

**United Nations Global Compact**  
Progress Report 2021



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# 1 / Statement of support

Ladies and Gentlemen,

Sustainability is an integral part of Vossloh's corporate DNA. As a supplier of rail infrastructure products and services, we make a significant contribution to sustainable, safe and user-friendly mobility. We are convinced that a modal shift, especially from road to rail, is the fundamental prerequisite for successfully shaping the climate turnaround and achieving the goals of the European Green Deal. It is our declared goal to safeguard the livelihood of future generations through our work and thus make the world a better place. In context of the first-time application of the EU taxonomy rules, all Vossloh sales without exception were classified as taxonomy-eligible and 62 percent as already taxonomy-aligned. This impressively underscores our self-image as a sustainable company.

We take our responsibility seriously toward people and societies in economic and social as well as ecological terms. We are expressly committed to the 10 principles of the UN Global Compact and will continue to align our actions to these basic rules of sustainable and responsible conduct in the future.

The following report shows the progress made by Vossloh in the past fiscal year 2021 with regard to the implementation of these principles. We have been actively participating in the UN Global Compact initiative since January 2020 and thus want to demonstrate our contribution to achieving the global sustainability goals.

A handwritten signature in blue ink, appearing to read 'Oliver Schuster', written in a cursive style.

Oliver Schuster,  
Chief Executive Officer  
Vossloh AG

## 2 / The Vossloh Group

Vossloh is a listed global rail technology group with a tradition going back more than 135 years. With its comprehensive range of rail-related products and services, Vossloh is one of the world market leaders in this sector. The integrated offering comprises rail fastening systems, concrete ties, switch systems and crossings, as well as innovative and increasingly digital-based services for the entire life cycle of rails and switches.

Vossloh is managed as an integrated group. Under the operational management of Vossloh AG, the divisions operate closely networked in the market. The Vossloh Group operates locally with almost 80 group companies in around 30 countries worldwide. With an average of 3,612 employees, the Vossloh Group generated sales of €942.8 million in 2021.

Vossloh has customers in over 100 countries. The customers are public and private railway companies, rail network operators as well as regional and municipal transport operators. They expect safe, economical and environmentally compatible products and services from a single source. To this end, Vossloh can provide references worldwide for all applications, from heavy-haul traffic to urban networks to high-speed lines. With its products and services, Vossloh contributes to making the transport of people and goods as safe as possible while at the same time protecting the environment and fostering safe and socially responsible working conditions for its employees and partners.

As a rail technology company, Vossloh operates in an industrial sector for which the issue of sustainability is a high priority. Resources are to be used sparingly and emissions – in rail technology essentially CO<sub>2</sub> and noise emissions – as well as water consumption are to be kept at the lowest possible level or reduced even further through new technologies. In both local and long-distance transport, rail is the safest, most efficient and most environmentally friendly mode of transport. Increasing traffic on the railways is, therefore, a key prerequisite for achieving climate goals. In this context, the digital transformation in the rail industry opens considerable new opportunities for rail as a mode of transport leveraging its ecological benefits further with the aim of finding sustainable solutions to the global challenges in the transport sector.

However, the Company's responsibility is not limited to paving the way for sustainable mobility. Vossloh is convinced that successful companies have to include economic, social and ecological factors in their decisions and behavior. Long-term success requires

contributing to the well-being of society and ensuring a safe future for next generations. The Company has therefore consciously chosen sustainability as one of its corporate values: "We take responsibility and care for the world around us."

In keeping with its guiding principle "enabling green mobility", Vossloh sees itself as a driving force behind customer focused, innovative and sustainable products and services for rail transport. This claim is also reflected in Vossloh's sustainability strategy. In the 2021 fiscal year, Vossloh further developed its sustainability strategy to centrally align and focus sustainability activities within the Group, to further improve Vossloh's positive impact on the environment and society, and to improve the transparency of Vossloh's sustainability performance. The sustainability strategy and the guideline supporting it were adopted by the Executive Board of Vossloh AG on September 20, 2021. At the same time, the Executive Board has underlined and reaffirmed the Company's claim and focus with its commitment to sustainability published on the Company's website.

The new sustainability guideline provides the Group-wide organizational framework and set out the principles for all Vossloh's sustainability measures and initiatives. It defines in particular the scope of action, as well as organization, responsibility and processes. Targets have been set for the main sustainability issues and indicators have been defined for all targets to measure the extent to which the targets have been achieved. These targets are pursued through sustainability initiatives and the integration of environmental and social aspects into the Company's business and decision-making processes. Another focus of the guideline is on internal and external communication in order to make Vossloh's sustainability performance transparent and also to further strengthen the commitment of its employees on the road to becoming a ever more sustainable company.

