

Code of Conduct

Valid date: 01/01/2020

Scope of Application:
Hector Rail GmbH



Contents

Why do we have a Code?	3
Respect and Tolerance	5
Respect	6
Non-Discrimination	6
Safe and Healthy Workplace	7
Environmental Compliance	7
Freedom of Associations	8
Working Hours and Compensation	8
Modern Slavery and Child Labour.....	8
We Conduct Business Fairly and Lawfully	9
Fair Competition	10
Improper Payments	11
Anti Money Laundering	11
Separation of Personal Interests and Business Activities	12
Conflicts of Interests	13
Political Activities	14
Safeguarding Company Information and Assets	15
Confidential Information	16
Intellectual Property	16
Physical and Financial Assets	17
Data Privacy	17
Communication – Open, Transparent, Responsible	18
Reporting	19
Speak Up!	20
How Do I Express a Concern?	20
Can I Report Anonymously?	20
What Happens After I Raise a Concern?	20

Why do we have a Code?

AT HECTOR RAIL GmbH, WE WANT TO CONDUCT BUSINESS ETHICALLY AND IN COMPLIANCE WITH THE LAW

Doing business this way is the right thing to do. It builds trust with our customers and suppliers as well as with society which enhances our commercial success. And it helps us to avoid situations that might lead to adverse legal issues or damage to our reputation.

This Code of Conduct clearly states the expectations for how we do business – not just in a few locations, but everywhere we operate.

The Code is what we stand for and what we expect from you.

HECTOR RAIL GMBH VALUES

Honesty

We are honest, fair and trustworthy in all of our activities and relationships.

Obey the laws

We obey the laws and regulations governing our business in each country.

Tolerance

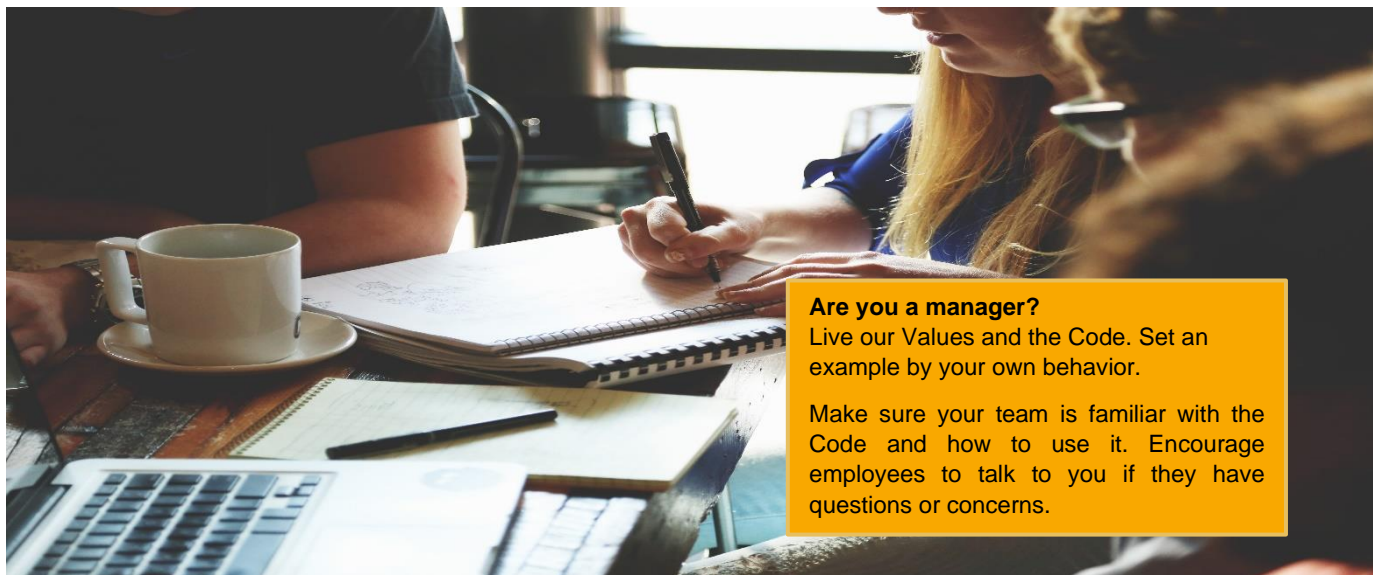
We respect the equal rights and values of all people regardless of nationality, race, religion, sexual preference or any other factor

Passion

We have passion for what we do.

Performance

We are profitable to shape our future.



Are you a manager?

Live our Values and the Code. Set an example by your own behavior.

Make sure your team is familiar with the Code and how to use it. Encourage employees to talk to you if they have questions or concerns.

