

Kapsch TrafficCom

Supplier Code of Conduct

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1 *Purpose & scope*

This Supplier Code of Conduct defines the basic requirements placed on the suppliers and third-party intermediaries of Kapsch concerning their responsibilities towards their stakeholders and the environment.

Our Supplier Code of Conduct (herein further 'SCoC') sets out the principles and standards.

Kapsch expects that all suppliers follow these principles and standards when working with us to help us achieve responsible sourcing objectives.

2 *Commitment to Ethics and Integrity*

Kapsch is committed to the highest ethical standards and compliance with all applicable laws, rules, and regulations. We conduct our business with honesty, fairness, and transparency. Our commitment to ethics and integrity is foundational to our operations and is reflected in the following principles. We expect our suppliers to adhere to the same standards, ensuring that all business dealings are conducted ethically and responsibly.

2.1 **Anti bribery and corruption**

We have a zero-tolerance policy towards bribery and corruption. Suppliers must fully comply with requirements of all applicable bribery and anti-corruption laws and shall implement measures to prevent such activities.

Suppliers must not offer or accept any gift or invitation to obtain improper advantages or influence for the Supplier, Kapsch (such as Kapsch's employees and their family members and associates), or any third party. This includes any benefits of a material or immaterial nature like for example fees, commissions, dividends, cash, gratuity, services, or any inducements.

Donations and sponsorships must not be misused to circumvent the provisions on anti bribery and corruption. Suppliers of Kapsch will not make donations or conduct sponsoring to persons in the sphere of Kapsch.

2.2 **Money Laundering and Financing of Terrorism**

Kapsch only works with suppliers whose financial resources are of legitimate origin. Likewise, Kapsch expects its suppliers not to work with business partners who directly or indirectly support money laundering or the financing of terrorism.

2.3 **Fair competition**

Kapsch expects its suppliers to act in accordance with the rules of fair competition and applicable antitrust laws. Anti-competitive agreements with competitors ("horizontal agreements"), suppliers or customers ("vertical agreements") as well as the abuse of a dominant market position are prohibited.

2.4 **Trade Compliance**

Sactions/Embargos/Dual Use

Suppliers are expected to comply with all applicable sanctions, embargoes and export control laws and regulations, including but not limited to those imposed by the United Nations, the European Union, and the United States. Suppliers shall not engage in any transactions or activities that would cause Kapsch to be in violation of such laws and regulations. Suppliers must not be or become a sanctioned entity or engage in business with any sanctioned entities. Suppliers must inform Kapsch immediately if they become a sanctioned party.

2.5 Conflicts of Interest

Suppliers and their employees are required to avoid situations in which their personal, family, political, financial or similar interests could negatively influence their business relations with Kapsch.

2.6 Transparency and Accountability

We maintain open and transparent communication with our stakeholders. Suppliers are expected to provide accurate and timely information about their operations and business practices.

We hold ourselves accountable for our actions and expect the same from our suppliers. Suppliers must take responsibility for their behavior and solve any issues that arise.

2.7 Reporting misconduct

We encourage the reporting of any unethical behavior, violations against the law or our code of conduct. Suppliers are expected to provide mechanisms for employees to report misconduct. The reporting process should be transparent and understandable, and should protect reporting individuals from retaliation.

3 *Compliance with further laws*

Suppliers are obliged to operate in full compliance with the laws of their respective countries and with other applicable laws, rules and regulations. Suppliers operate in full compliance with laws relating to labor, worker health and safety, and environmental regulations.

4 *Labor Standards and Human Rights*

We expect our suppliers to follow universally recognized human and labor rights and foster a culture where all employees feel safe to express concerns. Employees at our suppliers should be aware of their rights and responsibilities, including being treated and treating others fairly, with respect and dignity.

Consequently, we commit to managing the risk of adverse social practices within our suppliers' sphere of influence and will only select suppliers that adhere to high social standards as described below.

4.1 Working age, child labor

Suppliers must comply with all local employment laws regarding minimum age and child labor, must not use child labor under any circumstances, and must maintain official documentation verifying each worker's date of birth.

4.2 Non-discrimination

Suppliers are obliged to employ workers on the basis of their ability to do the job, not on the basis of personal characteristics or beliefs. No employee may be unfairly disadvantaged, favored, or excluded on the basis of race, ethnicity, skin color, nationality, religion, gender, age, marital status, maternity or parental status, disability, physical characteristics, sexual orientation, union membership or political affiliation. Suppliers are required to ensure a harassment-free environment.