One criterion for the assessment of Vossloh's sustainability performance is certification in accordance with internationally recognized norms and standards. As of December 31, 2021, 98 percent of the Vossloh workforce was employed at a location bearing a certification in at least one of the international quality, environmental, energy efficiency or occupational health and safety standards such as ISO 9001, ISO 14001, ISO 50001 and ISO 45001.

The Company was one of the first companies in Germany to place a sustainability-linked hybrid note at the beginning of 2021. The redemption amount of the note is linked to the Company's sustainability performance as measured by ISS ESG and MSCI ESG Research ratings.

More information on the topic of sustainability can be found at [www.vossloh.com](http://www.vossloh.com) > **Investor Relations** > **Sustainability**.



### Vossloh and the global sustainability goals

By supporting the principles of the UN Global Compact, Vossloh is outlining its contribution to achieving the global Sustainable Development Goals (SDGs) by 2030. The Group focuses its commitment on six SDGs that are particularly relevant to Vossloh's business activities (ordered according to the goal numbers, not according to their significance for the company):



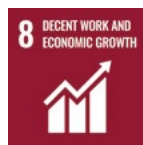
#### SDG 5:

Achieve gender equality and empower all women and girls



#### SDG 6:

Ensure availability and sustainable management of water and sanitation for all



#### SDG 8:

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



#### SDG 9:

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



#### SDG 12:

Ensure sustainable consumption and production patterns



#### SDG 13:

Take urgent action to combat climate change and its impacts

# 3 / Human rights

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**Principle 1:**

*Businesses should support and respect the protection of internationally proclaimed human rights.*

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**Principle 2:**

*Businesses should make sure that they are not complicit in human rights abuses.*

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Vossloh respects internationally recognized human rights in its business activities and works to ensure that its direct business partners also respect human rights.

**Code of Conduct**

Vossloh has laid down principles of conduct in writing in a Code of Conduct, which serves as a binding guideline and benchmark for the daily work of all company employees. Item 10 ("Protection of human and employee rights") states: "All employees shall respect internationally recognized human rights and support compliance with them."

The code of conduct is currently available in 15 languages. The standards of conduct set forth in the Code are binding worldwide for the Executive Board, the managing directors, and all executives and employees within the Vossloh Group. Upon joining the company, each individual employee accepts the Vossloh Code of Conduct as binding by signing it. A whistleblower hotline is available in order for possible misconduct to be reported. No human rights violations were reported in the 2021 fiscal year (same for 2020).

With regard to its business partners, Vossloh has formulated under item 5 ("Cooperating with third parties") of the Code of Conduct, "that we expect our partners to apply similar standards to the ones we have established for ourselves. While we trust our partners, we still check and monitor on a case-by-case basis whether the activities they conduct for Vossloh are always fully compliant with the law."

To date, Vossloh has not reviewed its own locations or suppliers for compliance with the human rights clauses, as there were and are no indications of violations of this point of the Code of Conduct. The various Vossloh companies subject their suppliers and intermediaries to intensive incoming inspections before the first contract is signed. In the reporting period, there was also no reason for an audit of compliance with human rights.

There are no Company-wide specifications in place at Vossloh regarding the aspect of human rights when drawing up contracts and there is therefore no monitoring of this. More recent major partnership contracts such as joint venture agreements generally already include the Vossloh Code of Conduct and therefore also its human rights aspects as mandatory conduct rules. The same applies to contracts with intermediaries (e.g. commercial agents and distributors).

**Occupational safety and health protection**

The benchmark for Vossloh in occupational health and safety is the internationally recognized standard ISO 45001 or the precursor standard OHSAS 18001 (Occupational Health and Safety Assessment Series). As of the end of 2021, about 88 percent of Vossloh employees were employed at units certified ISO 45001 or OHSAS 18001 (previous year: 76 percent). All certified units undergo the prescribed audits by independent external auditors. Since November 2021, the Customized Modules division has been preparing for certification of the Bydgoszcz site (Poland) to the ISO 45001 standard, with another unit in Malaysia to follow. The units that joined the Group in the year under review are to be certified to the ISO 45001 standard as quickly as possible, as are the Tie Technologies sites in North America.

