-called Whistleblower Directive implemented in Germany in 2023 by the Whistleblower Protection Act (HinSchG). The Supply Chain Due Diligence Act also requires the establishment of a complaints procedure.

These mechanisms are usually designed in such a way that the whistleblower remains anonymous and must ensure that they will not face repression or any disadvantage because he or she has provided information. It should be as easy and accessible as possible to make contact and provide information. Technically, notifications of this kind are usually received in special mailboxes, an e-mail account or via a telephone hotline. Verbal receipt by an authorised representative, such as the compliance officer, is also an option, as are external reporting systems, for example in the form of an ombudsperson. For reasons of transparency, all regulations on the submission and further handling of individual reports must be laid down in rules of procedure that are freely accessible to the group of potential whistleblowers. If legal requirements exist, these are to be fulfilled as a matter of priority. In the case of several different statutory requirements, this can certainly lead to difficulties, because the requirements can sometimes differ.

UNDERSTANDING
THE TERM

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 Charter¹⁴. Furthermore, it complies with the core labour standards of the ILO¹⁵, 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.

GENERAL BACKGROUND TO THE CLAUSE

Under this heading, the fundamental principles for work that is compatible with human dignity will be manifested.

UNDERSTANDING THE TERM

Private Sphere

The private sphere refers to the non-public area of the individual, in which no activities are carried out on behalf of a company, a public authority or similar, but which only concerns the individual person. From a business perspective, “protecting the private sphere of employees” means observing measures to protect it and refraining from measures that would result in a “transparent employee” (for example, recording reasons for illness-related absences, recreational habits such as sports that pose a risk etc.^{16, 17}).

UNDERSTANDING THE TERM

Data Protection

Data protection is the protection of personal data during collection, processing and its use. In the Federal Republic of Germany, the right to informational self-determination and thus the protection of individual data was given constitutional status by the Federal Constitutional Court’s census ruling of 15 December 1983. Data protection legislation comprises those legal provisions that have been enacted to protect the personal data of the person concerned from infringements of his or her personal rights, in particular through the misuse and loss of such data. Since coming into force in May 2018, the EU’s General Data Protection Regulation (GDPR-Regulation EU 2016/679) has been the fundamental regulation for data protection that applies uniformly throughout Europe. Under German law, the BDSG only applies to the extent that the GDPR does not apply (primacy of EU law); in addition, sector-specific data protection regulations may apply that take precedence over the general regulations, e.g. the Social Code X for the protection of social data, the Criminal Code for

14 Universal Declaration of Human Rights, UN Resolution 217 A (III) of 1948.

15 ILO = International Labour Organization.

16 Universal Declaration of Human Rights, UN Resolution 217 A (III) of 1948.

17 ILO = International Labour Organization

professional obligations of confidentiality (e.g. doctors, lawyers), the Banking Act and the Money Laundering Act, the Tax Code for tax secrecy, the Federal Statistics Act (BStatG) for statistical secrecy. For the transfer of personal data to third countries located outside the EU, so-called standard contractual clauses were renewed by the EU after the landmark Schrems II ruling of the ECJ. These and other developments can be found on the websites of the German Federal Commissioner for Data Protection and Freedom of Information¹⁸, the European Data Protection Board¹⁹ and the European Data Protection Supervisor.

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.

Health-Promoting Working Environment

A working environment that promotes health requires measures and activities at the workplace to strengthen the health resources and potential of employees. For companies, this means that they not only have to ensure a safe and healthy working environment, but also – within the scope of their capabilities – should promote measures to keep employees healthy at the workplace. It is important to note that the range of benefits should be appropriate to the size of the company. If necessary, the employees should participate in this.

Strict compliance with occupational health and safety laws, safety regulations and safety practices is mandatory. Employees have a duty to report violations of these principles immediately to the responsible departments in the company so that any shortcomings can be remedied without delay.

**UNDERSTANDING
THE TERM**

¹⁸ www.bfdi.bund.de

¹⁹ EDPB | European Data Protection Board (europa.eu)

One of the basic principles for ensuring a safe and health-promoting working environment is to establish and apply an occupational safety management system appropriate to the company and its activities.

