

# CODE OF BUSINESS CONDUCT – PRINCIPLES OF CORRECT BEHAVIOR

## 1. PREAMBLE

The PCM RAILONE Group manufactures concrete sleepers and track systems for urban transit and long-distance rail transportation and furthermore offers its expertise in the fields of engineering and plant construction. The group comprises several companies, production facilities and presences worldwide. The development of the PCM RAILONE Group has always been based on a foundation of ethical principles and values, including the principle of legality. This principle of legality obligates us to obey the laws of all countries in which we are active, because we believe that reliability, credibility, and especially legality are fundamental to our business success.

The thorough monitoring of the compliance of legal requirements and the principles of integrity, honesty, and fair business practices are standards for our behavior and components of our corporate culture and our corporate values. To ensure the thorough monitoring, the PCM RAILONE Group has implemented a compliance management system.

This Code of Conduct is applicable to the whole PCM RAILONE Group and is therefore derived from international declarations such as the “Universal Declaration of Human Rights”, the International Labor Organization’s “Declaration on Fundamental Principles and Rights at Work” and the “Rio Declaration on Environment and Development”. If, under national law, extra requirements are needed, the subsidiaries can have company related codes of conduct. The PCM RAILONE Group demands all subsidiaries and all business partners to respect the following principles. Furthermore, we expect our business partners to demand compliance with these principles from their own suppliers as far as possible and to ask them to do the same in their supply chains.

*In this code of business conduct, ‘employees’ refers to all employees, including management and all company representatives of the PCM RAILONE Group. The term ‘employee’ includes all men, women and intersexual. In order to make the text easier to read, the following will not use the form ‘he or she’.*

## 2. CORPORATE SOCIAL RESPONSIBILITIES

We are convinced that social responsibility is a key factor for the long-term success of our companies and consequently an indispensable element of our value-driven corporate management. We therefore expect our employees, business partners, suppliers and associates to follow these principles and company values and to implement them without exception.

All employees, and especially the management, should be guided in their actions by the following simple rule:

**Avoid any behavior, which could damage the reputation of the PCM RAILONE Group or a company within the PCM RAILONE Group.**

## 3. PRINCIPLES

### 3.1. Human Rights

The PCM RAILONE Group is committed to promoting human rights. We respect human rights as stated in the United Nations “Universal Declaration of Human Rights” and request the same from our business partners.

#### **A1 We support and respect the protection of internationally proclaimed human rights**

The PCM RAILONE Group stands up for the promotion of human rights. We seek through our actions to uphold human rights, ensuring that our actions are in accordance with all standards of human rights. The Group puts emphasis on the compliance with all applicable laws and respects internationally recognized human rights in all countries the Group is operating.

#### **A2 We ensure that we are not involved in human right abuses**

We respect international guidelines and standards for the use of force and continually consult within and outside the Group with relevant stakeholders. We raise awareness within the Group of known human rights issues within the Group’s sphere of influence. We identify those functions that are at risk of becoming linked to human rights abuses and where there might be opportunities to advance human rights.

### 3.2. Labor

The PCM RAILONE Group undertakes to adhere to the eight fundamental conventions of the International Labour Organization (ILO). These fundamental principles and rights at work are also covered in the ILO's "Declaration on Fundamental Principles and Rights at Work". Adherence to these principles and rights has to be the foundation of all actions for our business partners as well.

#### **B1 We ensure that we uphold the freedom of association and the right to collective bargaining**

The PCM RAILONE Group values the opinion of all employees. Therefore, we respect the right to freedom of expression, including unions. All our employees have the right to set up, join and run their own organizations, according to national law, without facing negative consequences.

##### **a) In the workplace**

We respect the right of all employees to form and join a trade union of their choice, as long as the procedure is in accordance with national law. We put in place non-discriminatory policies and procedures with respect to trade union organization, union membership and activity in such areas as applications for employment and decisions on advancement, dismissal or transfer.

We provide employees' representatives with appropriate facilities to assist in the development of effective collective agreement. Furthermore, we do not interfere with the activities of employee representatives while they carry out their functions in ways that are not disruptive to regular company operations. Practices such as allowing the collection of union dues on company premises, release of trade union notices, distribution of union documents and provision of office space, have proven to strengthen good relationships between management and employees and are therefore supported by the PCM RAILONE Group.