With regard to accident prevention, a Group-wide occupational health and safety policy has been formulated. It is binding for all companies and defines a vision of a zero-accident strategy. Tangible aim for this area is to reduce the frequency and severity of occupational accidents by 20 percent per year. The Work Safety Committee, which has been in place since 2012, deals specifically with all issues of occupational safety throughout the Group. It played a key role in the development of the Group's own SAFE+ accident prevention app. The Committee is also involved in the planning and management of measures to deal with the COVID-19 pandemic. In order to further reduce workplace accidents and further develop the culture of safety, the Work Safety Committee, the Group Works Council and the Corporate Sustainability Department cooperate closely. Since 2021, an occupational health and safety training module has been available to all employees via the Vossloh Learning Platform (VLP).

Workplace accidents throughout the Vossloh Group have been documented every month based on uniform criteria, over and above what is required by law. The most important key performance indicators here are the lost time accident frequency rate (LTAFR, frequency of accidents with injury-related absence from work) and lost time accident severity rate (LTASR, severity of

accidents with loss of working hours due to injury). Accidents resulting in lost time due to an employee's ill health are immediately reported directly to the Executive Board. As in the previous year, there were no work-related fatalities in the Vossloh Group in 2021.

Workplace accidents (Vossloh Group)	2021	2020
Lost time accidents (LTA) <sup>1</sup>	118	102
Lost time accident frequency rate (LTAFR) <sup>2</sup>	16.4	16.2
Lost time accident severity rate (LTASR) <sup>3</sup>	2.8	2.6

<sup>1</sup> Accidents involving injury-related lost time of at least 1 hour.

<sup>2</sup> Frequency of accidents involving injury-related lost time of at least 1 hour, measured in the number of workplace accidents in relation to the cumulative actual work time, based on 1 million hours worked.

<sup>3</sup> Severity of accidents involving injury-related lost time of at least 1 hour, measured in the duration of lost time in relation to the cumulative actual work time, based on 1,000 hours worked.

Both accidents with and without lost time and near misses are analyzed to learn from them and reduce the number of accidents at all the Company's sites in the future. Prevention is a matter of importance to the Company in order to stop workplace accidents from happening in the first place. This includes regular conduct-based safety inspections designed to raise safety awareness among the employees, regular safety instruction and training for all the staff, online training sessions on safety-relevant subjects, the provision of comprehensive protective equipment, safety markings at the various workstations, and awareness campaigns. An important role in minimizing potential risks – and in achieving the goal of reducing the LTAFR and LTASR indicators by 20 percent annually throughout the Group – is played by the SAFE+ app. Initially available in German, English and French, the app is currently being rolled out to include all languages spoken within the Group. In 2021, more than 1,000 employees throughout the Group received instruction in the use of the app. In the future, all Vossloh employees will participate in the program. Following training, employees should report safety risks identified within the Company or on the tracks via the app. The aim is to systematically reduce hazardous situations at all sites and in all divisions.

When employees have to travel as part of for their work for Vossloh, they can make use of the Group's travel security management system. They will then receive comprehensive support with regard to medical and safety aspects of their trip as well as precautions for possible emergencies. The company's Travel Security Managers and worldwide Assistance Centers, in addition to a service provider's assistance app, are available for this purpose.

In addition to the measures for a safe working environment, Vossloh offers its employees opportunities for health prevention and promotion. This includes safety measures already mentioned, workplace ergonomics, defensive driving training and company medical care, as well as making fruit available on a daily basis, nutritional counselling, company sports (including jogging groups and yoga courses), help quitting smoking, and preventive measures (including skin cancer screening, flu vaccinations, health screening and health tips).



# 4 / Labor standards

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## Principle 3:

*Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.*

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## Principle 4:

*Businesses should uphold the elimination of all forms of forced and compulsory labor.*

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## Principle 5:

*Businesses should uphold the effective abolition of child labor.*

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## Principle 6:

*Businesses should uphold the elimination of discrimination in respect of employment and occupation.*

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In its Code of Conduct, Vossloh clearly commits to Principles 3 to 6 of the UN Global Compact:

- *"We respect our Employees' rights, at all our locations, to establish trade unions or bodies of employee representation based on democratic principles within the scope of applicable law." (Item 10)*
- *"We strictly reject any form of forced labor or child labor." (Item 10)*
- *"As an international enterprise, we stand for diversity, tolerance and equal opportunities." (Item 8)*

## Employee representation

At Vossloh, European and Group Works Councils represent employee interests. For Vossloh's Executive Board, close cooperation with employee representatives based on trust is an essential component and proven practice of corporate governance. The European and Group Works Councils, the Executive Board and Corporate Human Resources (HR) regularly exchange views, discuss opportunities for improvement and jointly take up new topics.

