



**Vossloh
Rolling Stock**

Compliance Manual

1

Overview of the Vossloh Rolling Stock Compliance Management System

1. Introduction	5
2. Compliance Culture	7
3. Compliance Goals	8
4. Compliance Risks	9
4.1 Systematic risk identification and evaluation	9
4.2 Systematic risk control	9
5. Compliance Program	11
5.1 Code of Conduct	11
5.2 Compliance Guidelines	12
5.3 Compliance Training	12
5.4 Check and approval of business relationships with intermediaries	12
5.5 Checks of other business partners	13
5.6 Whistleblower hotline	13
5.7 M&A Compliance	13
6. Compliance Organization	15
6.1 Chief Compliance Officer	15
6.2 Compliance Committee	15
6.5 Local Compliance Officer	15
7. Compliance Communication and Reporting	16
7.1 Compliance Communication	17
7.2 Compliance Reporting	17
8. Monitoring and Improving Compliance	18
Compliance Commitment from the Management of Vossloh Rolling Stock GmbH	19

1

Overview

of the Vossloh Rolling Stock Compliance Management System



1. Introduction

This Compliance Manual describes the Vossloh Rolling Stock Compliance Management System, the application of which is mandatory for all subsidiaries and all company employees (senior executives, managers and staff). Vossloh Rolling Stock understands compliance as conduct that complies with all applicable laws and internal company guidelines. Compliance is a vital prerequisite for Vossloh Rolling Stock's successful commercial operations over the long term.

The Vossloh Rolling Stock Compliance Management System encompasses all of the company's measures, guidelines, processes and organizational arrangements put in place to promote compliant conduct and prevent violations of statutory provisions and internal policies. The Compliance Management System provides the organizational framework needed to identify the risks of major compliance violations and minimize them by means of suitable measures. The goal is to protect Vossloh Rolling Stock and every one of its employees from the serious and costly consequences of misconduct. Corruption prevention and compliance with competition law are a key focus here because corruption and anti-competitive behavior constitute a particular risk due to their serious consequences.

This Compliance Manual serves as a summary of the measures, guidelines, processes and organizational arrangements we use. Condensing the information into a manual provides transparency and clarity and is intended to make it easier for all company employees who work inside the Vossloh Rolling Stock Compliance Organization to accomplish their tasks. The individual measures, guidelines, processes and organizational arrangements of the Compliance Management System are a component of this manual; they are updated and supplemented as required by Vossloh Rolling Stock's Compliance Office.

Compliance Culture

2. Compliance Culture

Vossloh Rolling Stock regards the company's expertise, customer orientation, quality, power of innovation and the trust earned from its business partners over many years as the basis for the company's successful further development. Integrity and conduct that complies with the law are essential requirements in interacting with customers, partners, staff, authorities and the public.

In October of 2021, Vossloh Rolling Stock's senior management published a Compliance Commitment, an excerpt of which is as follows: "We regard lawful conduct as especially important when it comes to competing with others. We explicitly reject all forms of bribery and anti-competitive practices. Breaches of either the law or our internal regulations are not tolerated and will be met with immediate sanctions (zero tolerance)." The Compliance Commitment is posted on the company's website and available on the intranet.

The Vossloh Rolling Stock Code of Conduct reinforces and clarifies the company's values of integrity and morally principled business practices. The principles of conduct laid out in the Code of Conduct are an authoritative guide and benchmark for all company employees as they carry out their day-to-day work. As such they form the foundation of the Vossloh Rolling Stock Compliance Management System.

The senior managers and managers at all corporate levels regularly use the Compliance Commitment and Code of Conduct to underline in management meetings, training and other events that integrity and ethical business practices are essential values enshrined within the Vossloh Rolling Stock corporate culture. Furthermore, these values are promoted, and employees are expected to exhibit them. The Vossloh Rolling Stock Compliance Communication Concept serves as the code of practice for communication accordingly.

The Vossloh Rolling Stock compliance culture is also an integral part of the HR policy. The employment contracts signed with all of our staff contain a compliance provision through which employees recognize Vossloh Rolling Stock's Code of Conduct when they start with the company. With managers this provision also includes the Corruption Prevention Policy and the Policy on Conduct Compliant with Competition Law. Furthermore, the company's HR Policy provides for other compliance measures such as (i) integrity and compliance being subject matter and assessment criteria in job interviews, annual appraisal interviews and when deciding on promotions, (ii) variable compensation requirements and (iii) in the case of new hires, obtaining certificates of good conduct or comparable documents and, in some cases, carrying out integrity checks.