##### **b) At the bargaining table**

We recognize representative organizations for the purpose of collective bargaining. We use collective bargaining as a constructive forum for addressing working conditions and terms of employment and relations between employers and employees, or their respective organizations. We address any problem-solving or other needs of interest to employees and management, including restructuring and training, redundancy procedures, safety and health issues, grievance and dispute settlement procedures, disciplinary rules, and family and community welfare.

#### **B2 We uphold the elimination of all forms of forced and compulsory labor**

In concern with the ILO Convention No. 29 and No. 105, we ensure that we do not have any forced work or services and we offer labor freely. Employees are free to leave in accordance with established rules.

#### **B3 We promote the effective abolition of child labor**

Child labor is a form of exploitation, which is a violation of human rights. We therefore strictly refuse to accept any form of child labor. The minimum age for admission to employment or work shall not be less than the age of completion of compulsory schooling and, in any case shall not be less than 15 years. We ensure that the ILO Convention No. 182 and No. 132 and the national laws for the protection of children are observed.

**B4 We affirm that we eliminate all discrimination in respect of employment and occupation**

We do not treat our employees differently or less favorably because of characteristics, which are not related to their merit or the inherent requirements of the job. In national law, these characteristics commonly include race, color, sex, religion, political opinion, national extraction, social origin, age, disability, HIV/AIDS status, trade union membership, and sexual orientation. In addition, discrimination can arise in a variety of work-related activities including access to employment, to particular occupations, promotions and to training and vocational guidance. Moreover, it can occur with respect to the terms and conditions of the employment, such as: recruitment, remuneration, hours of work and rest/paid holidays, maternity protection, security of tenure, job assignments, performance assessment and advancement, training and opportunities, job prospects, social security, occupational safety and health.

**B5 We protect our employees against harassment**

We do not accept any forms of physical punishment, physical, sexual, psychological or verbal harassment or abuse.

**B6 We comply with the regulations concerning the remuneration, salary and benefits**

Work standards concerning remuneration, especially regarding the level of remuneration according to the ILO Convention No. 100 and all applicable laws and regulations are observed.

**B7 We respect health and safety standards**

All employees are obligated to adhere to the valid health, safety, and environmental laws and regulations at all times. In this context, it is the general assignment of every employee to avoid risks to people and the environment and to keep effects on the environment as low as possible, as well as to handle resources economically.

Processes, plant locations, and resources must meet the applicable legal and internal requirements for occupational safety, health protection, fire prevention, and environmental protection. In order to ensure health and safety, we oppose the consumption of drugs and alcohol at the workplace as well as working under the influence.

**B8 We endorse and promote community service and voluntary commitment**

The PCM RAILONE Group contributes to the social and economic development of the countries and regions where it conducts business and promotes appropriate volunteer activities of its employees.

### 3.3. Integrity

The PCM RAILONE Group observes the legislation in force of all the countries the group is active in. The behavior of all employees and the management is oriented to general moral values and principles, especially integrity, transparency, honesty, respect of the dignity of human beings, openness and non-discrimination regarding race, ethnic origin, gender, religion or belief, disability, age or the sexual identity. Furthermore, we underline that we refuse corruption and bribery in accordance with the UN convention. We support acting with integrity, responsible leadership and control and demand the same from our business partners.

**C1 We ensure to handle information in a responsible way and accordance with the hereafter referred principles****a) principles of proper bookkeeping**

All records and reports, regardless of whether they are for internal or external use, have to be correct and truthful.

The principles of proper bookkeeping and accounting have to be maintained. Accordingly, data entry and other records have to be complete, correct, up-to-date, and system-compatible at all times.

Copying, reproduction and/or processing of records of confidential company data and of confidential data connected with the PCM RAILONE Group are only permitted if such copies and records are in the immediate interest of the PCM RAILONE Group.

**b) principle of confidentiality**

The PCM RAILONE Group is aware that preservation, protection and responsible handling of company belongings and assets, including intellectual property, are essential to remain competitive. Therefore, all appropriate measures have to be taken to protect these assets and confidential information and property rights of third parties. Any non-public information about the Group or its companies is considered confidential information and has to be kept secret. It is irrelevant whether the information is in written, spoken or electronic form. This obligation also applies beyond the term of employment.

The PCM RAILONE Group respects the efforts of third parties to protect confidential information on their part. For this reason, confidential information from our joint venture partners, suppliers or customers have to be handled with the same care as confidential information from the PCM RAILONE Group.