## Labor conditions

Vossloh attaches great importance to fair labor conditions. Fair remuneration, additional company benefits (above and beyond the statutory and/or tariff-based arrangements), a safe work environment and the preservation of the health of the employees are essential issues. Adherence to local laws and standards (for example, minimum wage or fundamental labor law conditions) is an integral part of Vossloh's compliance obligations.

## No child labor

To minimize the risk of child labor, Vossloh, as a rule, does not employ anyone under the age of 14 or 15 (depending on the legal provisions in the different countries). Employees under the age of 18 are usually apprentices. The instructors responsible for them are duty-bound to observe all the relevant labor law and occupational safety rules and provisions. A whistle-blower hotline is available in order for possible misconduct to be reported. No violations were reported in the reporting period.

## Gender equality, inclusion and diversity

Vossloh is fundamentally committed to promoting equal opportunities in the workplace. The Diversity and Inclusion Policy provides the Group-wide framework for various initiatives in this area, i.e. in raising awareness among managers, selecting employees for high-potential programs, filling vacant positions or as part of the life-phase-oriented HR policy. In the Customized Modules division, the "All on track" initiative that was launched in 2019 is having an impact despite restrictions due to the COVID-19 pandemic. The initiative was given a boost by the fact that, in France, companies with more than 50 employees are obliged to publish annual figures relating to professional equality between men and women. In this Penicaud index, Vossloh Cogifer SA, management company of the division Customized Modules, achieved 84 out of a possible 100 points in 2021. In Germany, the Rail Services business unit became a corporate sponsor of pro-Technicale e.V., an association that specifically promotes young women working in technology.

As a globally acting Group, Vossloh actively promotes diversity within its workforce. In 2021, the Company employed men and women from over 46 countries and with a wide range of qualification levels, education levels, vocational training paths, career experience and service years within all of its hierarchical levels. The French Vossloh sites participate in the nationwide TREMPILIN initiative (translated: springboard; abbreviation for TRAnsport EMPLOi INnovation). It aims to reduce the shortage of skilled workers in the transport and logistics industry by encouraging and promoting applications from people with disabilities. Vossloh Rail Services offers internships and apprenticeships for socially disadvantaged young people as part of the Nachwuchscampus traineeship initiative. The trainees in this business unit also include several refugees.



The following table shows some key HR indicators, which should be viewed in the context of Vossloh's status as a global industrial manufacturing Group:

Vossloh Group workforce structure <sup>1</sup> (as of 12/31)	2021	2020
<b>Proportion of women in total workforce as a %</b>	<b>14.9</b>	<b>14.9</b>
<b>Age structure of employees as a %</b>		
< 31 years	16.5	17.1
31 - 50 years	53.3	54.3
> 50 years	30.2	28.6
<b>Length of service of employees as a %</b>		
0 - 10 years	59.2	60.2
11 - 20 years	22.2	22.9
> 20 years	18.6	16.9
<b>Employees by region as a %</b>		
Germany	22.1	22.1
France	21.1	23.6
Rest of Europe	30.9	29.5
Asia	14.0	8.4
Americas	6.6	10.2
Australia	5.3	6.2

<sup>1</sup> Number of employees based on actual headcount.

# 5 / Environmental protection

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**Principle 7:**

*Businesses should support a precautionary approach to environmental challenges.*

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**Principle 8:**

*Businesses should undertake initiatives to promote greater environmental responsibility.*

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**Principle 9:**

*Businesses should encourage the development and diffusion of environmentally friendly technologies.*

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Vossloh is aware of its responsibility towards the environment. Item 17 of the Code of Conduct states: "When developing new products, providing services, or operating production plants, we devote our attention to keeping the impact on the environment and climate as low as possible and to ensuring that our products make a positive contribution to protecting the environment and climate. "All Vossloh companies have set a goal for themselves of using natural resources responsibly and sparingly. Precisely Vossloh aims

- to reach CO<sub>2</sub> neutrality by 2030 in the categories of scope 1 (direct emissions from the combustion of fossil fuels for heating and mobility) and scope 2 (indirect emissions caused by purchased electricity);
- to reach 90 percent sustainable strategic sourcing volume by 2025;
- to reduce the ecological footprint of its products and services along the entire value chain.

