

Policy statement on the human rights strategy of DB Cargo AG

Foreword

For us at DB Cargo, sustainability is a central principle of our business activities and is firmly anchored in our Group strategy Strong Rail. We pursue a holistic approach that encompasses the ecological, social and economic dimensions of sustainability.

We know that corporate responsibility goes beyond economic indicators. The UN Global Compact is the world's largest and most important initiative for responsible corporate governance. By joining the UN Global Compact in 2009, the DB Group committed itself to supporting its ten principles and is clearly committed to the United Nations Universal Declaration of Human Rights. For us, this means taking a stand and standing up for human rights and high environmental and social standards. This is also in line with the clear commitment of the Group Management Board and the employees of the DB Group to social responsibility.

As one of the leading logistics service providers and largest providers of rail freight transport in Europe, we are also aware of our great responsibility within the supply chains. It is therefore important to us to ensure responsible and sustainable value creation along our supply chain - in Germany, but also in all other countries in which we operate. We also expect our service partners, suppliers and other business partners to treat people and the environment with respect as the basis for reliable and sustainable collaboration. For us, economic success and socially responsible behavior are not contradictory, but rather mutually dependent. This is also important to us when working with our business partners.

The original German declaration is signed by all Board members.

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I. Introduction

With around 4,200 railway sidings and additional services in 17 European countries, DB Cargo offers its customers access to one of the world's largest rail networks as far as China, making it the number one in European rail freight transport. With over 31,000 employees worldwide, around 220 million tons of goods transported annually and a large number of business partners, we occupy a central position in the middle of society. Our aim is to shift more traffic to climate-friendly rail transport. It is clear to us that sustainable and responsible corporate management can only be based on respect for people, society, and the environment.

As an international company, we are aware of our great social and environmental responsibility. Our aim is to ensure responsible and sustainable value creation along our supply chain.

With the adoption of the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG)¹, the German legislator has created the framework for this. Recognizing the crucial role of companies in promoting human rights, environmental protection and sustainability in global supply chains, companies above a certain size are now also legally obliged to implement human rights and environmental due diligence obligations in their supply chains in an appropriate manner and to establish responsible management of their supply chains. The aim is to improve the protection of human rights and the environment along supply chains, strengthen social and corporate responsibility and create enforcement potential in supply chains.

In this policy statement, we express our commitment and dedication to respecting human rights and environmental responsibilities:

- We are committed to **sustainable and responsible corporate governance**.
- We describe the **procedures** we use to implement our due diligence obligations in accordance with the LkSG.²
- We address the **human rights and environmental issues** that are particularly relevant to our business activities and that we have identified as priorities based on our risk analysis.

¹ Act on Corporate Due Diligence Obligations in Supply Chains of 16 July 2021 (German Federal Law Gazette I p. 2959).

² Description of the procedure we use to fulfil our obligations under § 4 (1), § 5 (1), § 6 (3) to (5) and §§ 7 to 10 LkSG.

- We set out the **expectations** we have of ourselves, our suppliers and other business partners to ensure the fulfilment of human rights and environmental obligations.

In addition to DB Cargo AG, other DB Group companies and the parent company of the DB Group, DB AG, are obliged under the LkSG. While DB AG's policy statement sets out the Group-wide human rights strategy and provides an overarching risk profile for the entire DB Group, the present policy statement of DB Cargo AG differs in particular in that it presents the specific risk situation of the subsidiary.

II. Our commitment to sustainable and responsible corporate governance

Our business activities are committed to the principle of sustainability. Sustainability is a central component of our corporate strategy. To achieve sustainable and responsible value creation in our own business area and along our supply chain, we are committed to complying with and promoting internationally recognized human rights, respecting labor standards and protecting the environment as part of our business activities. In addition, we endeavor to make a positive contribution to the protection and promotion of human and environmental rights through our actions.

We comply with the applicable law when conducting our business activities. We will also ensure compliance with the LkSG. Our business activities are based in particular on the following internationally recognized human and environmental rights standards:

- the **International Bill of Human Rights**, consisting of the United Nations Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR),
- the **UN Guiding Principles on Business and Human Rights (UNGPR)**,
- the **core labor standards of the International Labor Organization (ILO)** on fundamental rights and obligations at work,
- the ten principles of the **UN Global Compact (UNGC)**,
- the **Guidelines for Multinational Enterprises** of the Organization for Economic Co-operation and Development (OECD).

