

# Code of Conduct of Business Partners of the PKP CARGO Group

## Introduction

The PKP CARGO S.A. Group (hereinafter also: "PKP CARGO Group") dominates the Polish rail freight transport market and is one of the leading companies in this sector in the European Union. The PKP CARGO Group undertakes its activities in accordance with applicable legal regulations, internal regulations and ethical principles, which are set out in the *PKP CARGO Group Code of Ethics* and in the *PKP CARGO Group Anti-Corruption Policy*. The PKP CARGO Group undertakes its activities transparently, responsibly and professionally, thus creating the foundations for quality management. In the interests of shareholders, customers, employees and business partners, the PKP CARGO Group strives to be a dependable partner. In all aspects of its business activities, the PKP CARGO Group focuses on the development and growth of value in accordance with accepted ethical standards. In this context, it is important for the PKP CARGO Group to define its cooperation with Business Partners throughout the value chain based on common values and principles.

The above-mentioned regulations were the basis for the development of the Code of Conduct for Business Partners of PKP CARGO Group companies, which represents the minimum set of standards that the PKP CARGO Group requires from its partners.

Business Partners of the companies of the PKP CARGO Group are freelancers, legal entities or organizational units without legal personality that operate in the public or private sector.

The PKP CARGO Group includes suppliers, service providers, contractors, subcontractors and customers who cooperate with the PKP CARGO Group in order to achieve mutual economic benefits. The PKP CARGO Group is guided by such values as: respect, reliability, cooperation, quality management, safety, professionalism, modernity, transparency and responsibility. Adherence to these values in relations with Business Partners is the most important thing for the companies of the PKP CARGO Group. Business Partners play a very important role for the PKP CARGO Group, as they support its activities by building a responsible and ethical supply chain, which is based on commonly accepted values and principles.

This Code applies to all Business Partners of the PKP CARGO Group. Therefore, the adoption of the Code of Conduct of Business Partners of the PKP CARGO Group is one of the conditions for establishing cooperation between the companies of the PKP CARGO Group and their business partners.

The basis of business relations between the PKP CARGO Group and its business partners is constructive and fair cooperation, which is governed by the standards of:

- business ethics,
- workers' rights and human rights,
- friendly approach to the environment.

The PKP CARGO Group expects its Business Partners to comply with the above standards and accept responsibility towards their own company, customers and suppliers, and towards the environment and the public.

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### Expectations for companies of the PKP CARGO Group and reporting irregularities

The purpose of the Code is to build a sustainable value chain based on the idea of partnership and mutual responsibility. The companies of the PKP CARGO Group and their Business Partners undertake to adhere to the values set forth in this Code and to provide the proper tools for monitoring their compliance. In the PKP CARGO Group, such a tool is primarily the system for reporting irregularities. A person who wants to report a violation in a given area can anonymously report such violation of the Code through an external entity or non-anonymously to the Ethics Ombudsman of PKP CARGO S.A. or the Compliance Coordinator of the subsidiary in question. The contact information for reporting violations is provided on the websites of each of these companies. In the case of using an anonymous channel, the whistleblower is guaranteed complete anonymity, as this channel is operated by an external entity and communication takes place via a PIN code. The representative of the external entity will inform the whistleblower about the individual phases and the end of the proceedings. The external entity will forward the notification to the Ethics Ombudsman and the Compliance Coordinator, who will then take additional steps to clarify matters related to the reported irregularities. Contact details for reporting to PKP CARGO INTERNATIONAL Group companies:

helpline: +420 596 166 209, +420 596 166 425

e-mail address: [etika@pkpcargointernational.com](mailto:etika@pkpcargointernational.com)

correspondence address:

PKP CARGO INTERNATIONAL a.s.

Ethics Committee

Betonářská 580/14

Muglinov, 712 00 Ostrava

with a note: „private & confidential”

During the assessment of the report, the Ethics Ombudsman and Compliance Coordinator have the right to access information and company documents that are necessary to clarify the case. The Ethics Defender and Compliance Coordinator are also authorized to enter the company's buildings and grounds. The activities of the Ethics Ombudsman and Compliance Coordinator always follow the principles of handling information protected by law.

There will be no retaliation against whistleblowers who report reasonable suspicions of wrongdoing in good faith.

In the case of reporting a violation of the Code, the Business Partner who committed the violation may take corrective measures and is also obliged to immediately report the results of the mitigation measures taken. In response to the notification of non-compliance with the principles defined in the Code, Business Partners are required to carry out an investigation and corrective measures immediately. If investigative and corrective measures are not taken, or the measures taken are insufficient, or the Business Partner in question grossly violates the Code with activities that may

lead to reputational damage or financial losses for the PKP CARGO Group, the companies of the PKP CARGO Group reserve the right to take appropriate measures against that Business Partner, which may lead to the termination of cooperation with such an entity.