In order to achieve its environmental and climate protection goals, the company strives to constantly optimize its processes and structures. Most of Vossloh's production sites are certified ISO 14001 and have an environmental management system. Environmental officers have been appointed in the Group companies and a corresponding report system has been put in place. At the reporting date December 31, 2021, approximately 83 percent of the Vossloh workforce was employed at a unit with ISO 14001 certification (previous year: 72 percent).

**Energy consumption**

All the Vossloh divisions have been making targeted investments to reduce energy consumption and boost energy efficiency for years, such as by switching to LED technology for its lighting or the use of lost heat from production at several sites. The Customized Modules division pursued in 2021 several projects to equip suitable factory buildings with solar roofs and to heat water via solar collectors. In addition, energy consumption is an essential decision-making criterion for investment choices and process optimization, also in view of rising energy prices. For example, the Vossloh Fastening Systems in Werdohl operates with 25 percent greater energy efficiency than before by modernization of the washing plant for rail clamps with smaller and lower-temperature baths.

Small changes also contribute to the steady reduction of Vossloh's ecological footprint, such as conversion of sites from conventional to green power, the orientation of the vehicle fleet towards vehicles with low carbon emissions or the switch to a fuel tariff that offsets CO<sub>2</sub> emissions by investing a surcharge in climate action projects. Several sites worldwide have wall boxes where employees can charge their e-cars for free. Some sites provide financial support for employees to purchase an e-bike for their commute to work. Employees of Vossloh's German companies are encouraged to use rail for business trips; frequent travelers can obtain a Bahncard Business.

Since several years, Vossloh has identified the consumption of major energy sources and climate-related carbon emissions as relevant key figures. Since 2021, additionally the indicators energy intensity (energy consumption/sales revenues) and CO<sub>2e</sub> intensity (CO<sub>2e</sub>/sales revenues) are measured.

Energy consumption in the Vossloh Group increased overall in fiscal 2021 due to the significant increase in business activities as well as the first-time consolidation of an Indian production location, an energy-intensive foundry for manganese crossings. Gas consumption increased from 72,268.5 MWh in the previous year to 90,854.2 MWh in fiscal 2021, electricity consumption from 64,175.1 MWh to 71,529.5 MWh and district heating consumption from 4,384.2 MWh to 4,586.4 MWh. Fuel consumption, which includes the diesel and gasoline consumed by Vossloh's vehicle fleet, and heating oil consumption also rose from 828,094.1 to 969,009.0 liters and from 228,862.0 to 244,403.1 liters, respectively.

The amount of Vossloh's carbon and greenhouse gas (GHG) emissions was determined, as in previous years, on the basis of the Greenhouse Gas Protocol in the categories of scope 1 and scope 2.

Greenhouse gas emissions in the Scope 1 category in 2021 of 19,655.1 t were higher than the previous year's figure of 15,935.6 t due to the volume-related increase in energy consumption. The higher figure is mainly due to increased emissions from gas consumption (2021: 16,643.5 t, 2020: 13,289.4 t). In addition, emissions from fuel and heating oil consumption were also higher at 2,390.8 t and 620.8 t, respectively, compared to the previous year's figures of 2,064.8 t and 581.4 t, respectively.

Greenhouse gas emissions in the Scope 2 category in 2021 were 27,829.4 t, lower than the previous year's figure of 28,937.9 t, for instance due to the increased conversion to green electricity. The overall decrease was due to lower emissions from electricity consumption (2021: 26,496.0 t, 2020: 27,622.6 t), while the emissions from district heating consumption remained roughly at the previous year's level (2021: 1,333.4 t, 2020: 1,315.3 t).

The following table shows the energy and CO<sub>2e</sub> intensity, each in relation to the Vossloh Group's sales revenues. For Vossloh, energy and CO<sub>2e</sub> intensity are the key control indicators for energy efficiency and the minimization of CO<sub>2e</sub> emissions, also in view of the company's growth targets.

Energy and CO <sub>2</sub> equivalent intensity (Vossloh Group)	2021	2020
Energy intensity (MWh/€ million)	190.7	174.8
CO <sub>2e</sub> intensity (CO <sub>2e</sub> tons/€ million)	50.4	51.6

In 2020, temporary factory shutdowns and production cutbacks at various sites as well as home offices due to the Covid 19 pandemic had a decreasing effect on the company's carbon relevant energy consumption, whereas the increase in energy intensity in 2021 is mainly due to the consolidation of the Indian production site. Despite the inclusion of this energy-intensive foundry for manganese crossings, the CO<sub>2e</sub> intensity - measured in CO<sub>2e</sub> emissions in tons per €1 million of sales - was noticeably reduced. This was due to efficiency improvements and savings as well as the increased conversion of the sites to green electricity.

