



*Kapsch Group*

# Kapsch

## Code of Conduct

This Code of Conduct contains the principles and practices which we at Kapsch wish to follow. We take into account the interests, expectations and requirements of our various stakeholder groups. In particular, these are employees, customers, suppliers, business partners, investors as well as the general public.

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# Preface

Dear Ladies and Gentlemen,

For Kapsch TrafficCom, as a globally active group, it is not only important that we achieve our business goals, but also how we do so. A glance at our company history illustrates this:

Since its foundation in 1892, Kapsch has been a technology company in the electronics segment. This industry is characterized by constant and sometimes even disruptive development. This is driven by technological innovations, changing customer needs and a dynamic market environment.

Our corporate history shows that we act sustainably and with foresight. In this way, we have succeeded in developing Kapsch from a locally oriented company into a global player. Understanding the needs of the relevant stakeholders and making the right decisions based on this knowledge has always been an important factor in our success.

In the course of the many years in business, a strong corporate culture has developed at Kapsch, which we want to uphold despite internationalization and a changing environment. However, it goes without saying that adaptations are necessary from time to time.

This Code of Conduct contains the principles and practices which we at Kapsch wish to follow. We take into account the interests, expectations and requirements of our various stakeholder groups. In particular, these are employees, customers, suppliers, business partners, investors as well as the general public.

We thank you for supporting us on our shared path.

**Georg Kapsch**, Managing Director KAPSCH-Group Beteiligungs GmbH & CEO Kapsch TrafficCom AG

**Elisabeth Kapsch**, Managing Director KAPSCH-Group Beteiligungs GmbH

**Alfredo Escribá Gallego**, CTO Kapsch TrafficCom AG

# Application of the Code of Conduct

This Code of Conduct is valid starting March 1, 2022, until further notice, and replaces the Code of Conduct from March 1, 2020.

The Code of Conduct applies within Kapsch Group (herein also referred to as "Kapsch") without exception to all members of the Executive Board, managing directors, executives, employees, and all other persons acting on behalf of the Group (hereinafter collectively referred to as "employees").

Kapsch comprises KAPSCH-Group Beteiligungs GmbH, Kapsch Aktiengesellschaft and Kapsch TrafficCom AG including all fully consolidated direct and indirect subsidiaries.

We also expect everyone involved in our value chain (e.g., suppliers, vendors, subcontractors at any tier, consultants, cooperation and implementation partners) and our customers to act in accordance with this Code of Conduct.

Additional mandatory rules, policies, and/or regulations complement various topics addressed in the Code of Conduct on a global and/or regional and/or country level.

## Infringements of the Code of Conduct

Violations of legal provisions and this Code of Conduct may have serious consequences for individuals as well as for the entire Kapsch Group. For this reason and out of a sense of ethical responsibility, Kapsch systematically looks into any breach of law or violation of internal rules. This is done regardless of the position and responsibilities of the individual concerned.

Violations of the Code of Conduct may result not only in disciplinary measures and consequences under labor law including potential termination of employment, but also in criminal prosecution and claims for recourse and compensation by Kapsch.

If employees become aware of violations of the law or of the Code of Conduct, they are encouraged to report these circumstances. If an electronic whistleblowing system has been implemented in an organizational unit, this should be used. Otherwise, reports are to be made to the direct line manager or, depending on the circumstances, to the Works Council, the Personnel Department (HR), the Legal Department, the Compliance Officer, the Corporate Information Security Officer (CISO), the Corporate Privacy Officer (CPO) or the Women's Representative.

In the event of a report, Kapsch will, to the extent appropriate and permissible under local law, take care to preserve the confidentiality of the identity of whistleblowers. It should be noted that persons against whom a report has been made may be informed about it. This serves to obtain their view of the facts.

Kapsch will protect whistleblowers if they had reasonable grounds to believe that the reported information about violations was true at the time of the report. Retaliation for reporting in good faith is not permitted at Kapsch and is a violation of this Code of Conduct. This also applies to persons who are cooperating informants in an investigation of misconduct.