Protection from Harassment

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

Harassment

UNDERSTANDING THE TERM

In the broadest sense, harassment is defined as the sustained influence of a perpetrator on a victim, whereby it is crucial that this is perceived by the victim as being “against his or her will”, i.e. impairing or damaging. The forms that harassment can take are manifold in nature, please see the following diagram.



Freedom of Expression

Freedom of opinion and expression shall be ensured and protected.

Freedom of Expression

UNDERSTANDING THE TERM

According to Article 5 (1) sentence 1 of the German Basic Law, everyone has the right to express and disseminate his or her opinion freely in speech, writing and pictures. However, fundamental rights do not have any direct effect between private persons, so that only the legal manifestations of this fundamental freedom apply to the discourse between employees and companies, e.g. in the form of the employees' freedom of association in trade unions on the one hand, and in the company's right to organise and direct on the other.

The concept of freedom of expression does not refer exclusively to the relationship between employee and employer, but must also be guaranteed between employees. The limits of freedom of opinion within the company are therefore to be found in general legislation, e.g. on the protection of minors and in the law of personal

honour. A special limit to freedom of expression within the enterprise under labour law lies in the basic rules of the employment relationship. On the one hand, internal work rules regulate orderly working practices; on the other hand, they also regulate the interest of other employees not to be constantly harassed at the workplace by opinions they do not share, as well as the interest of the employer not to be undermined and subverted by employees. In individual cases, therefore, the employee's freedom of opinion must be weighed against the interest in peace within and outside the company. The following shall apply in individual cases:

- The employee is of course also allowed to have and express an opinion at the workplace²⁰.
- However, the employee must show reasonable consideration for the interests of the employer, works council, customers and contractual partners in all job-related expressions of opinion.
- Expressions of opinion, which interfere with the running of the business and represent a serious, grave or persistent threat to industrial peace are not permitted.

If the employee offends the honour of the employer, for example, sanctions by the employer (warning, dismissal) may be permissible depending on the severity of the offence.

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 permitted²¹.

Child Labour

Child labour refers to the employment of minors in companies before they have reached a certain minimum age. The basis for this minimum age and thus for employment is the International Labour Organisation (ILO) conventions mentioned above. These conventions regulate internationally valid lower limits for the minimum age of employees. In countries that fall under the exception for developing countries in ILO Convention 138, the minimum age may be reduced to 14 years. Even then, they are not allowed to work until they have completed the compulsory education programme. According to ILO Convention 138, the minimum age for hazardous work is 18 years without exception. Hazardous work is work, which, because of the circumstances in which it is carried out, is reasonably likely to endanger the health, safety or morals of the child.

**UNDERSTANDING
THE TERM**

²⁰ Restrictions may apply to so-called tendency enterprises, but these are not likely to apply to the railway supply industry.

²¹ LO Convention No. 138 of 1973 and ILO Convention No. 182 of 1999.

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 observed²², as shall the prohibition of oppression in the workplace environment.

Forced Labour

UNDERSTANDING THE TERM

According to the above-mentioned ILO Convention, forced labour is defined as work, which a person is compelled to perform against his or her will under the threat of punishment or other severe hardship. Oppression in the workplace environment, for example through extreme economic or sexual exploitation, is to be equated with forced labour. This may be the case, for example, if the employer compulsorily rents the employee overpriced accommodation.

Remuneration

UNDERSTANDING THE TERM

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 observed²³. Employees shall be informed clearly, in detail and regularly as to the structure of their remuneration.

Remuneration

UNDERSTANDING THE TERM

Remuneration (wages or salary) is the benefit, usually a sum of money, owed by an employer to an employee on the basis of an employment contract concluded between the two, usually based on the employment contract and, if applicable, also (to a certain extent) from company practice, collective agreements, company agreements and statutory provisions (e.g. Minimum Wage Act or Continued Remuneration Act)

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 operation²⁴.

Workers' Rights

UNDERSTANDING THE TERM

Although the rights of employees are partly enshrined in the Basic Law (Art. 9 para. 3 GG), they only attain validity in the internal company relationship through imple-

²² ILO Convention No. 29 of 1930 and ILO Convention No. 105 of 1957

²³ ILO Convention No. 100 of 1951.