Vossloh does not as yet have sufficient data to determine the greenhouse gas emissions relating to the upstream and downstream areas (Scope 3).

### Water consumption

Used water is reprocessed in our own plants and returned to the operating process, particularly in production areas that require a substantial amount of water. In some cases, the production units work with closed water circuits. At all of its sites, Vossloh disposes of wastewater via the respective public sewage systems. Process water that is heavily contaminated during production is first treated in our own wastewater treatment plants in such a way that it (at least) meets the discharge standards of the public systems.

The following table illustrates the Vossloh Group's water requirements as determined by the water meters. Water consumption was roughly at the previous year's level despite the significantly higher sales revenues and the full consolidation of the Indian production site in the Customized Modules division. This is mainly due to a lower output volume in the Tie Technologies business unit.

m <sup>3</sup> (Vossloh Group)	2021	2020
Water consumption	178,173.3	177,553.1

### Waste management

Material consumption and disposal quantities are recorded and monitored in the individual units. Vossloh units use safe disposal methods that are separated according to waste types. The selected waste management companies are reviewed regularly. Where it is technically possible and practical, closed material life cycles and reprocessing plans reduce the consumption of valuable new raw materials to a minimum. Recycling can reduce the need for raw materials and the amount of waste produced. Economically viable recycling programs and processes ensure that the amount of waste ultimately sent to landfill sites at Vossloh is steadily on the decline. The Company uses also downcycling as a way to extend the lifecycle of materials.

### Responsible sourcing

The Group already attaches great importance to the responsible use of resources and environmental protection in its service provision and procurement activities. Vossloh units check suppliers based on self-disclosure as a standard procedure before placing an order. For ongoing contracts, a performance evaluation is carried out on a regular basis. By 2025, the Company aims to increase the share of sustainable strategic procurement volume to 90 percent. As part of a responsible sourcing management system, sustainability criteria are defined and implemented in procurement, a criteria-based risk assessment of suppliers is conducted and suppliers are bound by a Group-wide Code of Conduct. Based on their experience several business units also developed their own codes of conduct for partners in 2021. This includes committing strategic suppliers to key principles, including sustainability issues that Vossloh itself is also concerned about.

### Ecological design of products and services

In many areas within the Company sustainability criteria are already being incorporated into the development or design of new products and services. The aim now is to systematically link these approaches and harmonize them across the business units to create Group-wide operational principles under the guiding theme of EcoDesign that can be followed by all divisions. The goal is to reduce the ecological footprint of its products and services along the entire value chain. The first step along this path in the year under review was the development of Group-wide innovation guidelines (Innovation Playbook). It describes how development projects will be set up and implemented at Vossloh in the future, and defines the criteria and indicators to be used in the various phases of a project to assess whether it is successful or not and decide whether to continue with it. Sustainability aspects such as low energy consumption and GHG emissions or the nonuse of problematic raw materials play a central role here. Likewise, the entire life cycle of a product, including recycling and/or disposal, is included from the outset, as are the long-term effects of a service in the form of life cycle assessments in accordance with international standards such as ISO 14040 or 14044. Yet in 2021, work began on identifying one suitable example from each of the four business units.

### Contribution to environmentally friendly mobility

Under the guiding principle "enabling green mobility," Vossloh offers products and services that support additional utilization of environmentally friendly rail transport. Specifically, the goal is to increase the availability of existing rail lines and enable disruption-free operation while reducing lifecycle costs for the infrastructure. The Group supplies long-lasting components for rail infrastructure and constantly develops these components further by using innovative materials and designs. Vossloh's rail track maintenance services, both damage repair and damage prevention, allow rail operators to increase transport capacity. At the same time, the digital services offered by Vossloh to continuously monitor the condition of rail infrastructure with sensors enable a significant increase in the efficiency of track maintenance.

