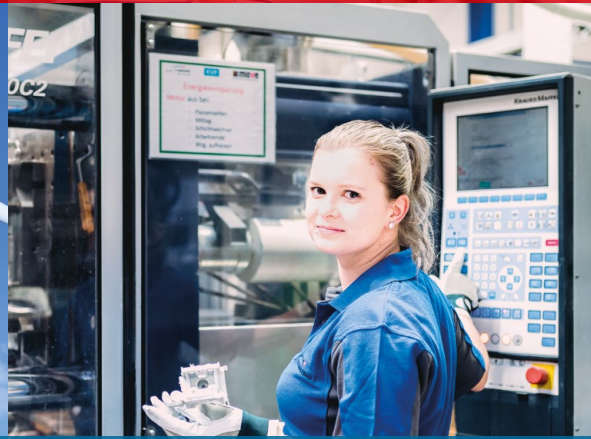


# Declaration of Principles



Safety and Availability for  
Rail



Safety and Availability for  
DC Power

## Declaration of principles in accordance with the German Supply Chain Due Diligence Act

Schaltbau Holding AG and its subsidiaries (hereinafter referred to as the "Schaltbau Group") is a leading international technology supplier specialising in safety and availability for rail and DC power applications. The Schaltbau Group operates in 14 countries with 27 sales offices and manufacturing sites and has a global network of external sales partners. The Schaltbau Group employs some 3,000 people who generate annual revenue in the region of EUR 500 million.

The Schaltbau Group is divided into three core brands:

**Schaltbau GmbH** is a leading international supplier of safety-related electromechanical components such as contactors, connectors and switching systems, specialising in direct current (DC) technology for the railway industry and the new energy / new industry and e-mobility markets.

**Bode – Die Tür GmbH** is one of the world's leading suppliers of door and boarding systems and offers a broad range of innovative, intelligently integrated complete systems for buses, trains, commercial and electric vehicles as well as interior fittings for road vehicles and rolling stock.

**Pintsch GmbH** specialises in supplying safety-related products for the rail infrastructure market. Its broad range of solutions includes level crossing systems, signalling and safety technology, interlocking and shunting technology, axle counting systems, point machines and point heating systems.

The Schaltbau Group is aware that the implementation of human rights and environmental due diligence obligations under the German Supply Chain Due Diligence Act (hereinafter referred to as "LkSG") in its own business activities as well as in its supply and value chains is an ongoing process. The Schaltbau Group accepts this challenge and regularly reviews the strategic approaches and measures taken in the course of its business activities with the aim of continuously improving them. With respect to human rights and environmental issues, the Schaltbau Group endeavours to comply with the 17 Sustainable Development Goals (SDGs) of the United Nations Global Compact.

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## **I. Responsibility**

The Executive Board of Schaltbau Holding AG is responsible for implementing and complying with this declaration of principles regarding respect for human rights and the associated environmental issues. The Human Rights Officer of the Schaltbau Group is responsible for reviewing the effectiveness of the human rights strategy set out below.

## **II. The human rights strategy of the Schaltbau Group**

The Schaltbau Group is aware of its corporate responsibility to respect human rights and uphold environmental standards. For this reason, the Schaltbau Group has established a human rights strategy, both within its own sphere of business and with its direct suppliers. The Schaltbau Group expects both its employees and its suppliers to avoid committing human rights and environmental violations and, if they occur, to ensure that they are promptly rectified.

The Schaltbau Group does not tolerate the use of forced labour or child labour. The Schaltbau Group's subsidiaries and their suppliers are required to mitigate any risks associated with hazardous processes or machinery in order to prevent accidents. Furthermore, employees must be guaranteed appropriate payment, at least equal to the statutory minimum wage in the respective country. If there are no statutory minimum wage regulations in a particular country, employees must be paid at least enough to ensure their livelihood and a decent standard of living, taking local standards into account. All employees should be treated equally, regardless of national and ethnic origin, social background, health status, disability, sexual orientation, age, gender, political opinion, religion or belief. This expectation is set out in the Schaltbau Group's Code of Conduct for Business Partners as well as in its general Code of Conduct, which also applies to Schaltbau Group employees.

## **III. Risk analysis**

The Schaltbau Group attaches particular importance to identifying human rights and environmental risks, both in its own business operations and at its direct suppliers, and to implementing appropriate measures to mitigate these risks. Therefore, the Schaltbau Group conducts a risk analysis both within its own sphere of business and at its direct suppliers, involving relevant functions such as compliance, risk management and representatives of the three core brands. Any risks identified are analysed in terms of their severity and probability of occurrence. The Schaltbau Group's own contribution to causing the risk and its ability to influence that risk are also taken into account. These risk analyses are performed both annually and on an ad-hoc basis in the event of significant changes to, or a deterioration of, the risk situation within the supply chain. When the risk analysis is repeated at regular intervals, the risks identified in the previous year in particular are reviewed for relevance and accuracy.