Breaches of applicable law or internal guidelines by company employees are rigorously prosecuted at Vossloh Rolling Stock and punished in accordance with the provisions in each case. The form that sanctions take is determined by the nature and severity of the violation, the degree of culpability and the level of cooperation during its investigation and redress. In addition to disciplinary measures up to and including termination of employment without notice, claims for damages under civil law and criminal prosecution are also considered.

3. Compliance Goals

Vossloh Rolling Stock aims to further develop itself into a focused, internationally active, market-leading provider of products and services in the field of locomotives. Key principles for successfully pursuing this corporate strategy and Vossloh Rolling Stock's successful further development are integrity and law-abiding conduct when interacting with customers, partners, staff, authorities and the public.

The Vossloh Rolling Stock Compliance Management System is geared towards ensuring compliant conduct and preventing subsidiaries and company employees from violating applicable law and internal guidelines. In particular, it serves to identify the risk of major compliance violations and minimize these risks by means of suitable measures that prevent Vossloh Rolling Stock and the company employees from being exposed to possible losses or liability. Preventing corruption and strictly observing competition law regulations constitute a particular focus among our compliance goals.

In order to ensure these goals are achieved, the Compliance Management System that has been set up is mandatory for all of Vossloh Rolling Stock's operating subsidiaries. Operating subsidiaries also include the joint-venture subsidiaries controlled by Vossloh Rolling Stock (i.e. fully consolidated).

Where isolated cases of misconduct do occur, the goal is to find out the background and full extent of the compliance violation and redress it immediately. Investigating, redressing and punishing misconduct in the interests of maintaining our corporate culture demonstrates that compliance violations are not tolerated but instead rigorously investigated and prosecuted.

3

4

4. Compliance Risks

4.1 Systematic risk identification and evaluation

Vossloh Rolling Stock has performed a systematic risk inventory and evaluation, the aim of which was the bottom-up and top-down identification and evaluation of the specific compliance risks that stem from the business model. The risk scenarios established using a gross risk / net risk approach were evaluated in terms of damage extent and occurrence probability and condensed into a Vossloh Rolling Stock risk map.

The Chief Compliance Officer and the Compliance Committee regularly repeat the systematic risk inventory and evaluation (bottom-up and top-down) carried out at Vossloh Rolling Stock in 2017 and update the risk assessment and evaluation. It is the ongoing task of all staff responsible for compliance to monitor the Compliance Management System's effectiveness, continuously analyze the potential areas of risk for compliance violations and, if required, make suggestions on refining and improving the Compliance Management System.

Vossloh Rolling Stock also carries out event-driven and routine compliance audits. For the latter, the Compliance Committee uses an approach based on objective risk indicators (scoring model) to conduct a systematic risk assessment of all Vossloh Rolling Stock subsidiaries at regular intervals. The Compliance Committee determines the assessment methodology for calculating risk propensity. If the audit reveals other compliance risks or potential for improvement, the Compliance Management System is supplemented as required.

4.2 Systematic risk control

The configuration of the Vossloh Rolling Stock Compliance Management System is largely based on the systematic risk inventory and evaluation. The system has been set up so that the most important risks identified are addressed by means of effective measures and inspections and thus reduced to an acceptable level. The respective Local Compliance Officers use a standardized risk control matrix to check, monitor and document the measures and inspections carried out at each operating Vossloh Rolling Stock subsidiary to redress identified compliance risks.

Compliance Program

5. Compliance Program

Having analyzed the compliance risks, Vossloh Rolling Stock has introduced measures, guidelines, processes and organizational arrangements designed to limit compliance risks and prevent compliance violations. Changes and additions to the compliance program – in particular to the Code of Conduct and the Policies – have been entrusted to the Chief Compliance Officer by senior management, who bears overall responsibility.

5.1 Code of Conduct

Vossloh Rolling Stock's Code of Conduct forms the bedrock of the compliance program. The Code of Conduct reinforces and clarifies the values of integrity and morally principled business practices, the observance of which Vossloh Rolling Stock expects from every company employee. Importantly, the Code of Conduct summarizes the legal environment and main points of the internal company directives that regulate the conduct of all company employees both among themselves and in their interaction with customers, partners, authorities and the public. The Code of Conduct thus serves as a mandatory benchmark and guideline for day-to-day work and is intended to help company employees make the right decisions.

The Code of Conduct also outlines the Compliance Organization and the various options for reporting any misconduct or violations, and it provides the contact details of the Compliance Officer and the ombudsperson. The Code of Conduct has been translated into the important corporate languages (currently 5 languages) and distributed to all company employees. It is a component of the employment contracts and posted on the internet and the intranet.

