

COMPLIANCE PROGRAM of AŽD

Company profile and values
Instructions for employees



BE AN EXAMPLE

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INTRODUCTORY WORD
BY THE GENERAL
DIRECTOR

Since 1954, when the company was founded, the main mission of AŽD has been to ensure safety on railway and road lines. AŽD is fully aware that it affects not only the lives of its more than 1,600 employees, but above all the lives of passengers in the Czech Republic, as well as in other important developing countries. Personally, I see this fact as a privilege, which is also an immense responsibility towards our customers. It is the long-standing trust of our customers that is our driving force for continuous improvement of the quality of our products and services, as well as the implementation of the latest technical trends and the employment of only the most qualified experts. We have been building AŽD's good reputation together for more than 60 years. The results of our work should not be tarnished by the changing environment in which we do business, nor its ever-increasing demands on our behaviour. That is why our company is constantly working on improving the Compliance Program, which consists mainly of the Code of Ethics, the Anti-Corruption Policy and the Compliance Directive, and which will serve as a daily guide in cases where we are in doubt about the correct course of action. Declaring our values, promoting the right course of action and clearly rejecting unethical behaviour will help us maintain personal and social integrity. We reject any promotion of political parties and opinions, as well as religious movements and churches, and the wearing of religious and political symbols. Being in compliance with the Compliance Program is therefore not only our duty but also a privilege. Only in this way can we be a modern, strong and responsible company that benefits our wider environment.



Ing. Zdeněk Chrdle

*CEO and General Director
of AŽD Praha s.r.o.*

CORE VALUES
of AŽD

The core values of our company are clearly safety and cooperation. Together, we all strive for socially responsible management of the company, in which we are guided by generally valid ethical and moral principles such as integrity, honesty and respect. These values are represented by the principles of behaviour of both the company and its individual employees, manifested in attitudes and expressions in areas such as the fight against corruption and money laundering, fair competition, information protection, safety, health and environmental protection and

others. The rules for adhering to the values are set uniformly for the entire company and its employees. When dealing externally with our partners in the market, we behave legally, in full compliance with the laws and rules of fair competition. We support ethical business as such. We are aware that mixing private and business interests can ultimately lead to a conflict of interest, and for this reason we also reject it.

We support:

- fairness, decency, respect
- honesty
- equality
- loyalty
- environmental and health protection
- safety
- teamwork
- information protection and privacy



We reject:

- corruption
- violation of competition rules
- cartels
- money laundering
- misuse of personal data
- discrimination



COMPLIANCE PROGRAM

Definition of the Compliance Program

= We understand our company's Compliance Program as a set of principles and measures to ensure legally compliant behaviour of employees, members of statutory bodies, business partners and other persons who are engaged in the performance of our company's activities.

Compliance Program

Resources = In case of doubt about how to proceed correctly in a specific situation, it is advisable to choose the correct procedure that is in accordance with legal regulations, the Code of Ethics, the Compliance Program (RZ-53/19), the Anti-Corruption Policy and the company's core values.

The first step to following the correct procedure is to contact the Compliance officer if you are unsure.

- http://www.azd.cz/etikaonline_en

- if you want to remain anonymous, you can use a special website
- please provide as much information as possible about the incorrect procedure in the form so that the problem can be effectively identified and investigated.
- the website is fully available to everyone, including third parties, who can also contact AŽD with their suggestions for investigation

- etika@azd.cz

- in case of any questions, AŽD will provide you with an answer
- in the event of a report of improper conduct, the company will inform you of the progress of the investigation and the corrective measures taken

- in person at the AŽD headquarters

- by phone

- +420 267 287 453, +420 601 370 283

We value all of your feedback, which is why every suggestion will be carefully analysed, investigated, and if a deficiency is discovered, effective corrective action will be taken.

You will be informed about the outcome of the investigation and any corrective action. If a serious problem is discovered, the company is ready to appreciate your proactive approach to the matter.

Any possible retaliation for your justified feedback is in direct conflict with the company's values and as such is prohibited. Any AŽD employee found to have committed an act in violation of the Compliance Program will be sanctioned in accordance with legal regulations and the company's work rules.

An AŽD employee who is proven to have retaliated against a whistleblower for reporting conduct contrary to the Compliance Program will be sanctioned in accordance with legal regulations and the company's work rules.

AŽD guarantees that no person who reports in good faith a case of conduct contrary to the Compliance Program will be subject to any retaliation of any kind or any discrimination and that this person will not be disadvantaged in any other way.

A good faith report is a report of a case of conduct in violation of the Compliance Program that is not intentionally fabricated, false, and is not intended to divert attention from a real case of conduct in violation of the Compliance Program.

Individual reports and records of such cases will be treated with maximum discretion and confidentiality, which is ensured by limiting access to documents collected by the compliance officer.

