

STAYING ON TRACK

25CSKBIBR LG 20GA

Content

- The Spirit of Staying On Track -

1. Our Code of Conduct
2. Who Should Follow These Policies
3. What Employees Must Do
4. What Leaders Must Do
5. Be the Voice That Keep Us On Track

- The Specifics of Staying On Track -

6. Environment, Health and Safety
7. Regulatory Environment
8. Improper Payments
9. Supplier Relationships
10. Anti-Money Laundering
11. Competition Law
12. Fair Employment Practices
13. Accuracy of information
14. Conflict of interest

1. Our Code of Conduct

- 1** Be honest, fair and trustworthy in all of your activity and relationships within the Hector Rail Group
- 2** Obey applicable laws and regulations governing our business in each country
- 3** Respect the equal rights and value of all people regardless of nationality, race, religion, sexual preference or any other factor. Hector Rail Group has zero tolerance for discrimination of people
- 4** Fulfil your obligation to be the voice that keep us on track and promptly report any concerns you have about compliance with law, policies or this code
- 5** Simple compliance is more effective compliance. Effective compliance is a competitive advantage. Work to run the company in as competitive way as possible

2. Who Should Follow These Policies

Staying On Track must be followed by anyone who works for or represents Hector Rail Group

This includes ...

- “ Directors, Executives, managers and employees
- “ Subsidiaries and all their employees
- “ Controlled affiliates where Hector Rail Group has more than 50% of voting rights or has the right to control policies

Suppliers or other external parties working closely with Hector Rail Group should be encouraged to adopt and follow these policies

Hector Rail Group employees working with 3rd parties such as consultants, contractors or agents must ...

- “ Require these parties to agree to comply with relevant aspects of Hector Rail Group's policies
- “ Provide these parties with education and information about policy requirements
- “ Take action, including terminating a contract, after learning that a 3rd party failed to abide by these policies

3. What Employees Must Do

BE KNOWLEDGABLE ...

- “ **Gain a basic understanding** of the *Staying on Track* policies
- “ **Learn the details** of any *Staying on Track* policy that is relevant to your individual job responsibilities
- “ **Learn about your detailed business and country policies and procedures** and understand how to apply them to your job

BE COMMITTED ...

- “ **Promptly raise any concerns** about potential violations of law or Hector Rail Group policies
- “ **Cooperate fully and honestly** In investigations relating to integrity concerns

BE AWARE ...

- “ **Stay attuned** to developments in your area or country that might impact Hector Rail Group's compliance with laws, regulation or reputation in your market
- “ **Understand** that Hector Rail Group may review, intercept, access and disclose information processed or stored on Hector Rail Group's equipment and technology

THE COST OF NONCOMPLIANCE ...

Employees and leaders who do not fulfil integrity responsibilities may face disciplinary actions, including termination of employment. This relates to areas such as:

- “ Violating laws of Group polices
- “ Retaliating against employees who reports integrity concerns
- “ Failure to report violation of integrity policies
- “ Failing as a leader ensure compliance with the *Staying on Track* policies

4. What Leaders Must Do

Hector Rail Group holds its leaders accountable for creating a culture of compliance in which employees understand their responsibilities and feel comfortable raising concerns without fear of retaliation. Leaders' responsibilities spans prevention, detection and response to compliance issues.

PREVENT ...

- “ **Personally set the example for integrity** not just through words, but more importantly, through actions
- “ **Ensure employees understand** that business results are never more important than ethical conduct and compliance with Group policies
- “ **Create an open environment** in which each employee feels comfortable raising concerns
- “ **Communicate the importance of compliance** with sincerity and conviction at every appropriate opportunity
- “ **Commit adequate resources** to your business's compliance programme

DETECT ...

- “ **Lead** compliance processes
- “ **Conduct periodic reviews**
- “ **Implement control measures** such as scorecards to detect compliance risks before they become violations

RESPOND ...

- “ **Document and escalate** any employee's expressed concerns through appropriate channels
- “ **Take prompt corrective action** to address identified weaknesses or violations
- “ **Take appropriate disciplinary action**
- “ **Integrate integrity contributions** when evaluation and recognising individual performance

5. Be The Voice That Keep Us On Track

Being the voice that keep us on track is not easy, but when we raise concerns we make our Group stronger. You do not have to be certain to raise a concern and your confidentiality will be respected

HOW TO RAISE A CONCERN ...

There multiple ways to raise a concern. You can choose to speak or write to the one you feel most comfortable approaching. In general, your manager will be in the best position to resolve an integrity concern, **but you can also contact:**

- “ Next level management, and
- “ Your human resources leader

OR ...

If you do not feel comfortable contacting any of the internal channels, Hector Rail Group offer employees an alternate reporting channel. The channel is an externally managed whistle blowing service. This service allows the person, if s/he wants to, to remain completely anonymous. Concerns raised through this channel will automatically reach the highest level of management and the board of Hector Rail Group.