In the course of performing its risk analyses, the Schaltbau Group has identified the following priority areas of risk:

- Freedom of association
- Unequal treatment
- Child labour

With regard to the risk analysis of direct suppliers, an abstract risk assessment is initially carried out in relation to country- and sector-specific risks. Various human rights and environmental indices are used in the course of this analysis, such as the Children's Rights in the Workplace Index, the Political Freedom Index and the Environmental Performance Index.

Suppliers from the metal-producing and metalworking industries as well as from the electronics industry based in China have been identified as a priority risk in the Schaltbau Group's supply chain. The level of risk is attributable to the location and the industry. The types of risk to which the Schaltbau Group is primarily exposed in relation to these direct suppliers include: Occupational health and safety, child labour, low skills, labour migration, lack of transparency in supply chains, conflict minerals and labour recruitment. Overall, the human rights risk to which the Schaltbau Group is exposed can be regarded as moderate due to the preventive measures in place.

The effectiveness of the risk management system is reviewed annually and on an ad-hoc basis by the Schaltbau Group's Human Rights Officer, who reports directly to the Executive Board of Schaltbau Holding AG at least once a year.

#### **IV. Complaints procedure**

The Schaltbau Group strictly rejects any type of violation of human rights and environmental standards. The Schaltbau Group is convinced that an effective complaints management system is an essential part of identifying and avoiding human rights and environmental risks and violations.

For this purpose, the Schaltbau Group has introduced a suitable complaints procedure that records any supply chain-related reports from suppliers and other persons who may be affected by the supply chain. The complaints channel is accessible for internal, external, public and anonymous reports [here](#). The channel is available for communication via the Schaltbau Holding AG website. The Schaltbau Group's effective complaints management system ensures that any report of possible human rights violations or breaches of environmental obligations is dealt with using a standardised procedure. The rules of procedure for this complaints system are available [here](#) on the Schaltbau Holding AG website. Within this procedure, the confidentiality or anonymity of the whistle-blower is especially protected.

The effectiveness of the Schaltbau Group's complaints management system is reviewed annually and also on an ad-hoc basis if a significant change or deterioration in the risk situation is identified that could jeopardise the functionality of the complaints procedure. Furthermore, any reports received by the Schaltbau Group as part of the complaints procedure that are relevant to its own business operations are also included in the risk assessment.

#### **V. Preventive measures to implement the human rights strategy**

The human rights strategy developed by the Schaltbau Group, which serves to prevent any violations of its human rights and environmental obligations, includes specific preventive measures that are geared to the Schaltbau Group's risk situation. These measures are illustrated below, both for the Schaltbau Group's own sphere of business and for its direct suppliers.

## **Preventive measures at direct suppliers**

The human rights protection strategy is consolidated along the entire supply chain, in particular through the procurement and purchasing practices developed and implemented by the Schaltbau Group.

Particularly existing suppliers of the Schaltbau Group that have been identified as high-risk suppliers or that procure or process minerals that fall under the EU Conflict Minerals Regulation (EU 2017/821) are required to sign the Code of Conduct for Business Partners.

Moreover, any new suppliers based in a high-risk country, assigned to a high-risk industry or involved in the extraction of minerals covered by the EU Conflict Minerals Regulation (EU 2017/821) are required to sign the Schaltbau Group's Code of Conduct for Business Partners. Any new suppliers who exceed a defined value threshold in terms of annual purchasing volume, regardless of their risk category, are also required to sign the Schaltbau Group's Code of Conduct for Business Partners. The acknowledgement of the Schaltbau Group's specific expectations with regard to human rights and environmental issues is supplemented by further specified processes in the field of purchasing. For example, suppliers who fall under the EU Conflict Minerals Regulation (EU 2017/821) are required to provide appropriate proofs of origin for the minerals they supply. Furthermore, the Schaltbau Group requires practically all of its suppliers to provide a risk-related supplier self-disclosure, which includes information on human rights and environmental risks as well as existing management processes relating to human rights and environmental due diligence. The effectiveness of the established measures is reviewed through regular and ad hoc risk-related audits.

To raise awareness among managers who are responsible for employees engaged in purchasing activities, the Schaltbau Group holds training courses that focus on any high-risk areas identified.

## **Preventive measures within our own sphere of business**

The human rights strategy is implemented within our own sphere of business, particularly by providing the appropriate information. For this reason, information is primarily published on the Schaltbau Group's intranet for the three main areas of risk. In order to raise the awareness of the entire workforce regarding human rights and environmental issues, the Schaltbau Group also holds target group-oriented training courses.