Any abuse of the reporting system, for example to bully colleagues, constitutes a violation of the Code of Conduct and may lead to a termination of employment or dismissal.

# Kapsch values

Values are an integral part of the corporate culture at Kapsch. Our activities create a legacy and make an active contribution to responsible, social

development. The employees of Kapsch live and work according to these values:

<b>Responsibility.</b>	We understand responsibility to mean acting in the interests of the company and its employees, bearing the consequences and taking the initiative.
<b>Transparency.</b>	We understand transparency to mean openness in dealing with (non-confidential) information and the traceability of our decisions and actions in daily communication.
<b>Respect.</b>	We understand respect as the basis of our cooperation, the mutual recognition of our achievements and the opinions of others.
<b>Performance.</b>	We understand performance to be the result of the commitment and success of each individual employee, as a contribution to the achievement of our common objectives.
<b>Freedom.</b>	We understand freedom as the use and design of a defined scope of action and the expansion of this scope through personal engagement.
<b>Family.</b>	We understand family as pulling together on the same rope, strengthening our bonds and supporting one another.
<b>Dynamism.</b>	We understand dynamism as our determination to continuous change and willingness to achieve newly established goals.
<b>Discipline.</b>	We understand discipline as the adherence to rules which govern our living and working together and acting in accordance with our values.

# Required conduct for integrity

All employees undertake to comply with the relevant legal provisions (laws, regulations, guidelines, etc.) and the company's internal requirements for conduct and action in all business activities and decisions. The following principles apply:

## Regarding the general public

- Kapsch respects and protects human dignity.
- Unfair business practices are prohibited. This includes:
  - unlawful agreements
  - corruption and bribery
  - at the stock exchange: insider dealing and market manipulation
- Personal data and business data must be adequately protected.
- Kapsch does not pursue strategies to erode the tax base and shift profits. The Group also does not use tax havens to avoid or reduce its tax payments.

## Regarding the environment

- Kapsch wants to make an active contribution to environmental protection. This is to be done by
  - minimizing the negative impact of business activities on the environment and
  - maximizing the positive impact of the technological solutions it offers.

## Regarding employees

- Kapsch takes care to protect the physical, mental and psychological integrity of its employees.
- Kapsch prohibits:
  - torture or inhuman or degrading treatment or punishment
  - slavery or servitude
  - human trafficking
  - child labor
  - workplace harassment including sexual harassment
- Kapsch respects the privacy of its employees.
- Discrimination, particularly on the basis of gender, origin, religious or sexual orientation, is prohibited. Diversity and inclusion are promoted.
- Conflicts between the interests of the company and those of employees' actions must be avoided.
- Kapsch recognizes the right of employees to freedom of association and collective bargaining within the applicable legal framework.

Kapsch is committed to respecting human rights, the declaration on fundamental principles and rights at work by the International Labour Organization (ILO), the ten universal principles of the UN Global Compact and to the OECD Guidelines for Multinational Enterprises.



## Fair competition

Transparent, fair and professional conduct on the market secures Kapsch's long-term interests, and helps the Group to attain a sustainable competitive position. Any restriction of free competition through market collusion, market abuse and the abuse of market position is rejected. Kapsch responds to increased competition with more efficient processes and high-quality products.

Employees must therefore comply with the following rules of conduct:

- No agreements are entered into with competitors, customers and suppliers, nor are any practices coordinated that have as their object or effect the hindrance, restriction or distortion of competition. This applies in particular to prices, labor cost rates, overhead rates, production volumes, the processing or sharing of markets or discrimination against other market participants.
- Should Kapsch occupy a dominant position in a market, this cannot be abused.
- No unfair business practices are used or unreasonable pressure exerted on business partners.
- No sham offers are made to other market participants.
- No strategic information is exchanged with competitors or other market participants. Strategic information is all information and data that enables a market participant to predict the future market behavior of another market participant, such as prices and price components, costs, customers, capacities, stock levels, investments, planned product developments, planned participation in tenders, etc.