4.3 Human treatment

Suppliers are expected to treat all workers with respect. Suppliers are not to resort to punishment or any other form of physical or psychological coercion, sexual harassment, sexual abuse, verbal abuse or the threat of any such treatment.

4.4 Working hours

Working hours must be limited according to national or local law, including breaks. Overtime is only permitted if it is performed on a voluntary basis and if it does not exceed the legally stipulated total number of overtime hours per week.

4.5 Freedom of association

The right of employees to form and join organisations of their own choosing and to engage in collective bargaining is to be respected. In cases in which freedom of association and the right to hold collective meetings are legally restricted, alternative possibilities for an independent association of employees for the purpose of collective bargaining are to be permitted.

4.6 Health & Safety and working conditions

Suppliers are responsible for a safe and healthy working environment.

Suppliers are also required to identify, evaluate, and manage occupational health and safety hazards through a process of hazard elimination, engineering controls, and administrative controls. Through the construction and use of suitable workplace safety systems, the necessary preventive measures are taken against accidents and injuries to health that could occur in connection with workplace activities.

The employees are also informed regularly about the applicable health protection and safety norms and measures, and receive training about them. The employees are provided access to adequate quantities of drinking water and to clean sanitary facilities.

Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers. Training is provided to all workers prior to the beginning of work and regularly thereafter. Workers shall be encouraged to raise any health and safety concerns without retaliation regarding to:

- **Occupational Safety:** Ensure a safe working environment and provide necessary safety equipment and training.
- **Emergency Preparedness:** Implement emergency preparedness plans and procedures.
- **Health and Hygiene:** Provide access to clean facilities, potable water, and sanitary conditions.
- **Physically Demanding Work:** Address the risks associated with physically demanding work and provide appropriate support.

5 Environmental Standards

5.1 Environmental Permits and Reporting

- **Obtaining Permits:** Suppliers must secure all necessary environmental permits, licenses, and registrations required by local, national, and international laws. This includes permits for emissions, waste disposal, water usage, and other environmental impacts.
- **Maintaining Compliance:** Suppliers are responsible for maintaining compliance with all permit conditions and ensuring that permits are up-to-date.
- **Reporting:** Suppliers must regularly report their environmental performance to relevant authorities. This includes submitting accurate and timely reports on emissions, waste management, and resource usage.

5.2 Pollution Prevention and Resource Reduction

- **Pollution Prevention:** Suppliers must implement measures to prevent pollution at its source. This includes using cleaner production techniques, reducing the use of hazardous materials, and minimizing emissions and discharges.
- **Resource Efficiency:** Suppliers should strive to use resources efficiently, including energy, water, and raw materials. This can be achieved through process optimization, recycling, and the use of renewable resources.
- **Continual Improvement:** Suppliers are encouraged to continually improve their environmental performance by setting targets for pollution reduction and resource efficiency.

5.3 Hazardous Substances

- **Management:** Suppliers must properly manage hazardous substances to prevent harm to human health and the environment. This includes identifying, labeling, and storing hazardous materials safely.
- **Disposal:** Hazardous substances must be disposed of in accordance with local, national, and international regulations. Suppliers should use certified disposal facilities and ensure that hazardous waste is treated and disposed of safely.
- **Substitution:** Where possible, suppliers should seek to substitute hazardous substances with less harmful alternatives.

5.4 Waste Management

- **Waste Reduction:** Suppliers must implement practices to reduce waste generation at the source. This includes optimizing production processes and using materials more efficiently.
- **Recycling and Reuse:** Suppliers should promote recycling and reuse of materials wherever possible. This includes setting up recycling programs and finding ways to repurpose waste materials.
- **Disposal:** Waste that cannot be recycled or reused must be disposed of in an environmentally responsible manner. Suppliers should use certified waste disposal facilities and ensure that waste is treated to minimize environmental impact.

5.5 Water and Air Emissions

- **Water Management:** Suppliers must monitor and control water usage and discharge. This includes implementing measures to reduce water consumption, treating wastewater before discharge, and preventing contamination of water sources.
- **Air Emissions:** Suppliers must monitor and control air emissions to minimize their impact on the environment. This includes using emission control technologies, reducing the use of fossil fuels, and adhering to air quality standards.
- **Monitoring and Reporting:** Suppliers should regularly monitor their water and air emissions and report their performance to relevant authorities and stakeholders. This includes maintaining records of emissions data and implementing corrective actions when necessary.

