

Code of Conduct



KNORR-BREMSE





Dear colleagues,

In an age of globalization and growing competitive pressure, it is important for a company that operates internationally to have consistent and uniform criteria on which to base its activities. As a global technology leader, the Knorr-Bremse Group sees itself as a role model in terms of correct and responsible behavior. That is why, in addition to our corporate values, we have also drawn up a Code of Conduct that summarizes our principles and rules and which applies to every employee within the Group.

This Code of Conduct provides guidance on how to deal with employees, colleagues, customers, business partners and the social environment in which we operate. It lays down standards of behavior and helps us act correctly and with integrity in our business activities and maintain an approach to our day-to-day work that is both ethical and respects the law. We expect the entire workforce not only to observe internal regulations but also to observe the law, avoid conflicts of interest, safeguard the company's assets, support workplace safety, ensure high product quality, respect the environment and operate in conformity with our corporate values and principles. In this way we aim to create a working environment that is characterized by integrity, respect and behavior that combines fairness with responsibility.

All our activities affect the corporate culture and reputation of Knorr-Bremse in some way. It is therefore up to us all to live our values and basic principles to the full, and to apply them to everything we do. Management and employees alike are responsible for ensuring that their behavior conforms to the binding principles laid down in this Knorr-Bremse Code of Conduct.

The Executive Board,

Klaus Deller

Dr. Dieter Wilhelm

Dr. Lorenz Zwingmann

Preamble

This Code of Conduct embodies important basic principles and provides guidance on appropriate handling of day-to-day business and strategic planning. It is based not only on our corporate values, but also on the principles of the UN Global Compact. The Code of Conduct is an expression of our determination to observe fair and sustainable business practices and base our actions on ethical and responsible principles.

Scope

As a company that is aware of its responsibilities, Knorr-Bremse actively encourages its employees to respect and observe the principles detailed below. This Code of Conduct applies to all employees of the Knorr-Bremse Group worldwide. Regional codes and guidelines within the Group apply in addition, provided they do not contradict the principles here below.

1. Respecting laws and directives

We observe the statutory and corporate regulations that apply to our work. Furthermore, we examine carefully what good practices should be used in support of responsible corporate governance.

2. Integrity and corporate governance

Our actions are based on generally accepted values and principles, in particular on integrity, transparency, honesty, respect, openness and non-discrimination. Knorr-Bremse pursues reputable and recognized business practices and subscribes to the principle of fair competition.

3. Dealings with one another and working conditions

We intend to create a secure and attractive working environment in which trust, teamwork, diversity and responsibility are valued and put into practice and people treat one another in a fair and respectful manner. We support and respect the protection of international human rights in line with the UN Universal Declaration of Human Rights and ensure that these are safeguarded.

a) Personal privacy rights

We respect and protect each individual's dignity and personal rights and privacy, including personal data.

b) Health and safety

We make ongoing efforts to improve workplace health and safety for our employees, in particular by making sure they have a safe working environment. In order to minimize the risks for employees, we are committed to taking the best possible measures to prevent accidents and occupational illnesses.

c) Ban on discrimination and protection from harassment

We advocate equality of opportunity and equal treatment for our employees. We also offer employees equal career opportunities and do not tolerate discrimination or harassment, whatever form they may take. Every employee is required to respect the personal sphere of his or her colleagues. Sexual harassment and bullying are not tolerated.

d) Freedom of expression

We guarantee and protect employees' freedom of opinion and their right to express that opinion.

e) Ban on child labor and forced labor

We respect the ban on child labor, according to International Labour Organization (ILO) standards. Nobody must be forced into employment or work against their will.

f) Remuneration and working time

We respect the current laws and regulations on remuneration and ensure that employees receive an appropriate wage. We adhere to the relevant work protection and working time regulations worldwide.

g) Employee rights

We respect employees' freedom of association, freedom of assembly and their right to collective wage bargaining, inasmuch as these are legally permissible and possible in the country concerned. Members of employee organizations or trade unions are neither favored nor disadvantaged.

