



KNORR-BREMSE

Anti-Corruption Guideline



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1. SCOPE OF THE ANTI-CORRUPTION GUIDELINE

This Guideline applies to (i) all employees of Knorr-Bremse Group ("Knorr-Bremse"), including senior management, executives and all other staff ("Employees") and to (ii) all advisers, agents, consultants, sales representatives, other external service providers and business intermediaries who work for or act on behalf of Knorr-Bremse ("Intermediaries", both together "Employees and Intermediaries"). Please refer to Knorr-Bremse Compliance Organization ("KB Compliance") in case of questions related to this Guideline. Any stricter local law or Knorr-Bremse guideline must be respected.

2. PURPOSE OF THIS GUIDELINE

This Guideline describes expected behaviour for Employees and Intermediaries when faced with a potential situation of corruption.

Corruption is a criminal act and is strictly forbidden. Corruption can have severe consequences for Knorr-Bremse (e.g. fines, civil or criminal investigations, exclusion from tenders, disgorgement of profits, loss of reputation) and for its Employees and Intermediaries (e.g. fines or custodial sentence, compensation claims, disciplinary actions, civil or criminal proceedings). Therefore, Employees and Intermediaries are strictly required to ensure that any granted or received consideration is appropriate with respect to the relevant performance. In addition, our Corporate Values and our Code of Conduct forbid any doubtful activities that might be construed as corruptive practices.

3. MONETARY PAYMENTS AND BENEFITS

Employees and Intermediaries must not grant to business partners or public officials (see Section 4 below on the term public official):

- cash or items similar to cash (e.g. vouchers) personally;
- products free of charge unless such products are intended for official and legitimate use as part of standard business procedures;
- favors with or without monetary value. Granting an internship or employment to a business partner's relative requires the prior approval of the Corporate HR department;
- financial assets by way of bank transfer to private accounts or interest-free loans or loans on favourable rates of interest.

Such prohibitions apply accordingly to the acceptance of such payments and benefits by Employees and Intermediaries.

For regulations regarding gifts and invitations, please refer to the Gifts and Invitations Guideline.

4. FACILITATION PAYMENTS

Facilitation payments are payments to public officials that are not provided for by law and cause the public official to carry out (i) a routine act to which Knorr-Bremse is entitled earlier than intended or (ii) an official duty in another way than required by law. In other words: The public official would be obliged to carry out the official act anyway (e.g. payment to prevent delays in customs clearance) or would have exercised his decision authority differently without the payment.

The term public official includes (i) officials, (ii) judges, (iii) government ministers, (iv) secretaries of state, (v) employees of public authorities and (vi) employees of state owned companies that perform services of public interest even if they are organized on a private commercial basis (e.g. local public transport companies, port operators). If you are uncertain whether your business partner is a public official, please contact the KB Compliance.

Facilitation payments are criminal acts. Employees and Intermediaries are therefore prohibited from granting facilitation payments. For clarification: payments of official fees for accelerated processing, which are provided for in an official fee schedule or by law and for which an official and bookable receipt is granted, are permitted.

5. KICK-BACK PAYMENTS

Kick-back payments represent a typical model of corruption and are therefore prohibited. It is prohibited in particular, if

- Knorr-Bremse invoices a business partner for an inflated price or services that were not performed and the amounts paid then flow back in full or in part to an employee or intermediary of the business partner; or
- Employees or Intermediaries are granted comparable payments from our business partners.

6. ENGAGEMENT OF INTERMEDIARIES

Intermediaries can be useful to enhance market access and facilitate the promotion of our products. However, engaging Intermediaries must not be used to conceal corruption. Typical cases in this context are payments to Intermediaries for a service that has not been performed or is objectively worthless or payments that Intermediaries forward fully or partly to a business partner or public official. Knorr-Bremse, its Employees and Intermediaries can be held liable for criminal acts that are committed by Intermediaries engaged by Knorr-Bremse. Therefore, the following applies:

- Examine critically whether and to what extent the service of an Intermediary is necessary. In principle, Intermediaries should only be engaged, if Knorr-Bremse does not have own specialists for a specific region or project.
- Verify as far as possible the Intermediary's integrity and relationship to a business partner or public official. Such verification and its results must be documented in writing and kept for at least 10 years after termination of the business conduct. Be careful, if an Intermediary is recommended by a business partner or public official or if an Intermediary turns up at an unexpected point of time, in particular if contract negotiations are deadlocked.

Intermediaries' fees may only be paid on presentation of an invoice and the invoice must in all cases contain verifiable evidence of the services provided. The fee must not be paid in cash. Any requests for cash by Intermediaries must be refused.

7. CONTRACTS WITH INTERMEDIARIES

Contracts with Intermediaries must be concluded in writing. The service to be performed must be sufficiently described and the Intermediary's fee must correspond to the value of the service. In case of doubt, obtain prior written approval of your direct superior before signing the contract.

Conclude contracts with Intermediaries only according to the standard contract you will receive from the Knorr-Bremse Legal Department. A commission paid to Intermediaries must generally neither exceed 5% of the respective project or contract value nor an amount of EUR 100,000 or equivalent in other currency per year or project. If, in individual cases, you wish to agree to or pay a higher commission, (i) inform the Regional Compliance Delegate and (ii) contact the Regional Management Board to obtain prior written approval. However, the Regional Board may issue stricter policies.

Intermediaries may want to conclude a contract not directly but via an associated company. There may be plausible reasons, e.g. tax advantages. However, a contract with such company might be used to conceal corruption. Be vigilant if the Intermediary's office is registered in a "tax haven", it is unclear what service the Intermediary performs or an unjustified additional price is payable. In case of doubt consult KB Compliance. Also, please refer to the respective guideline and the recommended contract templates.

8. REACTION TO UNETHICAL FORMS OF BEHAVIOUR

If someone makes a request or an offer that breaches this Guideline:

- Reject the request/offer and state to your counterpart that, to your understanding, it might breach anti-corruption laws and that Knorr-Bremse has very strict rules in this regard.
- Report the incident immediately to the KB Compliance and align on how to proceed.
- Record the incident in your files. Also provide the details of your reaction.

9. PROHIBITION OF CIRCUMVENTION

This Guideline must not be circumvented, e.g. by paying benefits privately and then claiming them back as expenses. For clarification: Benefits and invitations permitted under the Gifts and Invitations Guideline may of course be billed as expenses.

10. SANCTIONS / CONSEQUENCES OF BREACHES OF THIS GUIDELINE

Knorr-Bremse will not tolerate breaches of this Guideline, including involvement in the concealment of corruption. They may have disciplinary consequences. A serious breach may even lead to immediate termination of the employment, the business relation and/or compensation claims.

11. CLOSING REMARKS

If in doubt over the acceptable behaviour, please contact the KB Compliance at compliance@knorr-bremse.com or visit us on the intranet ([OUR COMPANY / COMPLIANCE](#)).