5.6 Climate Risks

- **Risk Assessment:** Suppliers must conduct regular assessments of climate-related risks to their operations. This includes evaluating the potential impacts of climate change on their supply chains, facilities, and business continuity.
- **Adaptation Strategies:** Suppliers should develop and implement strategies to adapt to climate-related risks. This includes measures to enhance the resilience of their operations to extreme weather events, rising temperatures, and other climate impacts.
- **Mitigation Efforts:** Suppliers are encouraged to take proactive steps to mitigate their contributions to climate change. This includes reducing greenhouse gas (GHG) emissions, improving energy efficiency, and transitioning to renewable energy sources.

5.7 Environmental Performance

- Performance Metrics: Suppliers must establish and track key performance indicators (KPIs) related to their environmental impact. This includes metrics for energy consumption, water usage, waste generation, and GHG emissions.
- Continuous Improvement: Suppliers should set targets for improving their environmental performance and regularly review their progress. This includes implementing best practices and innovative solutions to reduce their environmental footprint.
- Transparency: Suppliers must be transparent about their environmental performance and share this information with relevant stakeholders. This includes publishing sustainability reports and participating in industry initiatives to promote environmental responsibility.

By adhering to these environmental standards, suppliers can help Kapsch TrafficCom achieve its sustainability goals and minimize the environmental impact of its operations.

To demonstrate excellence and be recognized as a preferred supplier, following topics should be evidenced:

- To achieve environmental excellence, establish and monitor performance targets aimed at minimizing the emission of air pollutants and greenhouse gases (GHG). Strive to reduce harmful soil changes, water pollution, and noise emissions as much as possible. Additionally, efforts should be made to enhance energy efficiency, utilize renewable energy sources, and minimize water consumption to the greatest extent feasible.
- Ensure that their activities do not involve the unlawful taking of land, forests, or water resources. Focus on waste prevention and reduction, ensuring that waste is properly treated through recycling, reuse, and disposal in collaboration with authorized disposal companies.

6 Data Privacy and Security

Our suppliers shall protect the confidentiality, integrity, and availability of all data and information they receive or process on behalf of Kapsch.

Our suppliers shall comply with all applicable data protection and privacy laws and regulations, including but not limited to those relating to the collection, use, storage, and disclosure of personal data. In addition, our suppliers have implemented the necessary measures to guarantee the confidentiality and security of the personal data in their possession or to which they have access to.

7 Subcontractors and Suppliers

Suppliers should ensure that their suppliers and subcontractors comply with the SCoC. Suppliers must also be transparent with Kapsch about their supply chain and the origin of their goods and services.

8 SCoC Compliance

8.1 Management System

Our suppliers should have preferably implemented a management system or at least focusing on the following topics:

- Compliance and Monitoring: Establish systems to monitor compliance with the Supplier Code of Conduct.
- Training and Communication: Provide training and resources to ensure suppliers understand and comply with the code.
- Audits and Assessments: Conduct regular audits and assessments to verify compliance.
- Corrective Actions: Implement corrective actions for any identified non-compliance issues.

8.2 Supplier Assessment and Audits

Kapsch will evaluate suppliers' compliance with the SCoC during the suppliers' evaluation and selection process. Supplier shall answer Kapsch's inquiries in this regard and support this evaluation during the selection process and any time later upon Kapsch's request.

Kapsch reserves the right to conduct audits and assessments related to the compliance with the SCoC. These audits may be conducted at the sites and manufacturing locations of suppliers and their suppliers or sub-contractors.

Suppliers may also be invited to participate in a self-assessment and may be asked to periodically re-affirm compliance with the SCoC.

Upon request, suppliers will provide written information on their policies and practices concerning the SCoC compliance.

Kapsch is committed to work with suppliers to improve performance on topics addressed by the SCoC, and expects suppliers to work together with Kapsch to jointly address applicable and relevant topics.

8.3 Violations of the SCoC

Suppliers will promptly report to Kapsch legal breaches in connection with its business relations with Kapsch and violations of the SCoC, using the following e-mail contact (KTC_SRM@kapsch.net).

In the event of non-compliance with the SCoC, Kapsch may give the Supplier a reasonable opportunity to respond with proposed corrective actions. Supplier takes the necessary measures to prevent, end or mitigate such violation and inform Kapsch accordingly.

If a Supplier does not comply with the basic principles defined in the SCoC, Kapsch may suspend or terminate its relationship with the supplier and/or disclose the matter to the appropriate authorities if there is a breach of law.

The SCoC is not meant to, and does not, supersede any applicable laws or agreements between Kapsch and a Supplier. In case of a conflict, the applicable law or agreement takes precedence.

Kapsch reserves the right to update or change the SCoC requirements.

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