²⁴ ILO Convention No. 87 of 1948 and ILO Convention No. 98 of 1949.

mentation in certain laws, e.g. in the freedom of association, freedom of assembly, the right to collective bargaining, regulations on working time and remuneration. Employee rights can be asserted against the employer by various groups of claimants, e.g. by trade unions, the works council, workers' associations or comparable interest groups.

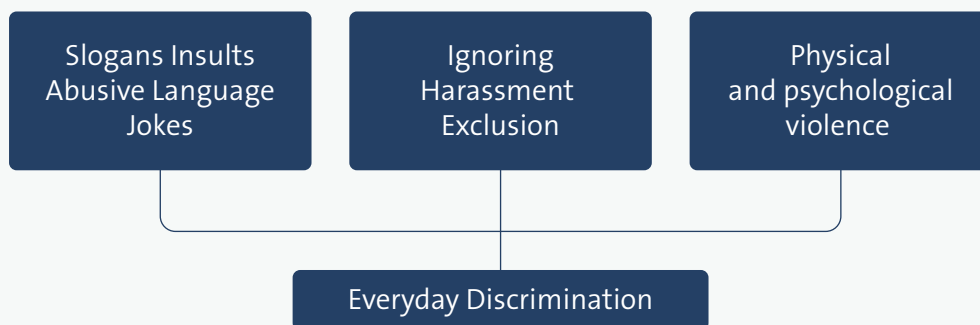
Prohibition of Discrimination

Employees shall not be discriminated against²⁵. 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.

Prohibition of Discrimination

Discrimination is the group-specific social differentiation, disadvantaging or degrading of individuals. The starting point of all discrimination is the creation of difference. Discrimination thus affects groups that do not conform to the dominant norms or prevailing views. Social discrimination is understood as the disadvantaging of people on the basis of group-specific characteristics such as ethnic or national origin, skin colour, language, political or religious convictions, sexual orientation, gender, age or disability, cf. the General Equal Treatment Act (AGG).

UNDERSTANDING THE TERM



Working Hours

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

25 ILO Convention No. 111 of 1958.

**UNDERSTANDING
THE TERM**

Working Hours

The law governing working time is a subsection of the law governing occupational health and safety. In Germany, it is generally regulated in the Working Hours Act (ArbZG), which contains detailed provisions on rest periods, breaks, night and shift work for example. In addition, provisions can also be agreed in the individual employment contract or by the collective bargaining parties or the works council and management.

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.

**EXPLANATION
BACKGROUND**

The use of external security personnel is a potential gateway to human rights violations. A potential threat exists, for instance, when armed security personnel are deployed to secure a construction site, e.g. for the construction of a new railway line, where local citizens are affected.

3.7 Environmental Protection

The signatory company shall comply with the regulations and standards on environmental protection, including relevant conventions under international law²⁶, 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 CO₂ 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.