4. Treatment of suppliers, customers and other business partners

We are aware that our behavior influences the external image and reputation of the company as well as impacting on its internal culture. All employees treat their colleagues as they would expect to be treated themselves and observe the provisions of this Code of Conduct.

a) Competition and anti-trust legislation

We are committed to observing the regulations on fair competition. In particular, in order to avoid infringing anti-trust legislation, it is not permitted to conclude agreements with competitors on

- » prices, margins, costs, volumes, production performance, tendering, sales or other factors that influence the behavior of the company,
- » non-competition, false tendering or
- » apportionment out of customers, markets, areas, production programs etc.

b) Ban on corruption and bribery

We reject all forms of corruption, including blackmail and bribery. This applies to individuals, companies and also to authorities and other institutions. For this reason, employees are not permitted to demand, accept, offer or provide unauthorized advantages during the course of their business activities. This does not include occasional gifts of symbolic value or appropriate invitations to events or meals, provided the principles of this code and local customs are respected. Any demand for bribes or other advantages, both business-related or private, must be immediately rejected.

c) Avoidance of conflicts of interest

Conflicts of interest resulting from employment by the company should be avoided. A conflict of interest exists when the personal interests of an employee or a third person compete with those of Knorr-Bremse. In the event of the possibility or existence of a conflict of interest, the employee should inform his or her line manager or the HR manager responsible.

It is not permitted to manage or work for a company that is a competitor of or in a business relationship with Knorr-Bremse. Exceptions are work that can be proven to have no influence on an individual's work for Knorr-Bremse.

No employee is permitted to do business in the name of the company with companies in which he or she, or close family members or life partners have a share.

Employees are permitted to possess shares in a company that is a competitor, supplier or customer of Knorr-Bremse, only if such stake held does not allow for influence on the management of that company. For publicly-quoted companies, this only applies if the share exceeds 5% of the company's share capital.

d) Expectations of business partners

We expect our business partners to act in accordance with the principles of this Code of Conduct and to observe all statutory requirements – in particular avoidance of corruption, respect for human rights, observance of the laws against child labor, responsibility for the health and safety of their workforce and adherence to the relevant legislation and standards on environmental protection.

5. Protection of company property / confidentiality

Company property may only be used exclusively for company purposes, unless other arrangements have been made in individual cases. Employees are required to protect company property from loss, theft or misuse. They must not divulge any company and business secrets both during their employment and after it is terminated.

6. Product safety and quality

Knorr-Bremse has a reputation for products and services of the highest quality. We are determined to meet the high expectations of our customers and partners in terms of the quality, safety and functionality of our products and services. At the same time we aim to continuously improve the quality of Knorr-Bremse products and services.

7. Export controls

We observe the laws on export controls and customs in each country in which we operate. All employees concerned with the importing and exporting of goods, services, software or technology must observe the relevant export control laws and import/export regulations.

8. Environmental protection

We observe the regulations and standards on environmental protection and create appropriate environmental management systems at all sites. Our aim is to minimize the possible environmental impact of our business activities and to continuously improve environmental protection.

We support environmental protection by adopting a preventive approach, running campaigns aimed at raising awareness and encouraging greater responsibility amongst employees and suppliers. We consistently support the development and dissemination of environmentally-friendly technologies, partly by expanding our fields of business to include measures to protect the environment and conserve resources and also by improving the energy efficiency of our products in both manufacture and application.

9. Social commitment

Knorr-Bremse supports social and charitable institutions and encourages employees to undertake volunteer work. We also, through the organization Knorr-Bremse Global Care e.V., support people all over the world who are in need as a result of environmental disasters, accidents, military conflicts, poverty and disease.

10. Infringements

Employees are encouraged to report any infringements of the above regulations to their line manager or the HR department responsible. It is the task of every manager in the Knorr-Bremse Group to ensure that all employees are familiar with these guidelines and observe their requirements. In case of any questions regarding this Code of Conduct, please contact your line manager for further guidance.

Version: November 2012



Knorr-Bremse Group