DOES THE CODE APPLY TO EVERYONE AT HECTOR RAIL GmbH?

Yes. The Code applies everywhere we do business and to everyone who works on Hector Rail GmbH's behalf, including full- and part-time employees, consultants, temporary staff, senior management, and the boards of directors of Hector Rail Group companies.

You are accountable for following the Code and failing to do so can have consequences for both you and the company.

You may be disciplined, including the risk of losing your job, or even facing criminal charges. The company may be fined, face lawsuits or investigations, or suffer damage to its reputation or value

HOW SHOULD I USE THE CODE?

Use it as a reference if you need guidance in a particular area.

You should also consult Hector Rail's policies, resources, and compliance programs. These are meant to supplement the Code and provide additional direction and details.

WHAT IF I DON'T FIND AN ANSWER IN THE CODE?

The Code contains rules and principles for how we do business. It can't, however, describe every real situation that might arise and sometimes the right answer is not obvious. If you're ever in doubt about a course of action, ask yourself:

- Is it against the law?
- Is it unethical?
- Could it damage Hector Rail's reputation?

WHAT IF THERE IS A CONFLICT BETWEEN THE CODE AND LOCAL LAW

We want to conduct all of our business in compliance with the Code. Nothing in this Code, however, should be understood as an instruction to break the law



Respect and Tolerance

RESPECT

At Hector Rail GmbH, we are proud of our responsible work environment, which fosters a supportive energy and encourages individual growth and strong teams. Unwelcome conduct that creates an intimidating, offensive or hostile work environment has no place here. Instead, we encourage and expect mutual respect – among colleagues and between the company and our business partners.

For You, This Means:

- Treat all individuals with respect.
- Never bully, intimidate or threaten another person.
- Avoid behavior that someone else could reasonably find offensive or inappropriate.
- Oppose harassment or other inappropriate conduct, whether it is targeted at you or someone else.

What is harassment?

For purposes of this Code, harassment means any conduct or comments that create, encourage, or permit an offensive or intimidating work environment.

This includes verbal or physical harassment, bullying, sexual harassment, power harassment, racism, inappropriate humor, or other actions that offend or cause distress.

NON-DISCRIMINATION

Hector Rail GmbH values a diverse workforce and expects hiring managers to observe applicable laws against discrimination. Employment decisions like hiring, pay, title, promotion, discipline, termination, or working conditions should be based on a person's ability or performance, not irrelevant personal factors.

For you, This Means:

- Do not practice discrimination; instead, evaluate candidates based on talent, skill, and experience.
- Speak up if you see discrimination or believe you have been unfairly discriminated against.

What is discrimination?

For purposes of this Code discrimination happens when qualified individuals are penalized at work due to unrelated personal factors like:

- gender, gender identify, or expressions
- age
- nationality, race, ethnicity, skin color, or cultural background
- religion or beliefs
- disability, genetics, or health information, including pregnancy
- sexual orientation
- union affiliation

Any position requirements and employment related decisions must be based on a legitimate business reason.

PRACTICING DIVERSITY AND INTEGRATION...

...builds trust, by rewarding people on their contribution and reinforce an atmosphere of respect
...strengthens our working environment by helping to bring out the best in people
...drives our performance, by ensuring the attraction and hiring of the best, most qualified candidates.

SAFE AND HEALTHY WORKPLACE

We believe accidents, incidents, injuries, near misses, work-related illnesses, and unsafe conditions are often preventable. By prioritizing compliance with safety requirements in planning and operations, we ensure our work environment meets applicable health and safety laws and requirements.

For you, This Means:

- Take responsibility for your own safety and the safety of others around you – correct or report hazards and address any unsafe behavior.
- Know and follow all safety requirements, including the use of personal protective equipment. Never take shortcuts or ignore required safety practices.
- If you are a manager, ensure employees are properly trained and equipped for their jobs.
- Don't use or possess illegal drugs at work. Don't work while intoxicated or under the influence of drugs or alcohol.

MINIMIZING HEALTH AND SAFETY RISKS...

...reduces work interruptions caused by safety incidents or accidents

...drives trust, engagement and performance by allowing employees to focus on their jobs, without worrying for their well-being.

ENVIRONMENTAL COMPLIANCE

At Hector Rail GmbH, we ensure that our business operations are in compliance with applicable environmental protection legislation as well as applicable internal requirements.

For you, This Means:

- Follow the environmental laws and company requirements that apply to your job
- Take all required precautions when handling or transporting hazardous materials, dangerous parts, or waste, including during loading, unloading, or storage. If you are not familiar with these requirements, ask your manager for direction.
- Use and dispose of chemicals and other materials properly, and report any spills, discharges, or environmental concerns.