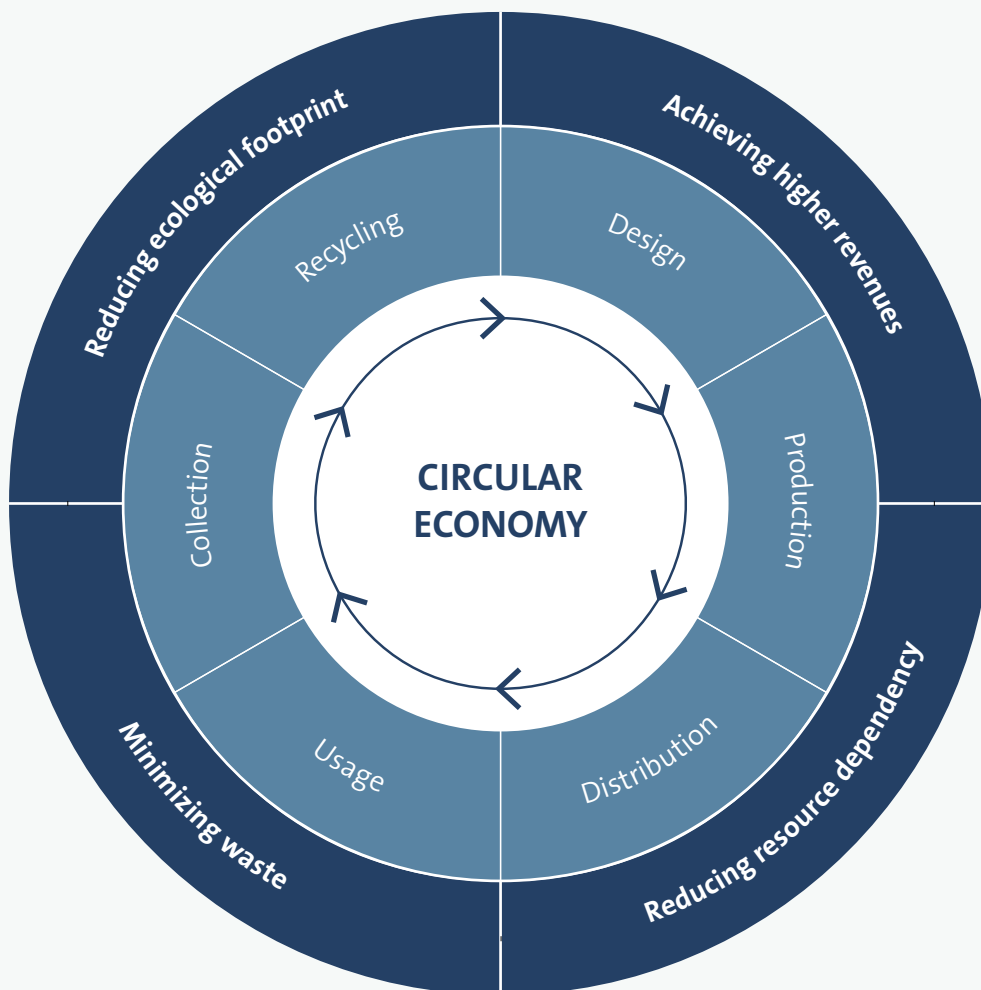
**GENERAL
BACKGROUND
TO THE CLAUSE**

This clause includes the totality of all measures taken to protect the environment with the aim of preserving the natural basis of life of all living creatures and a functional natural ecosystem.

²⁶ Minamata Convention on Mercury of 2013 in force since 2017, Stockholm Convention on Persistent Organic Pollutants of 2001 in force since 2004, Basel Convention on the Control of Transboundary Movements of Hazardous Wastes of 1989, in force since 1992, entered into force for Germany 1995.

Standards

In principle, the legal norms and international standards for environmental protection are to be observed, e.g. the Federal Immission Control Act and the Technical Instructions TA Luft and TA Lärm issued on its basis, the European regulation on banned substances in the REACH Regulation or the requirements of the European Directives on the collection and recycling of waste electrical and electronic equipment, RoHS and WEEE that have been implemented into national law. In addition, reference is also made here to ISO 26000, which both refers to the passing on of environmental protection values and appeals to environmentally conscious action, especially in countries with lower environmental standards. In this context, the environmental impact is to be continuously minimised within the bounds of reasonable limits. It is important to consider and incorporate environmental protection issues in the context of an overall view of all the stages of the product life cycle, from the development of the respective product, through its manufacture and use, to its reuse or environmentally friendly disposal. The clause also includes human rights and environmental due diligence obligations in the second paragraph. This encompasses respect for the prohibition of causing harmful soil contamination, water pollution, air pollution, harmful noise emissions or excessive water consumption (§ 2 para. 2 no. 9 LkSG) on the one hand and the prohibition of unlawful eviction, unlawful seizure of land, forests and waters on the other (§ 2 para. 2 no. 10 LkSG).



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.

GENERAL BACKGROUND TO THE CLAUSE

In recent years, companies' dealings with so-called conflict minerals have come under the spotlight. It is part of good corporate management based on universally valid moral values and principles that one's own corporate actions do not promote, finance or support acts of war or the violation of human rights. In the USA, Sec. 1502 of the Dodd-Frank Act provides a legal framework in this area. In the EU, Regulation 2017/821 establishing supply chain due diligence obligations for Union importers of tin, tantalum, tungsten, their ores and gold from regions of conflict and high risk (OJ L 130, 19.05.2017) aims to ensure that only materials whose production does not involve the financing of acts of war or the violation of human rights are imported into the EU. With due regard to the framework provided by the applicable legal system, each company shall take appropriate measures to comply with due diligence requirements in the management of the supply chain. These measures aim to avoid the use of raw materials in the company's products that directly or indirectly finance armed groups that violate human rights.

