



KNORR-BREMSE

Gifts and Invitations Guideline



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1 SCOPE OF THE GIFTS AND INVITATIONS GUIDELINE

This Guideline applies to all gifts and invitations which any employee of Knorr-Bremse Group ("Knorr-Bremse") (a) makes (*gifts*) or issues (*invitations*) to any external party or (b) receives (*gifts*) or accepts (*invitations*) from any external party ("Business Partner" or "Public Official" as defined below in Sec. 5.1 and 6.1) in their capacity as Knorr-Bremse employee. It applies to all Knorr-Bremse employees including senior management, executives and all other staff irrespective of their specific employment regime. It does **not apply** to members of Knorr-Bremse AG's executive board (*Vorstand*).

Relation to local law / other Guidelines: Stricter local law or stricter local Knorr-Bremse Guidelines have priority over this Guideline and must be respected. Any Knorr-Bremse company may issue stricter regulation. In case local management intends to implement less stricter rules, e.g. higher value limits, any of these deviations shall be aligned in advance with KB Corporate Compliance Department of Knorr-Bremse AG before implementation.

2 PURPOSE OF THIS GUIDELINE

Improper gifts or invitations, if provided or accepted in a business context, can have severe consequences for Knorr-Bremse (e.g. fines, civil or criminal investigations, exclusion from tenders, disgorgement of profits, loss of reputation) and its employees personally (e.g. fines or custodial sentence, compensation claims, disciplinary actions, civil or criminal proceedings). The impression must be avoided that the invited person or the recipient of a gift can be improperly influenced in a business or administrative decision.

3 DEFINITIONS

3.1 What are gifts?

Gifts (e.g. sweets, gift baskets, flowers, entrance tickets) including Knorr-Bremse branded promotional products **to or from external parties**.

3.2 What are invitations?

- Individual **hospitality** invitation **to or from external parties** (e.g. breakfast, lunch, dinner as well as drinks, both in restaurants and bars).
- Individual **leisure event** invitation **to or from external parties** (e.g. visits of opera, theater, philharmonic hall, cabaret, music concert, sports match, etc.).
- Invitation to **product-related business or promotional events to or from external parties** (product presentations and trainings, specialist lectures, visits of production facilities, trade fairs, etc.).

4 RULES FOR GIFTS AND INVITATIONS

4.1 General Rules

It is the responsibility of all employees to carefully assess whether granting or accepting benefits is harmless and in accordance with the following guidance. In case of doubt, please reach out to your Local Compliance Officer ([please click here](#) to find your Local Compliance Officer).

- It must under all circumstances be avoided that commercial or public authority decisions are made dependent on or influenced by the granting or accepting of any kind of benefits. Even the appearance of inadequate influence must always be avoided. The provisions of this Guideline



regarding granting and accepting benefits already apply to the mere offering and requesting of the respective benefit.

- Granting and accepting benefits must always be socially appropriate, in particular with respect to occasion, regularity, social and local customs, and the professional positions of those who are involved.
- An accumulation of benefits within a single business relationship may indicate a violation of this Guideline.
- Personal interests and Knorr-Bremse Group interests must be strictly separated from one another.
- You must ensure that making gifts or issuing invitations to external parties does not violate applicable policies or guidelines on gifts and invitations of the recipient's employer.

4.2 Rules for Gifts

The following applies to giving and accepting gifts:

- Giving or accepting **cash** or cash-like items (e.g. vouchers, lottery tickets) is **prohibited**.
- Gifts must not be handed over secretly and may only be **sent to business addresses**.
- Gifts shall be given **on behalf** and on the **account** of **Knorr-Bremse** only.
- Gifts must only be given **on own initiative** and must **not be requested** by the recipient.

4.3 Rules for Invitations

4.3.1 General

If you want to issue or accept an invitation, the following applies:

- Inviting **accompanying persons** (e.g. significant others and children) is **prohibited**, except for events to which such persons are typically invited (e.g. dancing balls, receptions).
- Invitations must be **transparent** and sent to the **business postal or email address** if the event is pre-planned. Delivery notes (e.g. "personal" or "confidential") must not be used.

4.3.2 Leisure events

For leisure event invitations, the following rules apply additionally:

- The inviting person or a company representative must attend the event themselves.
- An invitation shall **not be issued or accepted** if there is a temporal link to the pending issuance of an **order** or a **tender process**.
- All activities in connection with the leisure event invitation must not be of an indecent character. They must not harm the reputation of Knorr-Bremse.