What are hazardous materials or dangerous parts?

For purposes of this Code, we mean any chemicals, materials, or waste that could present health risks or are corrosive, flammable, or explosive.

This includes batteries, airbags, aerosols, gasoline, and diesel, and also certain paints, solvents, adhesives, or surface treatments.

FREEDOM OF ASSOCIATIONS

Hector Rail GmbH respects the right of all employees to form and join an association to represent their interests as employees, to organize, and to bargain collectively or individually. We also respect any employee's choice to refrain from joining a union.

For you, This Means:

- You are free to seek guidance and support in all employment related questions from the recognized unions and employee representative bodies.
- If you are a manager, do not interfere with employee's decisions related to union representation or membership.

WORKING HOURS AND COMPENSATION

Hector Rail GmbH complies with applicable laws and agreements on working and resting hours and compensation and benefits.

For you, This Means:

- Your working time should not extend beyond the allowed maximum, and you should receive time off for proper rest, paid holidays and vacations.
- The terms and conditions of your employment, including your rights and your obligations, should be made clear to you.
- Your terms of employment and compensation should meet applicable minimum wages and other legal requirements, including collective bargaining agreements.

MODERN SLAVERY AND CHILD LABOUR

Hector Rail GmbH does not tolerate any forms of modern slavery, including forced, bonded or compulsory labor, or human trafficking. We respect the children's right to personal development and education, and we do not support child labor.

For you, This Means:

- Ensure that we do not use or support modern slavery, including by suppliers or other business partners. If you are a manager, ensure that your employees have freely chosen their jobs and are free to leave under their terms of employment and law.
- If you hire, observe the minimum employment age in your country. Never hire children under 15, even if it is permitted by local law.
- Do not use young workers (ages 15-18) for work that is hazardous or poses risks to their individual development or their physical or mental health.

What is Modern Slavery?

Human trafficking involves recruiting, harboring or transporting people into a situation of exploitation through the use of violence, deception or coercion and forcing them to work against their will.

Forced labor is any work or service that people are forced to do against their will, under threat of punishment and for which the person did not volunteer.

Examples of signs to look out for?

- Withholding wages
- Abusive working conditions
- Physical sexual violence
- Confiscation of identify papers, passports or education certificates
- Restrictions of movement, e.g. employees not allowed to leave company premises



We Conduct
Business Fairly and
Lawfully

FAIR COMPETITION

We trust that our service will succeed in a competitive marketplace and that a fair market benefits us. We compete on the merit of our products and services and do not take actions that are illegal under the competition laws, such as colluding with competitors. We treat our suppliers in a professional manner and choose suppliers on the basis of objective criteria. Due to the complexity of this area, it is critical to know what's required.



For you, This Means:

- Do not agree with a competitor on important issues like price fixing, market sharing, or customer allocation.
- Do not, on your own, decide to exchange commercially sensitive information with competitors.
- Use only legitimate methods to gather information about competitors.

What is commercially sensitive information?

It includes:

- Prices, surcharges, costs, margins, or discounts
- Terms of sale or profitability
- Distribution, business plans, aftermarket strategies, market forecasts, or product development plans

Sharing, receiving, or exchanging this type of information could be prohibited even when it is informal, such as in a conversation with a former colleague or friend who now works for a competitor. If you have questions about whether a conversation is appropriate, discuss it with your supervisor in advance.

Who are competitors?

Our competitors include any independent company that competes or could compete with Hector Rail GmbH in a particular market.

This includes other companies we do business with, such as suppliers, private dealers, or Hector Rail GmbH customers who are also competitors in the end market.

When a supplier or customer is also a competitor, all restrictions described here apply, including restrictions on making agreements or sharing or receiving certain information. Do not use the commercial relationship as a pretext to violate the competition law.

IMPROPER PAYMENTS

Bribery and corruption distort the market, interfere with free competition, and violate laws that carry significant penalties for the companies and individuals involved. Hector Rail GmbH does not participate in or endorse any corrupt practices, including, offering or accepting kickbacks, bribes excessive gifts or hospitality, or facilitation payments – directly or indirectly, such as through a third party. We will not accept suppliers, vendors or partners that offer bribes and we will take necessary action if such actions are uncovered.