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.

GENERAL BACKGROUND TO THE CLAUSE

Under the heading of "Foreign Trade / Sanctions", this clause refers to the fact that international trade has become increasingly subject to regulation over the years and that even companies that do not export defence technology equipment, but rather export civilian products, have to deal with the task of organising compliance with the corresponding national or international export control requirements. Even if the so-called foreign trade legislation cannot be reduced to questions of export law and must also be taken into account, for example, in purchase or sale transactions under company law or in the financing of transactions, the questions of whether goods to be exported may be delivered at all to a targeted country or to a specific person, what the licensing requirements for the export are or whether the delivery is permitted without further restrictions are of central importance in the law-abiding compliance organisation of an exporting company. This refers to goods that can be used for both civilian and military purposes, such as packages of parts like repair kits, certain chemicals, machines, but also software or technologies.

Export restrictions can also result from embargo and sanction requirements that apply to Germany in the context of national and international commitments. Embar-

goes are ordered for foreign or security policy reasons and restrict the freedom of foreign trade with certain countries. Embargoes of this kind take effect through resolutions of the UN Security Council or, in the EU, through regulations and corresponding national implementation measures. Embargoes can also be directed against individual persons, institutions or organisations and be independent of countries. The persons affected by the sanctions are listed in the annexes of the corresponding legislation (so-called lists of names); in this context, the US sanctions lists issued by the OFAC²⁷ (Office of Foreign Asset Control) of the US Department of Treasury are also to be taken into account.

Corresponding internal organisational and supervisory measures must ensure that violations of export control law and sanctions regimes are avoided, e.g. by obtaining licences, checking the admissibility of an export against embargo or sanctions lists of governmental (e.g. the USA) and international bodies (e.g. the EU or the UN Security Council). If the measures taken by the company prove to be inadequate in retrospect, fines are envisaged both against the person responsible (for export) (§§ 130, 9 OWiG) and against the company (§ 30 OWiG), not to mention criminal liability.

The key contact person in the company will always be the export control officer, who will check which export rules the company must follow, whether it is complying with the regulations and, if necessary, ensure that the business transaction is suspended ('temporarily', where possible, until the required action has been taken) in the event of a breach of customs regulations.

The central licensing authority for export control in Germany is the Federal Office of Economics and Export Control (BAFA)²⁸, which is responsible for the administrative implementation of the Federal Government's export control policy

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.

Civic engagement is seen as an important resource for solving the challenges of social, economic, political and ecological change in a national and global context. In the debate on social responsibility, the civic engagement of legal entities, such as companies, has also been considered.

**GENERAL
BACKGROUND
TO THE CLAUSE**

²⁷ <https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>

²⁸ Guidelines on its work, working aids and fact sheets on dealing with foreign trade export control issues can be found on the BAFA website: www.bafa.de/DE/Aussenwirtschaft/Ausfuhrkontrolle/Arbeitshilfen/arbeitshilfen_node.html or here: www.bafa.de/DE/Aussenwirtschaft/aussenwirtschaft_node.html

**UNDERSTANDING
THE TERM**

Civic Engagement

Civic engagement is the term used to describe a wide range of voluntary, non-profit, public and community activities by individuals and organisations that are directed towards the common good. These activities contribute to the solution of the challenges of social, economic, political and ecological change in a national and global context as well as to the solution of problems in society. Both financial and human resources can be employed in relation to the specific competencies of the organisations.

Promoting the voluntary involvement of employees does not imply an obligation to contribute to the funds of every association in which employees are active. However, it should be a reason to consider giving time off to employees who voluntarily serve the common good and are involved in local associations or institutions (e.g. fire brigade or THW).

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.