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EXTERNAL RELATIONS

COMPLIANCE WITH COMPETITION RULES, PROHIBITION OF CARTEL AGREEMENTS

We respect the right to compete in the market and comply with the rules of competition law and economic competition, including the rules adopted at the level of European Union law. Agreements that suppress competition, limit business with suppliers and divide customers, markets, areas or production may not be concluded with any company that has a competitive position in the market to our company. We strive to maintain and improve the company's competitiveness in the relevant market by legitimate means. Possible distortions of competition are then addressed in the company in cooperation with the legal department.

What do we observe?

- We do **NOT** talk to competitors about prices, production volumes, production capacities, sales, offers, profits, profit margins, costs and other parameters with the aim of inducing parallel behaviour by the competitor.
- We do **NOT** enter into arrangements and agreements that restrict the freedom to set resale prices or that contain most-favoured-nation clauses or exclusivity agreements, and non-compete agreements.

not be unfairly favoured or given preference over others, and the same applies to business partners. We ensure that suppliers and business partners are selected in an appropriate and objective manner, based on the quality and price of performance, with regard to the company's values expressed in particular in the Compliance Program. The business transactions we carry out are based on current market conditions and their expected development. Overall cooperation with business partners must always contribute to fulfilling the basic purpose for which the company was founded.

FIGHT AGAINST CORRUPTION

We conduct business ethically and do not tolerate any form of bribery or corruption. We reject and speak out against all forms of corrupt behaviour.

What do we observe?

- We do **NOT** promise or provide payments, other things or rights that could result in personal benefits for third parties.
- We do **NOT** accept such payments, other things and rights from third parties
- We do **NOT** use third parties for the above activities
- further in this context, we ensure that all statements, documents and invoices are not erroneous, inaccurate, incomplete or misleading

RELATIONS WITH SUPPLIERS AND BUSINESS PARTNERS

When negotiating and concluding contracts and deals with suppliers and customers, we always proceed honestly and in accordance with applicable legal regulations and the company's internal regulations, especially the Compliance Program. In the aforementioned process, the benefit and usefulness of the given deal or order, financial advantage and economic rationality are always considered. Suppliers must

COOPERATION WITH PUBLIC AUTHORITIES

We provide maximum cooperation to public authorities in carrying out legal inspections by these authorities. Authorized or authorized employees of the company cooperate with public authorities primarily in the aforementioned inspections, but also in cases of other contact with public authorities. Employees may cooperate with public authorities in areas in which they

have expert knowledge and experience that can help in the performance of tasks of public interest or in the prevention of serious threats to the environment, health, safety and property. In addition, with regard to the subject of our business, we strive for technical progress based on cooperation with public institutions, colleges, universities and other organizations involved in research and development.

IMPROPER PAYMENTS AND GIFTS, ENTERTAINMENT, EVENTS

We do not give or accept gifts and favours that are not in accordance with normal business practices and could be perceived as a form of favour or bribery. The aforementioned rule also applies to other tangible goods, services and other benefits that may be given or offered. A certain exception may be made for promotional items (which in most cases bear the company logo), but always only under specific circumstances that cannot, by themselves or in combination with other circumstances, influence business judgment and business decisions. The same rules apply to entertainment or social events.

Definition of bribery = a bribe is an unauthorized advantage consisting of direct financial enrichment or other benefit that is received or is to be received by the person being bribed, or with their consent by another person, and to which there is no entitlement.

Characters:

- unauthorized advantage or promise thereof to which there is no entitlement
- benefits of various forms and values
- causal connection with the procurement of matters of general interest or business
- regardless of the period of provision
- regardless of whether the provision was made by agreement or without it (some kind of understanding or mutual understanding is sufficient)
- expanded definition of an official involved in bribery (e.g. judge, member of parliament, senator, responsible official of a local government, member of the armed forces or bailiff)

What is not considered a bribe?

In general, promotional items are not considered a bribe, provided that they are provided within good relations on an occasional basis, selflessly, and do not exceed the value of CZK 500. The same applies to practices permissible in business relations, such as invitations to congresses or conferences and related entertainment.

It is important to remember that officials are bound by relatively strict rules, such as requiring them to make a record of every gift worth more than 300 CZK, which may even be forwarded to the police for investigation.

CONFLICTS OF INTEREST

In negotiations, we prioritize the interests of the company over personal interests.

What is a conflict of interest?

- A conflict of interest is a situation where the decision-making of an employee or business partner is influenced by personal economic interests, political or national affiliation, family or emotional ties, other common ties or other common interests.

PREVENTION OF MONEY LAUNDERING

Before establishing a business relationship, we strive to determine the credibility of a potential business partner.

What do we observe?

- We do **NOT** carry out or engage in activities that could indicate that the proceeds of crime are being laundered (for example, transferring property knowing that the property is derived from crime, for the purpose of concealing or disguising the illegal origin of the property, or for the purpose of assisting a person who is involved in the commission of a crime).