### **➤ Child labour**

The Schaltbau Group prohibits child labour. However, as the Schaltbau Group wishes to give children and young people the opportunity to get to know various occupations at an early age, some Schaltbau Group companies offer internships and apprenticeships. With this point in mind, the Schaltbau Group has implemented special measures to eliminate the resulting risks. For example, all internship officers receive detailed information on how to deal with interns.

### **➤ Freedom of association**

The Schaltbau Group respects the right of employees to freedom of association, to join trade unions, to appeal to labour representatives or to join works councils in accordance with locally applicable laws. For this reason, employees are given the opportunity to communicate openly with the company management team. Employees who make use of these rights are neither favoured nor disadvantaged.

### ➤ **Unequal treatment**

The Schaltbau Group actively practises diversity and therefore promotes respectful cooperation in a spirit of partnership. The Schaltbau Group stands for the recognition and appreciation of all people regardless of national and ethnic origin, social background, health status, disability, sexual orientation, age, gender, political opinion, religion or belief. The Schaltbau Group does not tolerate any type of discrimination, exclusion, violence or harassment. Apart from providing information in various material forms, the Schaltbau Group has appointed a representative for each of its subsidiaries, who is available within the workforce to provide advice and can be consulted in confidence. As compliance with its human rights strategy is a top priority for the Schaltbau Group, it responds to any violations and takes appropriate measures to detect and remedy them. Violations are not tolerated; in fact, they are rigorously pursued and may result in legal consequences, including the termination of employment and/or business relationships.

## **VI. Regular review of preventive measures**

The effectiveness of the above-mentioned preventive measures is reviewed both regularly and on an ad-hoc basis via the mutual monitoring of various hierarchies, including the Human Rights Officer. The effectiveness of the existing measures is continuously monitored with the help of various indicators, such as by linking the risk management system with the risk analysis in accordance with the German Supply Chain Due Diligence Act (LkSG) and the inclusion of related topics in standard audits. These continuous audits can be supplemented by additional ad hoc audits if the risk situation for the Schaltbau Group changes or deteriorates, both within its own sphere of business and at its direct suppliers.

In its audits, the Schaltbau Group takes into account the findings from the complaints system, which enables employees and third parties to report potential violations or risks either openly or anonymously.

## **VII. Corrective measures**

If human rights or environmental obligations are violated, the Schaltbau Group rigorously initiates the appropriate corrective measures without delay. In doing so, the Schaltbau Group ensures that any corrective measures taken within its own domestic sphere of business lead to a cessation of the violation and in its own foreign business operations generally lead to a cessation of the violation.

Should the Schaltbau Group find itself in a situation in which it is unable to effectively put an end to violations of human rights or environmental obligations committed by a direct supplier in the foreseeable future, the Schaltbau Group is required to draw up a plan designed to either minimise the extent of or end the violations. If the Schaltbau Group has substantiated evidence of violations at indirect suppliers, it will also conduct a risk analysis and draw up a concept to minimise or put an end to the violations. A concept of this nature is also supplemented by a definite timetable. In a case of this nature, the Schaltbau Group may suspend the business relationship, at least temporarily, in order to mitigate the risk. In the event of serious violations of human rights or environmental obligations, if the implementation of the measures defined in the concept fails to rectify the situation after the specified period has expired, if the Schaltbau Group has no more moderate means at its disposal or is unlikely to be able to exert greater influence, the respective Schaltbau Group subsidiary is entitled to terminate the business relationship completely in consultation with the Executive Board of Schaltbau Holding AG.

To determine the effectiveness of the corrective measures taken, the Human Rights Officer conducts an audit once a year and on an ad-hoc basis as required. The findings from the complaints procedure are then duly taken into account.

### **VIII. Indirect suppliers**

If there is substantiated evidence of violations at indirect suppliers, the Schaltbau Group will respond without delay and conduct a risk analysis, establish preventive measures, draw up a concept to prevent, terminate or minimise violations and then implement it. Information relating to human rights and/or environmental risks and violations at an indirect supplier can be reported at any time via the Schaltbau Group's complaints system and are included in the process described under "Complaints procedure".

### **IX. Documentation and reporting obligations**

The Schaltbau Group documents the fulfilment of its due diligence obligations in-house and on an ongoing basis.

Moreover, the Schaltbau Group prepares an annual report on the fulfilment of its due diligence obligations during the past fiscal year and makes it publicly available free of charge on the Schaltbau Holding AG website no later than four months after the end of each fiscal year for a period of seven years.

Further information on human rights and environmental issues is also available [here](#) in Schaltbau Holding AG's Sustainability Report, which is published annually.



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