**GENERAL
BACKGROUND
TO THE CLAUSE**

Signing a CoC is not in itself enough; the values set out in it must be translated into action, i.e. the CoC must be “lived”. The measures must be proportionate to the objectives of the CoC as well as to the exposure to risk, size and performance of the company. Other member companies may request information on compliance with the CoC. This clause is intended to manifest a certain sustainability and at the same time take into account the requirements of ISO 26000.

Implementation in the Supply Chain

In the supply chain, direct suppliers shall also be obliged to comply with the core values of the CoC. The requirements for suppliers also apply to subcontractors accordingly. In addition, they should also pass on these requirements to their own supply chain.

Passing on the CoC requirements is the first step in implementing them in the supply chain. In the second step, compliance with or application of the CoC is to be checked systematically, e.g. on the basis of a risk analysis, or on an ad hoc basis. Various options are available here, such as sending out questionnaires or self-assessments forms and evaluating the CSR performance of suppliers. On-site audits

at the supplier's premises also provide a more detailed picture of the status of implementation. Pure CSR audits are suitable for this purpose, although existing audit requirements can also be supplemented with corresponding CSR questions. It is also important to give suppliers feedback on the results and any need for improvement. Where necessary, measures are to be jointly developed and the implementation of the measures is to be monitored. If the measures are not implemented or not implemented sufficiently, as a last resort the partnership should be terminated.

Proportionality

The principle of proportionality is composed of three elements:

UNDERSTANDING
THE TERM

- Suitability, i.e. if the desired outcome can be achieved by the action;
- Necessity, i.e. if no other less burdensome means could achieve the same result, as well as
- proportionality, i.e. if the burden and the desired outcome are reasonably proportionate to each other.

Accordingly, a measure is disproportionate, if, for example, it is clearly not commensurate with the desired outcome. Both the risk exposure and the performance of the signatory company as well as the goal to be achieved by the requirement, e.g. the size of the compliance organisation in the company, are to be included in the analysis, i.e. with increasing risk exposure or increasing company size, the requirements that can and must be placed on a company also increase.

Reciprocity

Reciprocity is understood as mutual exchange or dependence. In terms of reporting, this means that, upon request, every enquiry for information on compliance, including CSR measures, must be answered by the requestor to the same extent as the person to whom the enquiry is addressed.

UNDERSTANDING
THE TERM

Scope of Reporting Obligations

The scope of the reporting obligation shall be determined according to the circumstances of the individual case within the framework of the principle of proportionality. In particular, the risk exposure, size and organisational form of the company should be taken into account. Essential measures are, for example, information on the monitoring of compliance with the values of the VDB-CoC and possible sanctions in case of violations. The limit of the reporting obligation is the request for detailed information, e.g. lists of participants, price calculations, internal company communications and other confidential information.

UNDERSTANDING
THE TERM

Penalties for Breaches of the Code of Conduct

To ensure compliance with the obligations arising from the CoC, mere commitment to the CoC is not sufficient. Rather, violations of the CoC must be penalised through a suitable internal sanctions system. To this end, at least one designated person or body should be appointed (e.g. compliance officers and human resources managers).

UNDERSTANDING
THE TERM

List of Abbreviations

AEB	General Terms and Conditions of Purchase of the Deutsche Bahn
AGG	General Equal Treatment Act
AktG	German Companies Act
ArbZG	Working Hours Act
Art.	Article
BDSG	German Data Protection Act
BStatG	German Federal Statistics Act
CoC	Code of Conduct of the German Railway Industry Association
CSR	Corporate Social Responsibility
DB	Deutsche Bahn
GG	German Basic Law
GmbH-G	German Limited Liability Company Act
GPSGV	German Equipment and Product Safety Act
ILO	Conventions of the International Labour Organisation
ISO	International Organization for Standardization
OWiG	German Administrative Offences Act
RoHS	Restriction of Hazardous Substances
StGB	German Criminal Code
StVO	German Road Traffic Regulations
TA Lärm	Technical Instructions on Noise Protection
TA Luft	Technical Instructions on Air Quality
TEIV	Regulation on the interoperability of the trans-European rail system
TSI	Technical specifications for interoperability
UWG	Unfair Competition Act
VDB	German Railway Industry Association
WEEE	Waste Electrical and Electronic Equipment
ZVEICoC	Code of Conduct of the Central Association of Electrical Engineering


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