INTERNATIONAL TRADE

It is forbidden to trade with or export products to certain countries. These restrictions are in most cases called embargoes and serve for political negotiation or pressure on the Czech Republic or international organizations of which it is a member. The restrictions pursue higher political and social goals and therefore it is necessary to comply with the individual prohibitions and thus support the policy of the Czech Republic, or the international organizations of which it is a member.

We adhere to the following principles:

- we verify that there is no embargo imposed on the country with which we want to establish business contact
- we do not close deals involving embargoed countries or their citizens
- we report any improper conduct by a business partner to the compliance officer
- in case of doubt, we do not make any payments
- we do not conclude agreements that violate customs rules

SOCIAL NETWORKS, MEDIA AND INFORMATION PROVISION

Our company is under constant scrutiny. Even well-intentioned sharing of certain information can significantly damage our reputation, our overall image or our upcoming projects. It is therefore necessary to share information regarding AŽD or its subsidiaries very cautiously, and only through the media advisor to the CEO.

We adhere to the following principles:

- we do not provide information regarding AŽD to the media – information about AŽD may only be provided by AŽD executives, media advisors, or an employee authorized by these persons, under all circumstances
- we do not provide any information about AŽD
- we report any information that may harm the company to the Compliance officer

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**INTERNAL
(EMPLOYEE)
RELATIONS**

FAIR EMPLOYMENT PRACTICES

We emphasize a stable relationship with our employees, based on a joint effort to achieve the company's goals. We also strive for the expertise and qualifications of our employees and therefore provide opportunities for professional and professional growth. Working conditions in the company, employees' working hours, wages and benefits are ensured in accordance with applicable laws and relevant ILO (International Labour Organization) conventions. We recognize and respect the right of employees to collective association in trade unions and collective bargaining, through the trade union organization operating at the company.

BULLYING

Basic types of workplace bullying:

- a) **bossing** (*bullying from a superior*) – *mocking in front of colleagues, excessive control over the fulfilment of duties, vulgarity, unjustified criticism, slander, threats of dismissal, assigning meaningless tasks, etc.*
- b) **mobbing** (*bullying from colleagues of the same position*) – *ignoring, mocking, etc.*
- c) **staffing** (*bullying from subordinates*) – *in an attempt to defend their positions, subordinates may cross the line of behaviour, especially towards a newly arrived senior employee – slander, sexual innuendo, exaggerated criticism, etc.*

As part of preventing bullying, we show interest in interpersonal relationships, create and maintain a friendly environment, nip bullying attempts in the bud, and unequivocally reject such harmful behaviour.

DISCRIMINATION

We do not tolerate disrespectful behaviour, intimidation, sexual harassment or discrimination. We treat all job applicants and employees equally and offer equal opportunities to all. We respect each individual and work together to ensure that all activities performed by individual employees work together.

MANAGERS

The company's senior employees strive to set an example of honest behaviour and conduct for other employees, in particular by strictly adhering to legal and internal company regulations. They also ensure that their subordinates have sufficient knowledge and resources to properly perform their assigned job duties.

ENVIRONMENT, HEALTH PROTECTION, OCCUPATIONAL SAFETY

We operate in an environmentally responsible manner in accordance with applicable environmental laws and place emphasis on environmental protection. Therefore, our employees are committed to strict compliance with all environmental protection laws and are encouraged to actively contribute to environmental protection beyond the requirements of the law. We take environmental protection into account in our relationships with our suppliers and business partners. Ensuring and monitoring workplace safety and employee health protection is a matter of course. All employees must comply with and observe the principles of occupational health and safety and follow the company's preventive measures to protect their health and the company's property.

What do we observe?

- We do **NOT** consume alcoholic, narcotic and psychotropic substances in the workplace and during working hours and outside the workplace.
- We do **NOT** enter the workplace under their influence, nor do we use these substances outside of working hours in a way that could affect work performance or disrupt safety and health protection in the workplace.
- We do **NOT** leave our workplace dirty, polluted or untidy.

PERSONAL DATA PROTECTION

We respect the right of every employee to the protection of their personal data and its integrity, and therefore our company and employees process, store and handle personal data in accordance with legal regulations and the company's internal regulations.

INTELLECTUAL PROPERTY

We are committed to protecting our intellectual property rights and refrain from any actions that would unduly infringe on the intellectual property rights of third parties. We also ensure the proper management of the company's intellectual property created by the company over the course of its many years of activity.

What do we observe?

- We do **NOT** use our work computers and hardware equipment outside of work tasks; if employees want to use computers for their personal needs, the employer's consent is required, and they must always protect the security of the company's information systems and the data contained in them
- We do **NOT** copy, sell, use or distribute information, software or other data or intellectual property in violation of laws, internal company regulations or our concluded license agreements.

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