## Business ethics

Business ethics include a set of rules and norms regarding the behavior of a business entity in relations with customers, employees, suppliers, business partners and competitors. Business ethics must comply with legal regulations and the social norms of behavior. An entrepreneur who follows ethical values can achieve many economic benefits, especially in the area of reputation, so business ethics do not have to be an obstacle to making a profit. With regard to the above, the Business Partner shall comply with the applicable legal regulations of the country in which it operates within the framework of cooperation with the PKP CARGO Group and outside of it. Although it is not regulated by legislation, the concept of legal regulation is used in many laws, starting with the title of the Polish Act of July 20, 2000, on the Promulgation of Normative Regulations and Certain Other Legal Regulations (Coll. Act of the Republic of Poland 2019, Pol. 1461, as amended). Legal regulations are considered to be regulations issued by authorized public authorities in a prescribed form on the basis of authority conferred by law. Generally applicable legal regulations are listed in accordance with the principle *numerus clausus* in Article 87 of the Constitution of the Republic of Poland in the following hierarchical order:

- constitution,
- ratified international treaties,
- laws,
- ordinances.

Regarding the activities of the relevant authorities, sources of the generally applicable laws of the Republic of Poland are also local regulations.

Business ethics create benefits for society primarily in the area of reputation. Thanks to ethical behavior, the company is seen by employees, customers and suppliers as trustworthy. This increases their willingness to cooperate and translates into increased loyalty.

**Fair economic competition** – in accordance with Article 9 of the Act on Entrepreneurs, an entrepreneur performs business activities in accordance with the principles of fair economic competition and principles of good morals and legitimate interests of other entrepreneurs and consumers, as well as respecting and protecting human rights and freedoms. The Business Partner shall carry out its activities in accordance with the principles of free and fair economic competition. The Business Partner shall comply with applicable anti-monopoly regulations and regulations regarding the protection of economic competition. The Business Partner must not act in a way that is or can be interpreted as unfair, limiting free competition or bearing signs of abuse.

**Zero tolerance for corruption** – under the law, corruption is an act:

- consisting of the promise, offering or giving by any person, directly or indirectly, of any improper advantage to a person in a public office for himself or for any other person in return for certain acts or omissions in the exercise of his position;
- consisting of a person in public office, directly or indirectly, demanding or accepting any improper advantage for himself or any other person, or in accepting an offer or promise of such an advantage in exchange for some act or omission in the performance of his position;
- committed as part of a business activity involving the fulfillment of an obligation towards a public authority (institution), which consists of promising, proposing or providing to a

person managing an entity not classified in the public finance sector or working in any capacity for such an entity any unauthorized benefits, directly or indirectly, for himself or for another person in exchange for an act or omission that violates his obligations and constitutes socially harmful reciprocity;

- committed as part of a business activity involving the fulfillment of obligations to a public authority (institution), which consists of promising, proposing or providing to a person managing an entity not classified in the public finance sector or working in any capacity for such an entity any unauthorized benefits, directly or indirectly, for that person alone or for another person in exchange for an act or omission that violates his obligations and constitutes socially harmful reciprocity;

The Business Partner shall comply with the principle of "zero tolerance" towards behavior that bears the hallmarks of corruption. The Business Partner may not directly or indirectly offer or accept any unauthorized financial or personal benefit in exchange for a specific activity or omission. Corruption is acceptance:

- **pecuniary benefit or its promise** – the subject of a bribe can be any performance satisfying a specific need, the value of which can be expressed in money. It can be an increase in the value of the property, or an advantageous contract, for example a loan granted under preferential terms, a gift, assignment of receivables, relief from debt, victory in a procurement procedure.
- **personal benefit** – this is fulfillment of an intangible nature, improving the situation of the person who receives it (e.g. the promise of a promotion, ensuring employment, handing out awards, training, limiting professional duties, accepting an internship, going on a paid foreign assignment, creating a favorable image in the media etc.).

It is necessary to realize that very often personal benefit occurs together with material benefit, for example a promotion at work (personal benefit) is usually associated with a salary increase, which is a material benefit.

**Business Gifts** – The Business Partner does not agree to conduct that involves the giving and receiving of gifts or promises to provide gifts in exchange for preferential treatment or as an encouragement to such conduct. The Business Partner agrees that the only basis for the purchase of goods and services is internal purchasing procedures, the purpose of which is to select the most advantageous offer. The Business Partner will not offer, promise or give gifts to employees or representatives of the PKP CARGO Group, or to anyone else, unless such a gift is permitted by local regulations, has a reasonable value, the context of the gift is transparent, and only if it is normal under the circumstances.