5.2 Compliance Guidelines

In addition to the Code of Conduct, Vossloh Rolling Stock has also implemented various compliance guidelines that apply company-wide. These address the main risks determined using the systematic risk inventory and evaluation: corruption and competition law. The guidelines reinforce the principles of conduct relating thereto, describe conflict situations and provide practical tips for preventing or solving these conflict situations. Specifically, they are the:

- Corruption Prevention Policy
- Policy on the Engagement of Intermediaries
- Policy on Conduct Compliant with Competition Law

These Policies have been distributed to all the relevant company employees and are posted on the intranet. The Policies and their application are also discussed with the relevant company employees in training courses.

5.3 Compliance Training

The legal and regulatory framework and the compliance program are the subjects of regular training in the Vossloh Rolling Stock subsidiaries. The training is carried out in part by Vossloh Rolling Stock Compliance Officers and staff and partly by external experts. The training focuses on the Code of Conduct, corruption prevention, competition law and data protection while taking into consideration country-specific factors and risk scenarios. The Chief Compliance Officer and the Local Compliance Officers use the Vossloh Rolling Stock Compliance Training Concept to determine the training required and the attendees. The in-person training courses carried out are monitored centrally by the Compliance Office.

Vossloh Rolling Stock has also set up a Compliance e-Learning Program. The basic module covering “Compliance Fundamentals” and “Data Protection” is aimed at all employees who come into contact with external parties. All new employees who will be coming into contact with external parties work through the e-Learning program step by step, and the Local Compliance Officers systematically monitor participation and issues reminders if necessary.

5.4 Check and approval of business relationships with intermediaries

Vossloh Rolling Stock uses distributors (“intermediaries”) in various countries for the sale and marketing of its products and services. In many cases, this practice is indispensable (for reasons that include logistics and language) for successfully participating in international markets. Using intermediaries poses an inherent risk, however, that the intermediary will use his remuneration wholly or in part to unfairly influence customers’ decision-makers.

As a consequence, Vossloh Rolling Stock has enacted the Policy on the Engagement of Intermediaries in order to avoid the risks posed by corruption on the part of commissioned third parties and to reduce the risks for Vossloh Rolling Stock and its company employees. The Policy requires every new contract entered into with an intermediary and every contractual amendment to be subject to approval by senior management and the Legal Department. The approval process consists of a comprehensive checklist, supplemented if required by an integrity and background check carried out by an external service provider. There is a standard contract containing comprehensive compliance regulations that is used when entering into contractual relationships with intermediaries. The Compliance Office keeps a record of all the intermediaries who work for Vossloh Rolling Stock.

5.5 Checks of other business partners

If compliance risks are apparent with other business partners – in particular suppliers, subcontractors or joint-venture partners – Vossloh Rolling Stock carries out risk-oriented integrity checks. In isolated cases, these checks also involve external service providers.

5.6 Whistleblower hotline

Vossloh Rolling Stock has set up a whistleblower hotline in conjunction with the international law firm Simmons & Simmons. The whistleblower hotline gives company employees and external informants an opportunity to report potential misconduct to an independent outside contact person (ombudsperson) in their native language. The whistleblower hotline is currently set up for 3 countries, which covers to a large extent the main countries represented and languages spoken at Vossloh Rolling Stock.

The ombudspersons are required to clarify the matter in advance to the point where the information can be followed up on. The ombudspersons forward incoming reports – also anonymously, if the informant prefers – to the Chief Compliance Officer, who follows up on every lead and documents all the information, verification activities and any consequences.

The whistleblower hotline and the contact details of their local ombudsperson have been given to every employee and posted on the intranet. Employees doing training are always given the contact details of the ombudsperson responsible for that country. Furthermore, the whistleblower hotline is posted on the subsidiary’s website to enable external informants to provide information on any misconduct.

5.7 M&A Compliance

When acquiring companies and business units, the target company’s compliance is a subject of the due diligence process. When signing joint-venture agreements, ensure that the joint venture will be using the Vossloh Rolling Stock Compliance Management System or, in the case of non-controlled joint venture subsidiaries, strive for measures and processes that are (at minimum) comparable to the Vossloh Rolling Stock Compliance Management System. Following an acquisition or incorporation, the implementation of the Vossloh Rolling Stock Compliance Management System is part of the integration into the Vossloh Rolling Stock Group.

Compliance Organization

6. Compliance Organization

With the Rules of Procedure on Compliance, Vossloh Rolling Stock's senior management has specified for Vossloh Rolling Stock the make-up of the Vossloh Rolling Stock Compliance Organization, the responsibilities of each of the compliance positions, their duties and reporting channels. Senior management bears the overall responsibility for all the essential questions pertaining to the Compliance Organization.

The Vossloh Rolling Stock Compliance Organization's other important institutions are the Chief Compliance Officer and the (Extended) Compliance Committee at Group level. There is also a Local Compliance Officer appointed for each of Vossloh Rolling Stock's operating subsidiaries.