For you, This Means:

- Do not give or accept bribes or anything that could be considered a bribe, including cash, gift cards or other cash equivalents, job opportunities, favors, travel, promises to pay debts, or unlawful gifts and entertainment.
- Do not use business partners or other third parties to pay bribes.
- Know what's allowed if you work with government officials, recognizing that the rules are typically very strict
- Accurately record all payments and transactions in Hector Rail GmbH's books and records.
- Conduct any required anti-corruption due diligence when hiring or managing third party intermediaries.
- Never accept anything from a supplier, business partner, or anyone else if it might affect or appear to affect your ability to be objective in your business decisions.
- If a supplier or business partner offers you inappropriate gifts and entertainment, please raise the issue with your manager.

What are facilitation payments?

Hector Rail GmbH prohibits "facilitation payments" which are unlawful payments made in order to expedite a service that you are entitled to.

COMPETING FAIRLY AND GUARDING AGAINST BRIBERY...

...builds trust, in Hector Rail GmbH and in our business

...protects fair markets and customer choice...safeguards our reputation and builds trust with the market, by demonstration that we consistently operate with integrity

ANTI-MONEY LAUNDERING

Money laundering allows criminals and others to disguise the source of funds obtained illegally. These funds may come from or support activities like human trafficking drug trafficking, terrorism, blackmail, or fraud. Hector Rail GmbH does not facilitate or support money laundering.

For you, This Means:

- Know your customer, understand the terms of all transactions, and be alert for signs of money laundering.
- Report any suspicious transactions to the company, including third party payments, large cash purchases, or the use of cash equivalents.





Separation of Personal Interests from Business Activities

CONFLICTS OF INTERESTS

As employees of Hector Rail GmbH, we have an obligation to work in the best interests of the company, and to avoid or disclose situations where our private, financial, or other external interests conflict with our job responsibilities. In some cases, just the appearance of a conflict may damage our reputation or effectiveness.

For you, This Means:

- Understand how to recognize conflicts of interest. If you face a conflict, disclose it to your manager and work with the company to resolve the issue.
- Make business decisions in the company's interests, and not to benefit yourself or your family. Potential conflicts that require disclosure can include:
 - A close relationship with someone you supervise or might hire
 - Running a side business that does business with Hector Rail GmbH
 - Taking a side job with a supplier, other business partner, or competitor, especially if you work full-time at Hector Rail GmbH
 - If a family member takes a job with a current or potential customer, supplier or competitor, especially if in a key decision-making role
 - If you or a family member holds a significant financial investment in a current or potential customer, supplier, or competitor
- Do not, on your own, arrange personal transactions with suppliers, or customers on terms that are not available to the public, such as special pricing, financing, or discounts.

AVOIDING CONFLICTS OF INTERESTS...

...drives trust in our business by demonstrating that we are an honest and reliable partner

...supports profitability and effectiveness by ensuring we choose the suppliers and vendors who offer the greatest value

...drives performance by ensuring that we make decisions in the best interests of our customers and the business

In case of conflicts:

You can contact HR, your supervisor or the managing director for support in evaluating or handling any conflicts of interest that rediscovered to you.

POLITICAL ACTIVITIES

For Hector Rail GmbH, it is important to maintain a continuous dialogue with authorities and policy makers in order to be engaged in issues that could impact Hector Rail GmbH and our customers' business and operations. These activities are specifically authorized by Company Communication and Sustainability Affairs.

Hector Rail GmbH will act neutrally with regard to political parties and candidates for public office. Neither the name nor the asset of Hector Rail GmbH shall be used to promote the interests of political parties or candidates for public office.

For you, This Means:

- You may support causes of your choice, but do not make political or charitable contributions using company funds or in the company's name.
- You may contribute your own time and resources, but do not use working time, property, or any other company resources to promote your personal political interests.
- You may fundraise for political causes or promote political candidates, but do not do this while at work.

What are political activities?

For purposes of this Code, "political activities" means a wide range of actions, some of which we list below. Remember you can always take action or make contributions on your own, as an individual. But you can't use Hector Rail resources or imply company support of activities like:

- Distribution of political issues
- Campaigning or fundraising for a political candidate
- Volunteering time or donating to a political party
- Lobbying
- Signing or organizing statements, petitions, or letters
- Public advocacy or statements regarding political issues



Safeguarding Company Information and Assets

CONFIDENTIAL INFORMATION

We all have an obligation to protect information that Hector Rail GmbH considers confidential. Theft or unauthorized use or disclosure could significantly hurt our business. This includes any non-public information about our processes, products, innovation, and financial or strategic plans or position.

For you, This Means:

- Make sure you are authorized and have a proper business purpose before disclosing confidential information to anyone outside the company.
- Never post company confidential Information on social media. Do not discuss confidential information in public places or leave confidential material unattended, even in the office.
- Protect the confidential information that suppliers, business partners, and others share with us.
- Please remember that your obligation to protect confidential information may continue also after you have left the company.