We pursue a holistic sustainability strategy. This is based on the two pillars of green transformation and social responsibility. In order to fulfil our ecological responsibility, we pursue a precautionary approach to environmental protection that goes beyond compliance with applicable environmental law and drive forward Deutsche Bahn's green transformation in the four environmental action areas of climate protection, nature conservation, resource conservation and noise protection. In the context of social responsibility, four attitudes form the basis for our actions: responsibility for good cooperation, commitment to our society, strengthening diversity and our historical responsibility. In this way, we want to contribute to leaving a planet worth living on for future generations.

III. Our measures for implementing our due diligence obligations

To fulfil our human rights and environmental due diligence obligations even more effectively, we align our business activities with the requirements of the LkSG. We set up an appropriate and effective risk management system to implement targeted measures to fulfil our due diligence obligations. We see dealing with human rights and environmental risks as a process that we are gradually anchoring in our operational structures and continuously improving.

1. Comprehensive Risk Management

The centerpiece of our risk management is a systematic and targeted risk analysis in which we determine and evaluate the potential and actual risks of our business activities for people and the environment. As part of our annual risk analysis, we analyze the following risk areas in particular, both for our own business division and for our direct suppliers:

- Violation of the ban on child **labor**
- Violation of the ban on **forced labor** and all forms of **slavery**
- Disregard for **occupational health** and **safety** and **work-related health hazards**
- Disregard for **freedom of coalition, freedom of association** and the **right to collective action**
- Violation of the prohibition of **unequal treatment** in employment
- Violation of the prohibition of withholding an **appropriate wage**
- Destruction of the natural basis of life through **environmental** pollution
- Unlawful violation of land **rights**
- Violation of the prohibition on hiring or using private/public **security forces** if they adversely affect human rights due to lack of instruction or control
- Prohibited production, use and/or disposal of **mercury** (Minamata Convention)

- Prohibited production and use of substances within the scope of the Stockholm Convention on Persistent *Organic Pollutants* (**POPs**) and environmentally unsound handling of waste containing POPs
- Prohibited import/export of **hazardous waste** within the meaning of the Basel Convention

Our annual risk analysis has a two-stage structure and begins with an **abstract risk analysis** with regard to the aforementioned risk areas. When determining an abstract risk value (so-called gross risk), we take many factors into account. For our own business division and our direct suppliers, we categorize each risk area by country and industry. To create abstract risk profiles for countries and sectors, we use publicly available country- and sector-specific information and indices. When determining a risk value, we also consider the severity of a possible risk violation. The gross risk calculated in this way is then checked for plausibility with regard to the country and sector allocation in order to be able to take into account business-specific risks such as cross-border business activities.

Particularly when our abstract risk analysis reveals increased gross risks, we then subject subsidiaries and suppliers to a more detailed investigation, which is known as a **concrete risk analysis**. The aim of the concrete risk analysis is to precisely identify the actual risks of violations of human and environmental rights in our own business area and within our supply chain (so-called net risks). We use a risk-based and relevance-orientated approach to determine which companies and suppliers are examined more closely.

Existing risks can be minimized through appropriate preventative measures. In order to determine actual risks (so-called net risks) and identify measures that have already been implemented to minimize risks, we use questionnaires that our companies and suppliers answer or take recognized sustainability assessments into account. In this way, we are able to identify (potentially) missing risk minimization measures and initiate the implementation of (further) effective risk minimization measures.

If there are actual indications, such as specific events, incidents or reports, that point to possible risks or violations of human rights or environmental obligations in our own business area or our supply chain, we also carry out **risk analyses on an ad hoc basis**. This is the case, for example, if we obtain substantiated knowledge of possible violations of a human rights or environmental obligation at our direct and indirect suppliers. An event-driven risk analysis is also indicated if we have to expect a significantly changed or significantly expanded risk situation, for example due to the introduction of new products or entry into new markets.