6.1 Chief Compliance Officer

The Chief Compliance Officer is appointed by Vossloh Rolling Stock's senior management and reports directly to them. He advises and assists senior management with all questions relating to compliance at Vossloh Rolling Stock. He is also responsible for the implementation, coordination, supervision and ongoing review of all the preventive compliance measures and the investigation, tracking, redress and any punishment of violations in cooperation with the Local Compliance Officers. The Chief Compliance Officer reports regularly to senior management.

6.2 Compliance Committee

The Compliance Committee has been established at Group level at Vossloh Rolling Stock. It comprises the Chief Compliance Officer, the Head of Finance, the Head of Purchasing, a staff member from the Legal Department and the Head of Service. Specifically, the Compliance Committee facilitates the regular exchange of information among the members, the coordination of preventive compliance activities, the investigation of any compliance violations and the ongoing review of the Compliance Management System's effectiveness. The Compliance Committee also decides on the performance of event-driven and routine compliance audits.

Besides the Compliance Committee, there is also the Extended Compliance Committee (ECC), which includes the members of the Compliance Committee and the Local Compliance Officers, representatives of the senior management, the Head of Human Resources, the Head of Production, the Head of CRI, a works council representative and a representative from Export Control. As a rule, Extended Compliance Committee meetings should take place once a quarter.

6.5 Local Compliance Officer

A Local Compliance Officer is appointed by the Chief Compliance Officer for each of Vossloh Rolling Stock's operating subsidiaries. Local Compliance Officers are responsible for the implementation, ongoing supervision and refinement of the compliance measures in their respective subsidiaries and act as the company employees' local point of contact for all questions concerning compliance. They report regularly to the Chief Compliance Officer.

Compliance Communication and Reporting

7. Compliance Communication and Reporting

The visible and regular communication of the compliance goals, compliance program and relevant contacts together with a functional reporting system are key components of the Vossloh Rolling Stock Compliance Management System.

7.1 Compliance Communication

Senior management and the staff responsible for compliance use the Vossloh Rolling Stock Compliance Communication Concept to regularly provide managers and staff with comprehensive information on the compliance goals, the Vossloh Rolling Stock compliance program and the Compliance Organization tasked with implementation and supervision.

Specifically

- the Code of Conduct is issued to all employees and is posted on the subsidiary's website and on the intranet along with senior management's Compliance Commitment;
- the other compliance guidelines are distributed to specific company employees in accordance with their capacity and posted on the intranet;
- changes and additions to the existing compliance guidelines, documents and processes are communicated through the Compliance Officers and posted on the intranet;
- the contact details of the staff responsible for compliance and of the ombudspeople are distributed and posted on the intranet.

Regular in-person training and the e-Learning program are also essential elements of the Compliance Communication Concept. The Compliance Training Concept is used to give all employees regular target-group-oriented training, which is also monitored accordingly. Compliance communication also requires senior management and the staff responsible for compliance to regularly address compliance in management meetings and meetings with employees such as the managers' meetings, staff meetings, etc. The company magazine, for example, is also used to keep staff informed on compliance issues.

7.2 Compliance Reporting

Reporting channels and responsibilities are specified in the Rules of Procedure on Compliance. In each meeting, the Chief Compliance Officer reports to senior management on any new compliance developments that are important for Vossloh Rolling Stock such as compliance violations, ongoing investigations, disciplinary measures or recommendations on refining the Compliance Management System.

The Compliance Committee meets at least once every quarter, and the minutes are made available to senior management. The members of the Compliance Committee also inform each other without delay of any important compliance-related developments.

The Local Compliance Officers report regularly to the Chief Compliance Officer – usually once a quarter – during the Extended Compliance Committee meetings. They are also required to report to the Chief Compliance Officer when necessary if important compliance-related events occur, such as tip-offs of compliance violations.

Monitoring and Improving Compliance

8. Monitoring and Improving Compliance

The Compliance Committee routinely reviews the Compliance Management System's effectiveness as per the Rules of Procedure on Compliance. All staff responsible for compliance also have the ongoing task of making suggestions as to how the Compliance Management System could be refined and improved.

Vossloh Rolling Stock also conducts regular compliance audits in order to review the Compliance Management System's effectiveness in each of the operating entities. The compliance audits can be both event-driven and routine, and in most cases are carried out with the help of external service providers. The results of the compliance audits are recorded in final reports. Findings are assigned measures, the implementation and processing of which are monitored by the relevant Compliance Officers.

Vossloh Rolling Stock also has external experts review the Compliance Management System's effectiveness regularly and make recommendations for its refinement and improvement. The most recent external reviews were carried out by KPMG in 2017. The recommendations received were implemented using specific Vossloh Rolling Stock procedures.