Kapsch's participation in associations and interest groups promotes positive economic development and secures Kapsch's interests in the respective group or division. The participation and activities of employees in such associations are subject to the principles outlined above.



## In accordance with trade regulations

As a globally active company, employees comply with regulations relating to international trade. Kapsch has established an internal Trade Compliance System to prevent violations of national or supranational regulations. Controls are required at three different levels to avoid such violations:

- **Destinations.** Countries where customers or end users are located or where equipment is provided must be checked for possible embargoes or sanctions.
- **Business Partners.** Customers, suppliers, end users (including owners of customers and end users, if applicable) as well as other parties that may indirectly benefit from transactions must be checked to ensure that they are not included on sanctions lists or embargoes.
- **Equipment.** Hardware, software and technology made available to persons or companies (whether delivered physically or electronically) must be checked and classified to ensure that all legal requirements for an export are met.

## Avoiding conflicts of interest

Employees are expected to act in the interests of the Group. At the same time, Kapsch advocates involvement in civil society (e.g. in NGOs).

We want to avoid situations in which conflicts with the interests of our Group can arise for personal or financial reasons. Employees therefore undertake to ensure the greatest possible transparency in dealing with potential conflicts of interest and to comply with the following rules of conduct:

- A planned secondary employment must be approved in advance. People who start working at Kapsch have to obtain approval for secondary employment before signing the contract of employment with Kapsch. Such an approval must be by the immediate line manager in coordination with the personnel department (HR), and is agreed in writing as part of an addition to any employment contract, which is to be handled by HR. This also applies to participation in Management Boards, Supervisory Boards or advisory bodies of companies not belonging to the Kapsch Group.  
Secondary employment is any paid employment that is performed alongside a full-time job. This also includes any work on a self-employed basis. Voluntary or charitable activities do not require approval as long as they are carried out without remuneration.
- Shareholdings in a competitor or in a business partner of Kapsch Group, especially a customer or supplier, must be reported to the immediate line manager for approval. This is not necessary for a stake below 1%.
- Shareholdings by close family members (wife, husband, partner, children, siblings, parents) in business partners must be reported to Kapsch. This is not necessary for a stake below 1%.
- In contractual negotiations it must be reported to Kapsch if family members are involved on the side of the business partner.



## Offering and accepting benefits

Courtesies in business, such as gifts, hospitality or invitations to events, are only permissible if they are within the limits permitted by law, regulations and customary practice, are of low value and in no way affect the integrity or reputation of either party and cannot be construed as an impermissible acceptance or granting of advantages.

Kapsch does not tolerate any form of improper acceptance or granting of advantages as well as corruption. Actual or potential conflicts of interest must be avoided. Even the appearance of corruption or a conflict of interest must be avoided.

The offering, granting, promising, requesting and acceptance of a benefit is prohibited if:

- such benefit has as its purpose the undertaking or omission of an official or contractual duty or act, or
- it is given in order to obtain a private or business benefit, or
- decisions or the behavior of a person would be influenced or could even have the mere appearance of being influenced, and in all cases when it occurs in the form of cash or kickback payments.

## Donations and sponsorships

Donations are made within the context of our social responsibility and must be within conventional limits. The recipients of the donations must be independent of Kapsch or the members of the management bodies (Supervisory Board, Executive Board, managing directors) and their close relatives. Donations must not be detrimental to Kapsch's reputation.

Donations as well as sponsorships may only be made within the framework of the respective legal system and in accordance with the internal regulations applicable for this purpose.



Donations and sponsorships:

- are entrepreneurial decisions,
- take place free of extraneous interests,
- are done on the basis of appropriate information.

Kapsch does not carry out any donations or sponsoring activities:

- if a predominantly political or religious aspect is connected with it, or
- if this is intended to result in an act or omission on the part of the other party which is in breach of duty.