4.3.3 Product-related business or promotional events

For product-related business or promotional event invitations, the following rules apply additionally:

- The **location** of the event and the **program** must be chosen according to **business criteria**. Touristic or other non-business related interests **shall not be decisive** in selecting the location. Supporting programs with **entertaining elements** (e.g. city visits, appropriate local cultural events) may only play a **minor role**.
- Payment or reimbursement of **travel and accommodation costs** in full or in part is **prohibited** unless the reimbursement of appropriate costs is contractually agreed in writing.



- Expenses for travel and accommodation of Knorr-Bremse employees must be paid by Knorr-Bremse, not by Business Partners.

5 BUSINESS PARTNERS

5.1 Who are Business Partners?

Business Partners are all external third parties with whom Knorr-Bremse comes into contact in the course of its business activities and include, *inter alia*,

- customers,
- suppliers, and
- decision-makers from the private sector, public administration and politics.

5.2 Gifts to and from Business Partners – Threshold Values

5.2.1 Value limits

Under consideration of the above, the following gifts are permissible:

- Gifts with a maximum value of **EUR 25 incl. VAT** or equivalent in other currency **per gift and individual Business Partner** for each Knorr-Bremse employee giving or receiving the gift; or
- A **maximum total value of EUR 50 incl. VAT** or equivalent in other currency **per year and individual Business Partner** for each Knorr-Bremse employee giving or receiving the gift.

5.2.2 Exceeding the value limits / Prior approval by direct superior

Such limits may be exceeded only with **prior written approval of the direct superior who must consult with the responsible Local Compliance Officer** ([please click here](#) to find your Local Compliance Officer) before granting the approval. Despite of the high value of the gift, the approval may be granted if the special circumstances of the individual case allow to assume that Sec. 4 of this Guideline will not be violated. The written approval must clarify the specific reasons which justify to exceed the value limits in this case. It is the **responsibility of the direct superior** to ensure that the gift including the approval is properly documented according to Annex 1 (see Sec. 7 of this Guideline).

5.3 Invitations to and from Business Partners – Threshold Values

5.3.1 Value limit and calculation

Under consideration of the above principles, issuing or accepting **invitations with a maximum value of EUR 150 incl. VAT** or equivalent in other currency per individual Business Partner is **permissible**.

In case of **product-related business or promotional events**, you must only count the leisure costs of the event (e.g. food, beverages, external event location, etc.) towards the value limit. In case of doubt, please consult with your responsible Local Compliance Officer ([please click here](#) to find your Local Compliance Officer).

5.3.2 Exceeding the value limit / Prior approval by direct superior

The value limit may be exceeded only with **prior written approval of the direct superior who must consult with the responsible Local Compliance Officer** ([please click here](#) to find your Local Compliance Officer) before granting the approval. Despite of the high value of the invitation, the approval may be granted if the special circumstances of the individual case allow to assume that Sec. 4 of this



Guideline will not be violated. The written approval must clarify the specific reasons which justify to exceed the value limit in this case. It is the **responsibility of the direct superior** to ensure that the invitation including the approval is documented according to Annex 1 (see Sec. 7 of this Guideline).

5.4 Prior approval for invitations to product-related business or promotional events

Invitations to Knorr-Bremse product-related business or promotional events (e.g. Fleet Council, trade fair events, incentive activities for channel partners) require **prior alignment with the responsible Local Compliance Officer** ([please click here](#) to find your Local Compliance Officer).

6 PUBLIC OFFICIALS

6.1 Who are Public Officials?

The term public official includes

- officials,
- judges,
- government ministers,
- secretaries of state,
- employees of public authorities,
- employees of state-owned companies (state share $\geq 75\%$) even if they are organized on a private commercial basis (e.g. local or national public transport companies, public media/broadcasting organizations), and
- employees of privately organized legal entities or individuals which carry out governmental functions (*Beliehene* or entrusted bodies).

If you are **uncertain** whether your Business Partner is a public official or not, **please treat the person as a public official** and contact your Local Compliance Officer ([please click here](#) to find your Local Compliance Officer) for further clarification.

6.2 What are the risks?

Most countries have strict rules for dealing with public officials to avoid that their decision-making is impaired. Gifts and invitations to them are therefore a particular legal, financial and reputational risk.