PROTECTION PROCEDURES

Practice these habits to help protect information about our processes, people and customers:

- Do not give out information by phone or email in response to unexpected requests, including employee information, home addresses, phone numbers, or travel plans.
- Protect Confidential and Strictly Confidential information when working off-site and do not store it at home.

INTELLECTUAL PROPERTY

Hector Rail GmbH's intellectual property – such as patents, copyrights, know-how, trade secrets, design and trademarks and related licenses – are highly valuable assets, but that value can be lost or compromised if these are misused or inappropriately disclosed. Hector Rail GmbH will take action to defend its intellectual property and is committed to respect intellectual property that belongs to others.

For you, This Means:

- Carefully protect any Hector Rail GmbH trade secrets, inventions, or designs and do not publish or disclose them unless you have been specifically authorized to do so.
- Respect and do not use material protected by intellectual property that belongs to others without Hector Rail GmbH's approval and third-party permission.
- If you have access to any confidential information or intellectual property, handle it properly, safeguard it from inappropriate disclosure, and use it only in ways that are permitted. If the information belongs to a third party, follow any agreements with that party, including on use or disclosure.
- Report any suspected or alleged unpermitted use of intellectual property of Hector Rail GmbH or of a third party in line with Hector Rail GmbH directives.

PHYSICAL AND FINANCIAL ASSETS

Hector Rail GmbH's assets, including financial assets, physical property, and company devices, systems and networks, are critical to our ongoing productivity and business success. We must use these assets responsibly and protect them from theft, carelessness, and waste, whether that means protecting access to company buildings, equipment, and tools or using good judgement when spending company funds.

For you, This Means:

- Do not use company assets, like equipment or funds, to personally benefit yourself or someone else.
- Comply with local expense report procedures and instructions, and do not claim private expenses as business expenses.
- Report any theft or misuse of company inventory, cash, equipment, supplies, or other assets.

PROTECTION PROCEDURES

Protect Company laptops and other mobile devices from theft or loss.

Use strong passwords and do not share your individual passwords.

Securely store any removable media, including flash drives, CD, or external drives.

When working with Hector Rail GmbH information, use only approved company equipment and services.

Use your company email account for all work communications – do not use personal email accounts to conduct company business

DATA PRIVACY

When we are entrusted with personal information about individuals, we safeguard it and take appropriate steps to protect it from misuse. We observe all applicable privacy laws when we collect, use, and share personal information about individuals.

We confirm the new GDPR regulations from May 25, 2018 and act to these regulations.

For you, This Means:

- Follow company guidelines when collecting, storing, using, or sharing personal information about individuals.
- Do not access personal information stored on our systems, except for business purposes that reflect the scope for which the information was collected.
- Let your manager know if you have access to personal information about individuals that you do not need.





Communication –
Open, Transparent,
Responsible

REPORTING

We want to report in a transparent, truthful and timely manner in order to convey a true view of Hector Rail GmbH's performance. We report financial transactions in accordance with generally accepted accounting practices. We report truthfully on any non-financial information that we have an obligation to disclose.

For you, This Means:

- If you submit or approve expenses, ensure they accurately reflect the transaction and comply with company policies and procedures.
- Be honest and accurate when you report or record information about our business.
- Never misstate facts when recording a transaction or enter information that you know is incorrect.
- If you notice an error in a financial record, or suspect fraud has occurred, report immediately.

REPORTING HONESTLY AND ACCURATELY...

...builds trust by demonstration to the market that we are honest and reliable

...drives performance by ensuring that senior management is making decisions on the basis of accurate and up-to-date information



Speak Up!

If you recognize that there is something that does not seem right, or which violates this Code of Conduct, speak up then!

Early reporting can help resolve an issue quickly and minimize harm, often.

HOW DO I EXPRESS A CONCERN?

To express a concern, you can:

- Talk to your manager.
- Talk to a relevant functional group like HR.
- Present your request to the works council or confidant. In addition to email availability, there is an analogue inbox on the premises of Hector Rail GmbH where you can anonymously submit your concern.

WHAT HAPPENS AFTER I RAISE A CONCERN?

Once you make a report, Hector Rail GmbH will investigate the situation and take appropriate actions.

If you raise a concern in good faith, Hector Rail will not tolerate any retaliation against you. This is true regardless of the outcome of the investigation.

CAN I REPORT ANONYMOUSLY?

Yes, as long as anonymous reports are permitted by local law.

But, we encourage you to identify yourself when making a complaint. This allows the company to obtain all facts, properly investigate your report, and enter into a confidential dialogue with you.

Even if you identify yourself, every effort will be made to keep your identity strictly confidential within the company.