Non-public information should only be shared with those who have both the authorization to access it and a need to know the information in order to do their jobs. Appropriate steps to protect classified information such as asking companies or individuals outside of the PCM RAILONE Group to sign a confidentiality agreement before gaining access to non – public information have to be taken.

**c) principle of privacy and information security**

Taking into account the applicable legal requirements, privacy in the use of personal data and the security of all business data have to be ensured, applying to all business concerns. For this purpose, we affirm to maintain a high standard of technical safeguarding against unauthorized access and we respect all relevant data protection laws.

**C2 We avoid conflicts of interest**

In the event of business with companies in which an employee, spouse or partner, or close family member holds an interest or is employed in a leading function and this person can affect the business relationship, it must be ensured that no conflict of interest arises. In case of doubt, permission has to be obtained from the relevant RAILONE management.

In general, close family members and partners of employees may only be employed or hired as consultants if the decision is based on qualification, performance, ability and experience.

Furthermore, equity participation is only permitted, if the work performance stipulated in the employment contract is not affected and the acceptance of equity participation does not, in individual cases, violate legal regulations or this Code of Conduct. This includes, among other things, activities, which are capable of interfering with the competitiveness of the PCM RAILONE Group or individual companies thereof. Every employee is personally responsible for obtaining the express permission of the PCM RAILONE Group in case of doubt, before accepting equity participation. Such prior permission must also be obtained in any case in which participation in a company, which is in competition with the PCM RAILONE Group and participation in suppliers and customers is sought.

### **3.4. Environment**

The PCM RAILONE Group satisfies the regulations and standards concerning the protection of the environment. Based on the principles of the Rio Declaration on Environment and Development, we use resources in a responsible manner and expect the same behaviour from our business partners.

#### **D1 We support a precautionary approach to environmental challenges**

We apply precaution and consider the degree of uncertainty that appears from scientific, when there is reasonable suspicion of harm or where there are threats of serious or irreversible damage. Our precaution involves the systematic application of risk assessment, risk management and risk communication. The "acceptable" level of risk involves not only scientific-technological evaluation and economic cost-benefit analysis, but also political considerations such as acceptability to the public.

#### **D2 We undertake initiatives to promote greater environmental responsibility**

We increase self-regulation, guided by appropriate codes, charters and initiatives integrated into all elements of business planning and decision-making. For us it is important to foster openness and dialogue with employees and the public and we ensure that our activities within our operations do not cause harm to the environment.

#### **D3 We encourage the development and diffusion of environmentally friendly technologies**

We use all resources in a more sustainable manner and our technologies include a variety of cleaner production processes and pollution prevention.

### **3.5. Anti-Corruption**

#### **We work against corruption in all its forms, including extortion and bribery**

We ensure that we work against the abuse of entrusted power for private gain, which includes not only financial gain, but also non-financial advantages.

In accordance with the UN Convention against corruption, we hereby declare that to the best of our knowledge, we take proper measures in order to prevent especially the direct and indirect commitment of the following infringements:

robbery, embezzlement, money laundering, terrorist financing, fraud, infidelity, falsification of documents, anticompetitive agreements in public tenders and betrayal of trade secrets and industrial secrets and unauthorized utilization of templates or instructions of technical nature, corruption and bribery in the course of trade, granting advantages and benefits or any other advantages to employees of business partners or rather acceptance of those benefits or advantages.

Bribery is defined as an offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something that is dishonest, illegal or a breach of trust, in the conduct of the enterprise's business.

The PCM RAILONE Group follows serious and accepted business practices and fair competition especially considering antitrust and competition law.

It is of utmost importance to us that our business partners adhere to the UN Convention against corruption as well and make sure to prevent the above named infringements.

### **3.6. Reporting irregularities**

Every employee has the right to inform their supervisor about circumstances, which, in the objective appraisal of the overall circumstances, indicate a violation of the regulations contained in this Code of Conduct without suffering disadvantages as a result.

### **3.7. CONSEQUENCES REGARDING VIOLATIONS**

In case of serious violations of this Code of Conduct by a business partner (especially in case of any suspicion of a criminal offence) RAILONE reserves the right to impose appropriate sanctions on the respective business partner. This may also result in the immediate termination of the business relationship and the assertion of claims for damages and other rights.

#### 4. TERMS, ABBREVIATIONS

Abbreviation	Description
PROG	PCM RAILONE Group
PRO	PCM RAILONE AG