6.3 Gifts to and from Public Officials

6.3.1 Prohibition of making gifts

- Giving **gifts, cash or cash-like items** (e.g. vouchers, lottery tickets) to **public officials** is **strictly prohibited**.
- It is only permissible to give promotional **marketing materials and products** of low value ($\leq$ EUR 5 incl. VAT or equivalent in other currency per gift and per Public Official) and with a Knorr-Bremse Group company branding to public officials.
- Any deviation from this **strict prohibition** requires **prior written approval of the direct superior** who **must consult with the responsible Local Compliance Officer** ([please click here](#) to find your Local Compliance Officer) before granting the approval. The approval may be granted if the special circumstances of the individual case allow to assume that Sec. 4 of this Guideline will not be violated. The written approval must clarify the specific reasons which justify to exceed the value limits in this case. It is the **responsibility of the direct superior** to ensure that the gift including the approval is properly documented according to Annex 1 (see Sec. 7 of this Guideline).

6.3.2 Receiving gifts

Accepting gifts from public officials is permissible without prior approval if they comply with locally applicable laws and do not exceed the value limits as outlined in Sec. 5.2.1 above.

6.4 Invitations to and from Public Officials – Threshold Values

6.4.1 Value limit and calculation

Invitations to public officials with a maximum value of EUR 50 incl. VAT or equivalent in other currency per individual public official are **permissible**.

In case of **product-related business or promotional events**, you must only count the leisure costs of the event (e.g. food, beverages, external event location, etc.) towards the value limit. In case of doubt, please consult with your responsible Local Compliance Officer ([please click here](#) to find your Local Compliance Officer).

6.4.2 Exceeding the value limit / Prior approval by direct superior

The value limit may be exceeded only with **prior written approval of the direct superior** who must consult with the responsible Local Compliance Officer ([please click here](#) to find your Local Compliance Officer) before granting the approval. Despite of the high value of the invitation, the approval may be granted if the special circumstances of the individual case allow to assume that Sec. 4 of this Guideline will not be violated. The written approval must clarify the specific reasons which justify to exceed the value limit in this case. It is the **responsibility of the direct superior** to ensure that the invitation including the approval is documented according to Annex 1 (see Sec. 7 of this Guideline). KB Group does not tolerate violations of this rule and initiates disciplinary measures if necessary.

6.4.3 Accepting invitations

Invitations from public officials are permissible without prior approval if they comply with locally applicable laws.

7 MANDATORY DOCUMENTATION

It is the explicit and mandatory responsibility of the local management of each Knorr-Bremse legal entity to ensure that gifts and invitations are fully documented according to the above regulations:

- **Business Partners:** All gifts and invitations **to and from** business partners **which exceed the value limit set forth in Sec. 5.2.1 and Sec. 5.3.1 above** must be properly documented.
- **Public Officials:** Irrespective of their value, all gifts and invitations **to and from public officials** must be documented.

The documentation **must** be based on **Annex 1** of this Guideline. Annex 1 can be downloaded [via this direct link](#). The documentation and its accuracy will regularly be audited by KB Group Corporate Internal Audit. The local management may delegate this obligation in writing to all supervisors with managerial responsibilities for their respective team members. The local management remains responsible for providing one fully consolidated documentation for per calendar year upon request by the KB Compliance Organization.

8 ACCOUNTING REQUIREMENTS

It is the explicit and mandatory responsibility of the local management of each Knorr-Bremse legal entity to ensure that all Knorr-Bremse expenses for gifts and invitations are fully, correctly and consistently captured in their respective accounting system. This also requires that all gifts and invitations are consistently recorded in the correct accounts per the Chart of Accounts as required by Knorr-Bremse accounting policies.

9 TAX REGULATIONS

If you give or accept a gift or invitation, you must ensure that the tax regulations and Knorr-Bremse Guidelines on taxation of non-cash benefits are observed.

10 EXCEPTIONAL SITUATIONS

If – **due to cultural imperatives or being exposed to a danger for life or health** – you **cannot refuse** an invitation or a gift which does not comply with this Guideline, you may accept it. Subsequently, you must inform your Local Compliance Officer who will guide you through the next steps.

11 PROHIBITION OF CIRCUMVENTION

This Guideline must not be circumvented, e.g. by paying benefits from your personal funds and then claiming the amount back by way of false or unspecified expense requests. For clarification: Benefits and invitations permitted under this Guideline may be billed as expenses if all aspects are disclosed and the reimbursement meets all transparency standards.

12 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.

13 CLOSING REMARKS

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