The service can be found at:

<https://report.whistleb.com/en/HectorRail>

6. Environment, Health and Safety

OUR POLICY ...

- “ We **develop, maintain and follow our safety procedures and regulations** that apply to our operations to ensure work place safety and to prevent injuries and damages
- “ We strictly **comply with all applicable environmental, health and safety (EHS) laws**
- “ We develop, maintain and monitor **environmental controls** to ensure we meet our sustainability targets
- “ Our **EHS principles apply to everything we do** and should be integrated into all business processes and day to day management

YOUR ROLE ...

- “ **Understand and comply** with all EHS policies that apply to you
- “ **Find, report and help address** any EHS concerns at your site
- “ **Always report a safety incident to** continue to build a safety culture within the Hector Rail Group
- “ **Question unsafe or improper operations** and insist on a stop workqif necessary to address them
- “ **Never deviate** from the defined **safety procedures** in your operation

WHAT YOU SHOULD KNOW ...

Safety always comes first in Hector Rail Group

7. Regulatory Environment

RESPONSIBILITIES OF EMPLOYEES...

- “ **Know and comply** with the laws and regulatory requirements that affect your job responsibilities
- “ **Treat regulators professionally**, with courtesy and respect at all times
- “ **Coordinate with experts** within the Group when working with or responding to requests from regulators
- “ **Be the voice that *Keep us on Track*** and promptly escalate any potential issues that may lead to a breach of regulation

RESPONSIBILITIES OF LEADERS ...

- “ **Incorporate regulatory requirements** into business strategies and processes
- “ **Assign owners of regulatory risk areas** and ask them to partner with experts in the area
- “ Confirm you and your team have **access to subject matter experts** as needed
- “ **Develop strong processes to anticipate risks**, including new and changing regulations
- “ **Monitor regulatory compliance** on an on-going basis and conduct periodic reviews

WHAT YOU SHOULD KNOW ...

In every market in which we operate, the Group must comply with an array of laws and regulation which are being more and more aggressively enforced. This demands that every employee and leader is committed to regulatory compliance

8. Improper Payments

OUR POLICY ...

- “ **Hector Rail Group prohibits bribery** in all business dealings, in every country, with both government and private sector
- “ We **prohibit even small facilitation payments**, to expedite eg administrative actions
- “ We want **strong controls aimed at preventing and detecting bribery**. This includes also 3rd parties acting on our behalf
- “ We maintain **accurate books, records and accounts** that correctly reflects the true nature of all transactions

WHAT YOU SHOULD KNOW ...

Bribery means giving, offering or promising anything of value to gain an improper business advantage.

Facilitation payments are small amounts paid to government employees to expedite routine or administrative actions such as issuing permits.

YOUR ROLE ...

- “ **Never offer, promise, make or authorise** a payment (or anything of value) in order to obtain an improper business advantage
- “ **Follow Group and local business guidelines** regarding gifts and business entertainment
- “ **Never contribute** Group funds or assets for **political purposes**
- “ **Be suspicious of any request** to make a payment to a person not directly involved in a transaction and/or excessive commissions
- “ **Be aware** that accepting a payment or anything of value in exchange for offering an improper business advantage is equally prohibited with Hector Rail Group

9. Supplier Relationships

OUR POLICY ...

- “ Relationships with suppliers must be based on **lawful and fair practices**
- “ The Group only does business with suppliers that **comply with all applicable legal requirements and our guidelines** relating to employment, environment, health and safety and that treat workers and others fairly and with respect
- “ The Group promotes **respect for human rights** within our supply chain
- “ The Group **safeguards information**, including proprietary and personal data, of both the Group and suppliers

WHAT YOU SHOULD KNOW ...

Hector Rail Group's reputation can be severely damaged by those whom we select to be our suppliers

YOUR ROLE ...

- “ **Protect the Group's confidential and proprietary information** and safeguard data provide by suppliers in confidence
- “ **Avoid potential conflicts of interest** when selecting a supplier, and **never accept improper gifts** or items of value
- “ Follow **government procurement regulation** when purchasing goods or services to be used in a government contract
- “ If you observe **suspected human rights violations** in the Groups supply chain, escalate the concern within the Group
- “ **Always report issues and concerns** regarding suppliers relationships . be the voice that Keep us on Track

10. Anti-Money Laundering

OUR POLICY ...

- “ Hector Rail Group is **committed to complying** with applicable **anti-money laundering and corruption laws and regulation**
- “ Hector Rail Group **conducts business only with customers involved in legitimate business** activities, with funds derived from legitimate sources
- “ We perform **know your customer** due diligence on any prospective new customer
- “ We recognise that anti-money laundering and corruption risks can be introduced to us by **third parties and business relationships** and mitigate those risks

WHAT YOU SHOULD KNOW ...

*Money laundering is the process of hiding proceeds of crime or making the source appear legitimate.
The term **customer** applies to any party contracted to obtain goods, services or credit.*

YOUR ROLE ...