We use the knowledge gained from the regular and incident-related risk analyses to support strategic decisions such as market entries and exits, participation in certain projects or the establishment of suitable preventive and remedial measures. We strive to continuously improve our approach to risk analysis by constantly expanding our data basis and continuously incorporating the knowledge we gain from fulfilling our due diligence obligations and through our complaints procedure into the risk management process.

2. Preventive and remedial measures

If we identify relevant risks, we take appropriate preventive measures. We also follow a risk-based approach and initially focus on the areas in which we have identified the highest human rights and environmental risks. The aim of the preventive measures is to prevent any violation of a human rights or environmental obligation by minimizing the risks caused by our business activities or to which we contribute.

We take a wide range of measures aimed at reducing the risks to people and the environment. This includes both the further development of existing measures and the establishment of new ones.³

The following preventive measures taken and planned by us, and the Group Executive Board should be emphasized in particular:

- Publication of this policy statement
- Definition of clear responsibilities, in particular the appointment of an LkSG officer to monitor our risk management
- Implementation and further development of our codes of conduct (internal CoC and CoC for business partners), particularly in light of the requirements of the LkSG
- Risk-based consideration of human rights and environmental requirements in our procurement strategies and purchasing practices
- Consideration of human rights and environmental requirements when selecting new suppliers (e.g. through recognized sustainability assessments) and contractual assurance of human rights and environmental requirements
- Adaptation of the general terms and conditions for procurement and the bidder's self-declaration to the requirements of the LkSG
- Further development of our contractual clauses (e.g. on audit rights)

³ An overview of measures already in place within the DB Group can be found in the [Integrated Report](#).

- Implementation of regular and ad hoc risk-based control measures
- Risk-based development of specific corrective action plans
- Risk-based training and sensitization of employees and business partners through regular information and training on LkSG-relevant topics as well as continuous (further) development of information and training concepts
- Exchange and involvement in industry initiatives (e.g. econsense, Railsponsible)
- Designing and carrying out effectiveness tests

We endeavor to appropriately involve those potentially affected by our business activities with their diverse interests in the development and implementation of measures to fulfil our due diligence obligations in order to ensure the effectiveness of our due diligence measures.

If we identify a violation of a human rights or environmental obligation or if it is imminent, we take appropriate remedial action without delay. These are aimed at preventing or ending violations or minimizing the extent of the violation. We also use and expand our catalogue of possible preventive and remedial measures for this purpose.

In the concrete implementation of preventive and remedial measures, we value a cooperative approach with our business partners. However, we reserve the right to impose appropriate sanctions against the respective business partner or - as a last resort - to terminate a contract or an entire business relationship, particularly in the event of serious violations.

3. Complaints procedure

Another key component of our due diligence processes is the provision of an appropriate and effective complaints procedure. This can be used to report human rights and environmental risks as well as violations of human rights or environmental obligations, regardless of whether they have occurred in the supply chain or in our own business area.

In addition to the postal contact option, the "Business Keeper Monitoring System" (BKMS) [electronic whistleblowing](#) system is available as a complaints channel, which we have expanded in line with the requirements of the LkSG. The system can be used in 22 languages. Protecting whistleblowers from being penalized or discriminated against on the basis of reports submitted is an important part of our complaints procedure. All reports are treated in strict confidence and - if requested - anonymously.

We review all reports received in connection with the LkSG to determine whether the reported facts indicate a human rights or environmental risk or a violation of human rights or

environmental obligations. If this is the case, the report will be forwarded to the competent body. If an initial suspicion is confirmed, the necessary measures are taken to minimize or eliminate risks or violations. All reports are processed by selected and specially trained employees. By implementing our complaints procedure, we have the opportunity to learn about previously unknown risks or breaches of duty. In addition to analyzing risks, the complaints procedure therefore plays a key role in enabling us to continuously improve and develop our risk management. We review the effectiveness of our complaints procedure once a year and on an ad hoc basis.

The rules of procedure for our complaints procedure are publicly available [here](#).

4. Reporting and documentation

In addition to our existing comprehensive reporting activities, in particular integrated reporting, from 2024 we will report annually to the Federal Office of Economics and Export Control (BAFA) on the fulfilment of our human rights and environmental due diligence obligations in the previous financial year. We will publish the report on our website no later than four months after the end of the financial year, where it will be accessible for seven years. Our procedures for fulfilling our statutory due diligence obligations are also documented on an ongoing basis. We also keep this documentation for seven years from the time it is created.