Another focus at Vossloh is on solutions for reducing vibration and noise caused by rail traffic. Reducing the noise caused by rail traffic and improving track acoustics have been a focus of Vossloh's research and development work for years. The Company offers suitable products and services in all divisions that can reduce rail noise on a sustainable basis. Examples are the *cellentic* components and rail fastening systems with a high plastic content that dampen structure-borne noise, so called whisper switches, and rail machining technologies (grinding, milling) for restoring a smooth and therefore "quiet" surface. The rail and switch processing machinery can achieve noise reduction of up to 10 dB(A) by precisely removing material. The machines themselves also operate quietly. The VTM compact milling machine, for example, generates noise measuring less than 78 dB(A) during operation, so that residents are not disturbed even during a night shift. For comparison, on a quiet residential street, the noise level is roughly 40 dB(A); a car going 50 km/h reaches a volume of 70 dB(A).

### EU Taxonomy

The EU Taxonomy Regulation reporting obligations were to be implemented for the first time for the 2021 fiscal year by Vossloh. As all business activities can be classified under infrastructure for rail transport (Section 6.14. of the Delegated Act on the Taxonomy Regulation of June 4, 2021), 100 percent of the sales revenues are deemed taxonomy-eligible for the year under review. The taxonomy-aligned sales revenues, which were already determined by Vossloh before the official reporting requirement and which concern sales related to electrified lines, accounted for 62 percent of the Vossloh Group's total sales in 2021.

## 6 / Preventing corruption

### Principle 10:

*Businesses should work against corruption in all its forms, including extortion and bribery.*

Preventing violations of the law of any kind, in particular corruption and anticompetitive behavior, is a key concern of the Vossloh Executive Board for the entire Group. Six items in the Code of Conduct provide clear guidelines for conduct in the business environment:

- *Compliance with the law: "Compliance with all applicable law takes top priority for Vossloh. Every Employee must observe any legal rule or regulation that affects their activities."*
- *Fair and free competition: "Vossloh endorses the rules of fair and free competition. (...) Any kind of anti-competitive conduct is strictly prohibited. (...) Any violation is subject to severe penalties and fines (...)."*
- *Prohibition of corruption: "Vossloh will not tolerate any form of corruption. Providing third parties with undue advantages is strictly prohibited. This prohibition applies without exception or limitation (...)."*
- *Avoiding conflicts of interest: "Business decisions taken on behalf of Vossloh may not be influenced by one's personal interests or relationships."*
- *International trade and export control: "We comply with all applicable export and import restrictions imposed through national or international law and all requirements for related approvals applicable to our products and services."*
- *Prevention of money laundering: "Vossloh does not participate in any kind of money laundering activity and fulfills its obligations regarding the prevention of money laundering."*

Vossloh's position is also clearly summarized in the Executive Board's Compliance Commitment: "Compliance with the law has absolute priority over closing a deal or achieving internal targets. We would rather forgo a business opportunity than violate the law. We will not tolerate any violation of the law or of our internal guidelines and policies and will sanction any such behavior (zero tolerance policy)."

### Compliance

The Executive Board of the Vossloh Group has established a Compliance-Management-System (CMS). The Vossloh Group's Rules of Procedure for compliance govern the Compliance Organization, the assignment of responsibilities to officeholders and the reporting duties of all the different company levels. The Compliance Organization comprises the Chief Compliance Officer (supported by a Compliance Office), the Group Compliance Committee at Vossloh AG, Compliance Officers and Compliance Committees within the business units and Local Compliance Officers within the operating companies.

The Compliance-Management-System is designed to identify compliance violation risks and to minimize them in order to prevent Vossloh and its employees from incurring damage and liability risks. Bribery in business transactions and breaches of competition law were identified as key compliance risks in a risk inventory conducted with external support in 2016 and last updated in 2021. This relates in particular to sales and all the sales-promoting activities, including intermediaries. The Compliance-Management-System addresses these risks and minimizes them with the help of suitable processes and measures.

Compliance audits are performed – usually with the assistance of external audit firms – in order to verify that the Compliance-Management-System rules are being adhered to within the individual operating units. These are performed both ad hoc and without there being any specific suspicions. In 2021, three compliance audits were performed not bound to a specific occasion. Further, compliance issues were also audited as part of the internal audit process. Additionally, the Company regularly has its Compliance-Management-System reviewed by external experts and has them make recommendations regarding its further development and improvement. The most recent review took place in 2017. The audit report has been published on [www.vossloh.com](http://www.vossloh.com) under "Corporate Governance" > "Compliance" in the "Investor Relations" section. Insofar as findings and recommendations were stated regarding compliance work, these have been and will be implemented in the course of the ongoing development and improvement of the Compliance-Management-System.

In 2018, Vossloh performed with external support an evaluation and survey of 215 managers and other employees of the Vossloh Group which confirmed the effectiveness of the established Compliance-Management-System as well as high levels of awareness and acceptance of compliance within the Vossloh Group.