# Lobbying

Transparent and professional lobbying supports well-informed decisions by providing technical and practical knowledge to decision makers.

Integrity, transparency, compliance with the law and our fundamental democratic values form the basis of every lobbying activity. It is carried out in compliance with the law, internal Kapsch guidelines and the following principles:

- Lobbyists act professionally, honestly, ethically and reasonably.
- Lobbyists adhere to all applicable laws.
- Information provided is at all times, to the best of knowledge, unbiased, complete, current and in a manner that is not misleading.
- Under no circumstances may unfair, untruthful, unreasonable or unlawful influence be exerted on a functionary, neither through direct or indirect financial nor through other material incentives.
- Functionaries will in no case be enticed to violate regulations and standards of conduct.
- Lobbyists do not conduct themselves in any way which damages or could damage the reputation of Kapsch.
- Confidential information obtained through lobbying activities must be kept secret, unless there is a legal duty of disclosure or the consent of the management.
- Remuneration for lobbying must always be proportional to the services provided.
- Legal restrictions on remuneration and the scope of work are always strictly obeyed.

Comprehensive and transparent documentation must be kept with respect to lobbying services provided by company lobbyists and external lobbyists so that the provision of services can be understood.

## Information security and data protection

Information security concerns the protection of company, customer and user data. This may also include personal data, i.e., data which can be clearly associated with a specific person and which must be reliably protected against unauthorized access in accordance with applicable data protection regulations.

Kapsch is aware of its responsibility in handling such data and has anchored the issue of information security deep within the organization. Risks and current threats are continuously assessed so that targeted measures can be taken. These typically aim at the three dimensions of humans, process and technology. As a technology group, Kapsch is exposed to typical IT risks relating to the confidentiality, availability and integrity of data. The Group has implemented a global information risk management system for this purpose that strives to align risk appetite with the current state of the art.

Every Kapsch employee must ensure that all company information, including personal data, stored on data media in any form, is always kept secure. In order to make sure that this is the case, employees are regularly prepared with targeted trainings.

Employees undertake not to disclose **personal data** obtained in the course of business obtained in the course of business either to pursue their own interests or to pursue the interests of third parties. If personal data is processed by Kapsch, implemented processes ensure that data subjects can exercise their rights with regard to the processing of their personal data.

## Capital market and dealing with inside information

Kapsch TrafficCom AG, a listed company of the Kapsch Group, is subject to the relevant capital market laws. In addition, this company is committed to compliance with the Austrian Code of Corporate Governance. This Code aims at the responsible management and control of companies, geared towards sustainable and long-term value creation.

Abusing inside information (engaging in insider trading, unlawfully disclosing inside information) and manipulating the market is prohibited.

Inside information is information that is precise and has not been made public, has a direct or indirect connection with the issuer and is likely to have a significant influence on the price of a financial instrument.

Market manipulation is every act or order which

- puts out incorrect or misleading signals, or
- leads to abnormal or artificial price levels, or
- influences price through deception.

## Human rights and labor standards

Within its own sphere of influence, Kapsch supports the protection of international human rights and takes care not to be complicit in human rights violations.

Kapsch strictly rejects all forms of forced or compulsory labor as well as child labor and human trafficking ("modern slavery"). Kapsch recognizes the right of employees to freedom of association and collective bargaining within the applicable legal framework. Kapsch cares for safety in the workplace.

## Diversity and inclusion

Globally, Kapsch employs people of different gender, age groups as well as with diverse views and beliefs. The employees are of different origin and ethnicity, have different cultural and religious backgrounds, different sexual orientations as well as mental and physical abilities. The promotion of diversity is therefore a strategically relevant topic for Kapsch, to which great importance is also attached in in-house training programs. Kapsch expects its employees and managers to deal with this issue in order to develop an understanding of the resultant diversity. This creates the basis for cross cultural and motivating cooperation.