5. Responsibilities

Safeguarding human and environmental rights in our own business area and along the global supply and value chains is of paramount importance to our Management Board. For this reason, responsibility for the effective implementation of the LkSG at DB Cargo AG lies at the highest management level with the Management Board of DB Cargo AG. For its part, it defines clear responsibilities to ensure the effective implementation and monitoring of risk management.

The Management Board appoints an LkSG Officer to monitor the implementation of the statutory due diligence obligations at DB Cargo AG. The DB Cargo Management Board informs itself regularly, at least once a year, as well as on an ad hoc basis about the work of the LkSG Officer. In particular, the LkSG Officer shall provide information on the main results of the risk analysis, on preventive and corrective measures taken and on reports from the complaints procedure. He/she also reports on whether the procedures anchored in the operating process and the measures taken to implement the due diligence obligations are appropriate and

effective. This ensures that the Executive Board always has all the relevant information at its disposal to fulfil its responsibilities and make informed decisions.

The LkSG Officer is involved in the implementation and updating of the risk management system and carries out risk-based control measures to check compliance with human rights and environmental obligations. The LkSG Officer's other tasks include external reporting to the BAFA, approving the rules of procedure for the complaints procedure and participating in centralized specialist committees of the Group management.

Within DB Cargo AG, the operational implementation of human rights and environmental due diligence obligations is ensured and managed by a due diligence coordinator, who is appointed by the DB Cargo AG Management Board. The relevant specialist departments, in particular Purchasing, are responsible for the practical implementation of the due diligence processes and are supported in this by other specialist departments. All these departments contribute to the effective implementation of the due diligence obligations in their daily work.

In order to implement the LkSG in a standardized manner within the DB Group, the Group Management of DB AG performs a governance function vis-à-vis all obligated DB subsidiaries. During the set-up phase, DB AG coordinates the implementation of the due diligence obligations through a Group-wide project, which is the responsibility of the Group Management function Sustainability and Environment and is managed in cooperation with the Group Management functions Compliance, Human Resources Strategy, Legal and Central Procurement.

IV. Our prioritized human rights and environmental issues

We are aware that our business activities in our own business area and along our global supply and value chains can potentially have a lasting impact on human rights and the environment. Our risk analysis carried out in 2023 initially identified abstract risks in all risk areas covered by the LkSG. Following the subsequent concrete risk analysis, we were able to determine that the probability of these risks materializing in our own business division is predominantly low because numerous effective preventive measures are already in place. In the supplier area, we identified low, medium and high risks.

In order to (further) reduce our overall risks and take preventative action, we are implementing measures in relation to all LkSG risk areas. Our focus is particularly on the risks prioritized on the basis of our risk analysis.

1. Risks in our own business division

Our risk analysis has only identified low risks for our **own domestic business division**. Nevertheless, we prioritize the risk area of **prohibition of unequal treatment in employment** (Section 2 (2) No. 7 LkSG) here.

The decision to prioritize this risk is based firstly on the fact that we received a report on this topic via our complaints procedure and we take this into account in our annual risk analysis. Secondly, the CSR risk check for Germany only identifies a risk in the area of "labor rights - discrimination". This prompts us to place a special focus on this area despite the preventative measures already in place, such as our internal Code of Conduct (Group Ethics Principles), our active diversity management (Group initiative "Einziganders"), our internal ombudsman's office for discrimination and the promotion of women in management positions.

We prioritize the following areas in **our own business division abroad**:

- **Prohibition of unequal treatment in employment** (Section 2 (2) no. 7 LkSG)
- **Disregard of freedom of association, freedom of association and the right to collective bargaining** (Section 2 (2) no. 6 LkSG)

Our risk analysis has shown that the risks of adverse effects on people and/or the environment in our foreign subsidiaries are higher overall than in our own domestic business operations. This is due in particular to the fact that there are higher abstract risks at country-specific level in relation to these subsidiaries.