- “ **Collect information** about and understand prospective new customers and business partners to ensure they are involved in legitimate business with funds from legitimate sources
- “ **Follow your business rules** concerning acceptable forms of payment
- “ **Be alert and escalate** any signs of potential money laundering or other illegal activities, eg
 - Unusually complex deal structures
 - Unusual funds transfers to or from countries unrelated to the transaction

11. Competition Law

OUR POLICY ...

- “ **Every employee has a responsibility** to comply with all applicable laws, regulations and orders
- “ **Hector Rail Group must never collude with other companies** on price or terms to be offered to customers; agree with competitors to allocate markets or customers; or manipulate the bidding process

WHAT YOU SHOULD KNOW ...

Do not enter into any agreements with competitors that deprive customers of the benefits of competition

YOUR ROLE ...

- “ **Do not propose or enter into any agreement or understanding with any competitor** about any aspect impact the competition between the two parties, this includes pricing, bidding, deal terms, wages or allocation of markets or customers
- “ **Avoid contacts of any kind with competitors** that could create the appearance of improper agreements or understandings. **Never share sensitive information**
- “ **Actively remove yourself** from any situation where improper agreements or information between competitors are raised and **inform your superior manager or use the whistle blowing function at:**
<https://report.whistleb.com/en/HectorRail>

12. Fair Employment Practices

OUR POLICY ...

- “ Hector Rail Group bases employment decisions on **job qualifications and merit** which includes education, experience, skills, ability, performance and behaviour
- “ Employment decisions should be made **without considering race, colour, religion, national origin, sex, sexual orientation** or any other characteristic protected by law
- “ **We respect human rights** everywhere we work and do business with others
- “ We **comply with** all applicable **labour laws**
- “ We take concrete actions to secure a diverse work force to **mirror the society we operate in**
- “ We **respect employee's privacy rights**

WHAT YOU SHOULD KNOW ...

Treat all employees fairly and with respect.

YOUR ROLE ...

- “ **You may not refuse to work or cooperate** with others because of characteristics covered by this policy, such as race or sex
- “ Create a work environment **free from harassment** and **free from bullying**
- “ **Never make an unwelcome sexual advance** to an employee or other person with whom you work
- “ **Never disclose employment data** to a person without a legitimate need to know

13. Accuracy of information

OUR POLICY ...

- “ Hector Rail Group **accounting and reporting will reflect the economic substance** of the Group’s business activity consistent with accepted accounting principles, standards and regulations for financial reporting
- “ We will prepare **timely, accurate and complete financial information** for use in reports to management, owners, regulators and other stakeholders
- “ We ensure that **management decisions are based on sound economic analysis** based on facts with consideration of relevant risks
- “ We comply with **all applicable laws** relation to **preservation of documents and data**

WHAT YOU SHOULD KNOW ...

Be honest, complete and accurate in your accounting, communication and decision making

YOUR ROLE ...

- “ Maintain **effective processes** and **internal controls**
- “ **Protect the Group’s** physical, financial and intellectual property **assets**
- “ Maintain **complete, accurate and timely records** to reflect all business transactions
- “ Create **documents that are factual, accurate and complete**
- “ **Avoid transactions that diminish shareholder value**, even if they enhance near-term financial performance
- “ **Never engage in inappropriate transactions**
- “ **Seek the advice of your finance team** if you become aware of questionable transactions

14. Conflict of interest

OUR POLICY ...

- “ **You have a duty to make sure nothing interferes** with your ability to make business decisions in the best interest of Hector Rail Group. This means nothing you do should interfere with your ability to objectively make decisions on behalf of the Group
- “ **No activity at home or at work should harm** Hector Rail Group’s reputation or name
- “ **You have a duty to disclose** if your personal activity may have the potential of interfering with your allegiance to the Group
- “ **Misusing** the Group’s **resources or influence** is **prohibited**, even when nothing wrong is intended

WHAT YOU SHOULD KNOW ...

Always make business decisions on what is best for Hector Rail Group, never what is best for you personally

YOUR ROLE ...

- “ Obtain prior approval from a senior manager if you are **hiring, promoting or supervising a family member or close friend**
- “ Obtain prior approval from a senior manager before **accepting any work related position outside the Group**, eg as a non executive board member
- “ **Disclose any financial interest** you may have in a company doing business with the Group
- “ **Do not accept gifts or personal benefits** other than of nominal value from suppliers, customers or competitors
- “ **Do not use Group resources** for personal gain

Staying on Track



This document is not a substitute for good judgement, and it cannot cover ever possible situation. You should be alert for the signs that you might be about to de-rail.

If you are in doubt – ask yourself three simple questions:

>> 1.

How would this decision look to others within the Group and externally?

>> 2.

Am I willing to be held accountable for this decision?

>> 3.

Is this consistent with Hector Rail's Code of Conduct?