One of the focal points in the area of diversity is cooperation between men and women. Measures for the advancement of women in the Group are intended to ensure that management and expert positions are increasingly filled by women and that Kapsch achieves a balanced ratio.

In general, the selection of candidates for executive and managerial positions is made with a view to the best possible filling of vacancies. We attach great importance to professional and social competence, experience, and the ability to work on a team. Origin, ethnicity, cultural and religious background, sexual orientation, and gender are not appointment criteria.

## Respectful workplace: preventing workplace harassment

At Kapsch we want to work in an environment characterized by respect for ethical boundaries and one another. Therefore, workplace harassment is not tolerated at Kapsch under any circumstances.

Harassment is defined as any unwelcome conduct toward an individual that relates to religion, gender, sexual orientation, pregnancy, if applicable, race, ethnicity, color, age, disabilities, or genetic information. Examples of workplace harassment include: offensive jokes, slurs, name-calling, threatened or real physical assault, intimidation, ridicule, insults, and offensive pictures.

Complaints or requests for assistance regarding workplace harassment are handled expeditiously and equitably at Kapsch. The person making a good faith complaint is protected from retaliation.

## Environmental protection.

Kapsch is part of the Green Economy. Our products and applications help to reduce traffic emissions. We will continue to work on convincing as many customers as possible of the benefits of using our portfolio of services. At the same time, we provide information on how the products and applications can best be used to protect the environment.

Kapsch also takes ecological aspects into account when making business decisions. When selecting new locations, ecological criteria such as connections to the public transport network as well as the availability of electricity from renewable sources are taken into account. Business trips are replaced by virtual meetings wherever possible. In the area of innovation and development, the focus is on saving energy in the operation of our products and applications as well as on resource efficiency.



# Implementing of the Code of Conduct

## At Kapsch

Management of Kapsch is required to set an example to all employees in implementing the intentions and content of the Code of Conduct.

When interpreting the rules of the Code of Conduct, employees must also be guided by their own judgment and question whether a specific course of action could give rise to criticism.

All employees are required to proactively inform themselves about the laws and regulations that apply to their area of responsibility as well as internal rules and guidelines and to comply with them in full.

When recruiting and promoting employees, consideration is given to ensuring that competencies are available that are required to meet and implement business objectives as well as to achieve these objectives in accordance with the law.

Kapsch ensures that this Code of Conduct is fully implemented in all fully consolidated companies and holdings of the Group. Defined reporting processes help to make misconduct visible.

## Business partners expectations

Kapsch strives for high performance standards and corporate responsibility in all its business activities. Our business partners play a decisive role here, because they make our sustainable growth possible. We therefore expect high standards of performance and integrity from our business partners.

Our business partners must comply with applicable laws, industry regulations and contractual terms and conditions as well as generally accepted standards of social responsibility.

Before entering into a business relationship, Kapsch conducts suitability assessments with potential business partners as comprehensively as possible in order to satisfy itself directly and appropriately to the business relationship of their integrity, quality level, suitability and credibility.

This Code of Conduct is available to every business partner on the Kapsch website [www.kapsch.net](http://www.kapsch.net).

# Questions and information about the Code of Conduct.

The Executive Board of Kapsch-Group Beteiligungs GmbH is responsible for the content of the Code of Conduct.

The following persons are available to answer questions about the Code of Conduct:

## **Compliance Officer**

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## **Corporate Privacy Officer (CPO)**

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## **Disclaimer.**

This report was created with care and all data has been checked conscientiously. Nevertheless, the possibility of layout and printing errors cannot be excluded. The English translation is for convenience; only the German version is authentic.

When referring to people, the authors strive to use both the male and female forms as far as possible (for example: he or she). For readability reasons, occasionally only the masculine form is used. However, people of all gender categories are always meant.

This report does not constitute a recommendation or invitation to purchase or sell securities of Kapsch TrafficCom.





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