**Conflict of interests** – in the economy is a mutual intersection of personal and professional interests, it is a conflict between work duties and the employee's private interest. It most often refers to dual loyalties, i.e. a situation where a given individual or subject is unable to ensure the necessary objectivity, because his own interests are in conflict with the interests of others with whom he is also connected in some way. Bias and conflict of interest is also acting in one's own interest, in the interest of a close person or a third party, which is usually in conflict with the public interest or the interest of the given economic entity. A conflict of interest also occurs if there is only a theoretical possibility that the employee's personal interest may prevail over public or employee duty. The Business Partner is obliged to prevent the emergence of a conflict of interests, and in the event of its emergence, to immediately report the conflict of interests of its employees or collaborators. The Business Partner is obliged to refrain from any activities that could cause a potential conflict of interest.

**Compliance with international sanctions** – otherwise known as restrictive measures, is one of the instruments of influence on entities whose activities violate the principles and norms of international law, including international law in the field of human rights, and pose a threat to world or regional peace and security. The Business Partner is obliged to avoid the use of raw materials, products and materials from sanctioned areas, to comply with international sanctions imposed on countries, business entities or natural persons and not to carry out any business activity contrary to international restrictions.

**Personal data protection** – is the protection of information relating to natural persons ensured by entities that deal with them. This applies both to individual information constituting personal data and to entire data sets. This obligation follows from the regulations, as every person has the right to the protection of their personal data. Personal data protection is the protection of this data from loss, leakage or unauthorized access – preventing this data from being processed by persons who are not authorized to do so. The Business Partner is obliged to comply with all applicable rules for the protection of personal data and to use personal data only if it is in accordance with legal regulations and is necessary for the fulfillment of legitimate business interests.

## Employee rights and human rights

The companies of the PKP CARGO Group assume that their Business Partners will respect human rights, both in relation to the working conditions of their employees and in business activities, i.e. all employees and associates of Business Partners should be treated fairly, with due respect and with respect their rights.

**Human rights** – The Business Partner shall respect the human rights accepted by the international community, enshrined in the Universal Declaration of Human Rights, taking into account the rights enshrined in the International Charter of Human Rights and the International Labor Organization's Declaration on the Basic Principles and Rights of Workers of 1998.

**Health and safety of employees** – The Business Partner is obliged to take appropriate measures to prevent accidents and ensure a safe workplace for all employees, at least at a level in accordance with applicable laws and industry standards. Employees must receive the necessary training for the relevant job, which will include the necessary information regarding health and safety conditions and requirements.

**Prohibition on mobbing and discrimination** – The Business Partner is obliged to treat all employees with equal respect. The Business Partner shall not engage in any form of mobbing, which is an act or behavior that concerns or is directed against an employee, consisting of persistent and long-term harassment or intimidation of an employee, which causes him to have a reduced self-assessment of his professional competence, causes or aims to humiliate or ridicule that employee, isolate him or exclude him from the work team. The Business Partner shall not apply any form of discrimination, which is considered to be an unfair and biased differentiation of people according to their personal characteristics, such as, but not limited to:

- sex,
- age,
- disability,
- sexual orientation,
- nationality,
- ethnic origin,
- religious belief.

**Fair working conditions and remuneration** – The Business Partner shall apply fair wages and benefits to employees and subcontractors in accordance with applicable national legislation, including regulations on the minimum wage, working hours and overtime, sufficient breaks and rest periods, sick leave and annual vacation and mandatory employee benefits resulting from legal regulations.

**Prohibition on the use of child labor** – The Business Partner shall not use child labor in the performance of its duties and tasks. In connection with the performance of work, a child is any person who has not exceeded the minimum age that is considered permissible by law in the place of performance of work.

**Prohibition on the use of forced labor** – PKP CARGO Group companies do not tolerate any type of forced labor. The Business Partner shall not engage in any form of modern slavery or forced labour, including activities such as human trafficking, forced prisoner labor, illegal labor or other forms of labor exploitation. Work performed at the Business Partner or its subcontractors and suppliers is always done voluntarily.

**Freedom of association** – The Business Partner shall respect the right of its employees to associate within the limits of applicable law. The Business Partner is obliged to maintain open and constructive communication with employees and their representatives. According to local laws, partners must respect their employees' right to freedom of association, appointment of workers' representatives, joining trade unions, engaging in collective bargaining and establishing works councils. All employees must be given the opportunity to communicate openly with management regarding working conditions.

### [A friendly approach to the environment](#)

The PKP CARGO Group carries out its activities in an environmentally responsible manner by preventing or minimizing the impact of its activities.

**Waste management and emissions** – The Business Partner is obliged to undertake waste management in accordance with national regulations and environmental standards and with general respect for human health. The Business Partner must have all legal permits and environmental licenses that apply to their type of business. The Business Partner should always choose a technology in their business that will lead to a reduction in greenhouse gas emissions.

**Environmental Management System** – The PKP CARGO Group also expects the Business Partner to show a strong interest in identifying environmental risks and to apply preventive measures. The PKP CARGO Group expects the Business Partner to act responsibly, take the environment into account when making decisions and apply a structured and systemic approach to its protection.