In the fiscal year 2021, another Group-wide compliance risk assessment was carried out with the support of an auditing firm. The purpose of this risk assessment was to determine the Vossloh Group's compliance risks in the areas of antitrust law, anti-corruption, and export control, taking into account existing compliance rules and measures. The appropriateness of the existing Compliance-Management-System was further validated overall.

Vossloh set up a whistle-blower hotline with an international law firm. In addition to the option of contacting the Compliance Officer directly, this allows company employees and external persons the opportunity to report possible misconduct to an independent external contact (ombudsperson) in their native language. The whistleblower hotline has so far been set up for 24 countries. As such, the main regions and the languages spoken within the Vossloh Group are essentially covered. Vossloh systematically investigates every report of conduct that is potentially illegal or against the rules. The ombudspersons were contacted on three occasions in 2021 (Five times in 2020). All resulting investigations into possible compliance violations were concluded.

#### **Export Control Policy**

Vossloh has also taken special precautions to ensure compliance with foreign trade regulations, notably export control and embargo legislation. Beyond the obvious need to comply with applicable legal provisions, Vossloh shares the security objectives pursued by foreign trade legislation, especially the strengthening of international peace efforts and the non-proliferation of weapons of mass destruction. An export control policy for the entire Group and which is based on applicable law creates a binding framework for the entire Vossloh Group and all its employees to ensure compliance with the respective legal requirements. The framework requirements of this policy are supplemented by more extensive regulations in the form of work and organizational instructions or process descriptions. The policy states that each operational unit must appoint an Export Officer and a Trade Compliance Officer (TCO). In cooperation with the respective HR departments, they develop training concepts and ensure that all employees working in areas relevant to foreign trade receive the appropriate training. Vossloh's central compliance e-learning tool also includes the module "Foreign trade law."

#### **Specifications for suppliers and service providers**

The Vossloh Group also expects its suppliers and service providers to act in accordance with the rules and demonstrate lawful conduct. This is verified and controlled in specific cases as well as on an ad hoc basis. Group-wide "Guidelines on the Involvement of Intermediaries" apply to business dealings with commercial agents, agencies, distributors and consultants in the sales area. Their purpose is to prevent the risk of unfair practices on the part of contracted third parties and to minimize the risks for the Company and its employees.

# 7 / Summary of the implementation of the Global Compact principles

The following table provides an overview of voluntary commitments, mission statements and management systems that help Vossloh integrate the principles of the UN Global Compact into its business processes:

UN Global Compact principle		Vossloh's statements, guidelines and management systems
<b>Human rights</b>		
<b>1</b>	Businesses should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> <li>• Vossloh Code of Conduct</li> <li>• Vossloh Health &amp; Safety policy</li> <li>• Group-wide travel security management</li> <li>• Occupational health management at Vossloh companies</li> <li>• Group-wide privacy policy as per GDPR</li> </ul>
<b>2</b>	Businesses should make sure that they are not complicit in human rights abuses.	
<b>Labor standards</b>		
<b>3</b>	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> <li>• Vossloh Code of Conduct</li> <li>• Corporate Compliance Commitment</li> <li>• Group-wide Compliance-Management-System</li> <li>• Group-wide diversity and inclusion policy</li> <li>• "All on Track" initiative in the Customized Modules division</li> </ul>
<b>4</b>	Businesses should uphold the elimination of all forms of forced and compulsory labor.	
<b>5</b>	Businesses should uphold the effective abolition of child labor.	
<b>6</b>	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	
<b>Environmental protection</b>		
<b>7</b>	Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> <li>• Vossloh Code of Conduct</li> <li>• Environmental management at Vossloh companies</li> <li>• Waste and hazardous materials management at Vossloh companies</li> <li>• Quality management at Vossloh companies</li> <li>• Corporate Innovation Playbook</li> <li>• Corporate Responsible Sourcing Management System</li> </ul>
<b>8</b>	Businesses should undertake initiatives to promote greater environmental responsibility.	
<b>9</b>	Businesses should encourage the development and diffusion of environmentally friendly technologies.	
<b>Preventing corruption</b>		
<b>10</b>	Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>• Vossloh Code of Conduct</li> <li>• Corporate Compliance Commitment</li> <li>• Group-wide Compliance-Management-System</li> <li>• Group-wide embargo and export control policy</li> <li>• Group-wide policy on the use of intermediaries</li> </ul>



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