



KCSR Supplier Code of Conduct

I. INTRODUCTION

KCS has always required that its business be conducted in accordance with the highest ethical and legal standards, and in such a manner as to avoid any actual or perceived conflict of interest. All directors, officers, and employees/contractors of KCS are expected to observe these legal and ethical standards in the performance of their duties and in pursuit of KCS's goals and objectives. As set forth in this "Supplier Code of Conduct," these expectations apply in equal force to Supplier and Supplier's personnel (which for purposes of this Supplier Code of Conduct shall include Supplier's employees, subcontractors, or agents who perform services, act on Supplier's behalf, or are paid by Supplier in connection with the agreement between KCS and Supplier) in their performance of those duties agreed to by Supplier and KCS.

II. BUSINESS ETHICS

KCS is committed to compliance with the highest ethical standards in pursuing its business interests; Supplier and Supplier's personnel are expected to observe those same standards. Therefore, Supplier and Supplier's personnel will fulfill this commitment in order to protect KCS from criticism and litigation and to preserve and enhance KCS's reputation as a good corporate citizen. Stated generally, some of the ethical standards to which KCS is committed, and for which Supplier and Supplier's personnel are collectively and individually accountable, are as follows:

- a) Becoming familiar with and providing those services contemplated and provided for in any agreement between KCS and Supplier in compliance with applicable laws.
- b) Adhering to KCS's standards for protecting the environment and the safety and health of our employees, contractors, customers, communities, and others who come in contact with KCS.
- c) Treating all KCS customers, business partners, suppliers, and visitors honestly and fairly.
- d) Promoting equal employment opportunities and the fair treatment of all KCS employees/contractors, while also providing an environment at KCS that is free of unlawful harassment.
- e) Avoiding situations where personal interests are, or appear to be, in conflict with KCS's interests. This includes, but is not limited to, subcontracting with, or recommending that KCSR enter into an agreement for the purchase of services or products from, any entity or party in which Supplier, or any Supplier personnel, has any relationship or interest, including, but not limited to, any of the following
 - i) a financial interest where Supplier or any Supplier personnel can influence, or has the appearance of influence over, business dealings, or decisions affecting that entity;
 - ii) ownership, directly or indirectly, of a substantial interest in, or having effective control of any such entity; and
 - iii) acting as an employee, officer, director, partner, consultant, representative, agent, auditor, or advisor of any such entity, except when so acting at the request of KCS.
- f) Safeguarding and properly using KCS's proprietary information, assets, and other resources.
- g) Maintaining confidentiality of nonpublic information and not acting on such information for personal gain.
- h) Ensuring that all transactions are recorded in KCS's books of account in accordance with generally accepted accounting principles.

Certain of these ethical standards are discussed in more detail below.

A. Compliance with the Law

Compliance with applicable laws is a critical element of KCS's ethical standards. KCS is subject to numerous and



complex legal requirements. It is the obligation of Supplier and Supplier's personnel to understand those laws that apply to them in the performance of the services contemplated and provided for in any agreement between KCS and Supplier, and to ensure that KCS's operations with which they are involved are conducted in conformity with those laws. Some of the laws governing KCS's operations that all employees/contractors should be aware of are summarized below under "Legal Compliance."

B. Acceptance of Entertainment or Gifts

Supplier and Supplier's personnel should not accept costly entertainment or gifts that may imply a conflict between their interests and those of KCS.

C. Corporate Hospitality of Public Officials, Customers and Others

Acts of hospitality should be of such a scale and nature as to avoid compromising the integrity or impugning the reputation of either the person entertained or KCS. All such acts should be performed with the expectation that they will become a matter of public knowledge.

VII. PROTECTION AND PROPER USE OF ASSETS

All KCS's assets should be used in support and in furtherance of KCS and its corporate objectives and not for personal gain. The use of KCS's funds or assets for any unlawful or unethical purpose is prohibited. Supplier and Supplier's personnel should endeavor to prevent theft of, carelessness with, and waste of KCS's assets.

VIII. LEGAL COMPLIANCE

KCS has always required that all employees/contractors conduct KCS's business in accordance with all applicable federal, state, local, and foreign laws and regulations. Supplier and Supplier's personnel are expected to observe the highest ethical and legal standards in the performance of their duties in support and in furtherance of the services contemplated and provided for in any agreement between KCS and Supplier. The failure of Supplier and/or any of Supplier's personnel to strictly adhere to the letter and the spirit of the law could result in both personal and corporate civil or criminal liability. It is the personal responsibility of Supplier and Supplier's personnel to comply with the law. In addition, Supplier and Supplier's personnel are charged with the responsibility of reporting any behavior or conduct that could constitute a criminal offense.

A. Employee Safety

There are numerous federal and state laws regulating the conduct of KCS and its employees/contractors designed to promote safety. These laws and regulations guide the manner in which KCS's operations are conducted and its facilities are maintained and constructed. KCS is committed to compliance with these laws and regulations. In addition, KCS issues and enforces rules and regulations beyond the minimum required by law. Compliance with these laws and regulations is the duty of Supplier and all of Supplier's personnel. Supplier and each member of Supplier's personnel is charged with the responsibility of bringing all unsafe conditions, including any violations of safety laws, regulations, and KCS rules, to the attention of the appropriate supervisor or manager. Individuals who properly report good-faith safety concerns and on-duty injuries can do so without fear of reprisal.

B. Improper Gifts, Payments or Rebates

Federal and state law, and corporate policy, prohibit employees/contractors from offering to or receiving anything of value from public officials, officials of foreign governments, competitors, or suppliers with the expectation of receiving any benefit or influencing any decision. Supplier and all of Supplier's personnel are expected to provide those services contemplated and provided for in any agreement between KCS and Supplier in a professional and ethical manner. In the event that Supplier and/or any of Supplier's personnel has been offered a bribe, kickback, or rebate, or is aware that such offer has been made on behalf of KCS, there is an obligation to promptly report such information to KCS's management. Thank you for supporting KCS' commitment to responsible business practices. If you have any questions about the issues addressed in this letter or the KCS Supplier Expectations, please send an email to [Supplier Expectations](#).