The decision to prioritize the risk of unequal treatment is based on the fact that we have received reports on this issue via our complaints procedure and we take these into account in our annual risk analysis. In addition, the CSR risk check for Romania, where we do business, identifies a risk in the area of "Freedom of association - freedom of association". This area is listed as risk-prone in the Global Rights Index Report 2023 of the International Trade Union Confederation (ITUC). It should be noted that this general country risk in relation to our Romanian subsidiary is already being minimized through various measures. The local management fully respects the rights of employees with regard to trade unions and collective bargaining and invites employees to annual meetings. The company has not taken any measures that restrict employees' rights to organize meetings, form trade unions, etc. In addition, the latest employee surveys conducted by DB revealed a high level of satisfaction among the employees of the company concerned.

2. Risks in the supplier sector

In our direct supply chain, we have identified a high risk most frequently in the following areas after carrying out the annual risk analysis:

- **Destruction of the natural basis of life through environmental pollution** (Section 2 (2) No. 9 LkSG)
- **Prohibited import/export of hazardous waste within the meaning of the Basel Convention** (Section 2 (3) Nos. 6-8 LkSG)
- **Disregard for occupational health and safety and work-related health hazards** (§ 2 Paragraph 2 No. 5 LkSG)
- **Prohibition of unequal treatment in employment** (Section 2 (2) no. 7 LkSG)
- **Disregard of freedom of association, freedom of association and the right to collective bargaining** (Section 2 (2) No. 6 LkSG)

Our external Code of Conduct already contains guidelines on all of the aforementioned topics, which are discussed through risk-based enquiries (e.g. via EcoVadis ratings) and discussions with suppliers.

With regard to the identified and prioritized risks, we conduct awareness-raising workshops and discussions with the relevant decision-makers both in our own business and in the supplier sector. Based on these workshops, we then take further measures, such as adapting our procurement practices.

We will publish changes in priority risks based on future or event-related risk analyses in the next update of the policy statement.

V. Our expectations of our employees and business partners

When it comes to complying with our human rights and environmental due diligence obligations, we have high expectations of ourselves and our business partners. Recognizing the priority risks identified in section IV. and reaffirming the principle set out in

In line with our commitment to sustainable and responsible corporate governance as set out in Section II. above, we have the following expectations:

We are committed to conducting our business activities in an ethical and legal manner and in accordance with the principles set out in this declaration of principles. This claim is inextricably linked to the way we conduct ourselves in our work. In our business activities, we comply with applicable law and respect internationally recognized human and environmental rights standards.

Our commitment to respecting human rights and the environment is already reflected in our internal Code of Conduct ([Group Ethical Principles](#)), in which we set out our standards and expectations for our daily behavior in a binding manner. All board members, managing directors, managers and employees worldwide are committed to the principles set out in our internal Code of Conduct. Managers have a special role model function in this regard.

In implementing our legal obligations under the LkSG, we expect our employees to contribute to the best possible fulfilment of our human rights and environmental due diligence obligations through their daily decisions.

As an international company, we are aware that we have a responsibility that goes beyond our own actions. We therefore not only set high standards for ourselves, but also demand social and environmental standards from our business partners. We expect them to also conduct their business with integrity, implement appropriate processes to respect human and environmental rights and take suitable measures to publicize our expectations in their supply chain.

We set out our specific requirements and principles for working with our business partners in our [DB Code of Conduct for Business Partners](#). Suppliers and other business partners undertake to comply with our Code of Conduct or equivalent requirements.

We work closely with our suppliers and business partners to ensure that they adhere to the same high standards as we do and communicate these standards along their supply chain. We promote transparency and the exchange of information to ensure that they understand and fulfil our expectations. We expect them to act honestly, responsibly, transparently and fairly. Part of our expectation is that our suppliers and business partners provide information on request about how our principles are adhered to. Should our own behavior lead to a situation that makes it difficult for suppliers to comply with our principles, we encourage our business partners to inform us proactively and strive to find suitable solutions together.

VI. Continuous further development of our due diligence processes

We are aware that the implementation of human rights and environmental due diligence obligations is an ongoing process. We therefore review this policy statement annually and on an ad hoc basis and will update it immediately if, for example, we identify changed or expanded risks.

Further information can be found on the website at [deutschebahn.com/lksg](https://www.deutschebahn.com/lksg).

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