

# Compliance policy

for the



**WCF**

devoted to castings  
your task – our challenge

and

your business partners

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Wuxi Cast GmbH respects the law of all the states in which it operates. In competition, it relies on performance, customer orientation and the quality of its products and services, not on illegal or ethically questionable behaviour. Wuxi Cast GmbH therefore rejects corrupt and otherwise unlawful behaviour and does not tolerate such behaviour. It expects its managers, employees and business partners (e.g. commercial agents, consultants, suppliers) not to engage in any corrupt practices whatsoever, regardless of the countries in which they operate. Wuxi Cast GmbH will take appropriate measures against persons who violate this obligation.

## **1 Introduction**

1.1 The bribery of public officials and of employees or agents of companies (e.g. customers, suppliers) is just as illegal as demanding, accepting or being promised a bribe. According to German law and the law of numerous other countries, this prohibition also applies to conduct abroad, regardless of what is considered customary there.

1.2 Corrupt behaviour often leads to very serious sanctions for the individuals involved, in particular:

- ℓ Prison sentences
- ℓ Fines
- ℓ Personal claims for damages
- ℓ Bans on practising a profession and bans on exercising certain functions or offices
- ℓ Travel restrictions
- ℓ Labour law consequences

1.3 Corrupt behaviour can also have serious consequences for Wuxi Cast GmbH. In Germany and numerous other countries, the forfeiture and state confiscation of what a company has obtained through corrupt conduct can be ordered. In some states, penalties can also be imposed on companies that have been involved in corrupt behaviour.

1.4 Contracts that are the result of corrupt behaviour are invalid or can be declared invalid under the laws of many states. In this case, customers can reclaim payments made. Customers and affected competitors may also be entitled to claim damages.



1.5 If export contracts are based on corrupt conduct, export credit insurance may be terminated.

1.6 Expenses for corrupt purposes cannot be claimed as business expenses in Germany and numerous other countries. They increase the taxable profit and thus the tax burden of the company.

1.7 Further possible consequences of corrupt conduct for Wuxi Cast GmbH are exclusion from public procurement, damage to image and loss of goodwill.

1.8 Corruptibility (passive corruption), i.e. the demand for, acceptance of a promise of, or acceptance of a bribe on the part of managers or employees of Wuxi Cast GmbH in return for favours to other companies or other third parties, may also result in financial damage, damage to reputation and other negative consequences for Wuxi Cast GmbH.

1.9 Corrupt conduct regularly involves other criminal offences, such as embezzlement, breach of trust, fraud, money laundering and violations of tax and foreign exchange laws. These infringements may lead to further serious sanctions.

1.10 The risk of detection of corrupt behaviour is high. In many countries (including Germany), auditors are required to report any evidence that business expenses have been used for corrupt purposes (or that other legal violations have been committed) to the law enforcement authorities, who will initiate investigations on this basis. In addition, there are numerous other ways in which corrupt behaviour can be uncovered.

1.11 Anti-corruption law prohibits not only direct but also indirect forms of corruption used for cover-up purposes. Examples of indirectly corrupt behaviour include bribery of relatives or friends of a target person and bribes paid as "remuneration" for services which, when viewed realistically, have little or no value. Other examples are illegal discounts or bonuses, corporate shareholdings granted for corrupt purposes (so-called equity models), and excessive invoices (so-called overpricing). It is not possible to circumvent the prohibition of corruption by choosing arrangements that may seem legitimate on the surface but appear corrupt.



#### 1.12 Conclusions:

- ⚠ Active and passive corruption (bribery, granting of advantages, corruptibility, acceptance of advantages) are serious offences.
- ⚠ Persons involved in such behaviour can be severely punished.
- ⚠ Corrupt behaviour can cause Wuxi Cast GmbH massive damage.
- ⚠ Authorities are pursuing corruption cases with increasing intensity. The risks of detection and punishment are high.
- ⚠ Even the suspicion of corrupt behaviour can have serious negative consequences for Wuxi Cast GmbH.

In order to protect Wuxi Cast GmbH and its employees against these consequences, it is not enough to avoid actually corrupt behaviour. On the contrary, in order to avoid even the suspicion of bribery and the difficulties this creates, the following provisions of this policy must be observed. The nasty appearance of possible corrupt behaviour must not be created. To this end, the provisions of this policy must be scrupulously observed.

## **2 Guidelines for the prevention of corrupt behaviour**

### **2.1 General prohibition**

It is prohibited to offer, promise or grant, directly or indirectly, improper personal advantages to a domestic or foreign public official and/or employee or representative of domestic or foreign companies. Consequently, corrupt conduct on the part of Wuxi Cast GmbH, or on the part of third parties who were commissioned by Wuxi Cast GmbH or are acting on its behalf (e.g. commercial agents, other sales intermediaries and consultants), is prohibited.

These prohibitions apply to all states in which Wuxi Cast GmbH operates and to all employees, irrespective of their nationality. They apply even if corrupt behaviour is common in a state and is not considered unethical by local business partners.

## **2.2 Facilitation payments**

In some countries, payments to public officials at the working level are common, aimed at accelerating the performance of official acts to which a legal entitlement exists (e.g. customs clearance of legally imported spare parts or consumer goods required for the acceptance of a plant under construction).

These so-called facilitation payments are in most cases illegal and should not be made.

In Germany, facilitation payments are always unlawful and may not be carried out under any circumstances.

## **2.3 Relations with service providers**

### **2.3.1 Examination requirement for service providers of all kinds**

In the provision of services for Wuxi Cast GmbH by third parties, active or passive corruption may occur or acts may occur which give rise to a corresponding suspicion, i.e. that illegal funds could be paid or received by these persons/companies.

### **2.3.2 Obligation to inform service providers and to report infringements**

When contacting service providers, the employees of Wuxi Cast GmbH must always make it clear that Wuxi Cast GmbH acts in accordance with applicable law, will not tolerate corrupt or otherwise illegal conduct and will terminate cooperation with a service provider in the event of corruption or other illegal conduct.

## **2.4 Payments to customers, employees or representatives of other companies**

Wuxi Cast GmbH does not make unauthorised payments to employees or representatives of other companies, either directly or through service providers. Even if such payments might be common practice in some states, they are illegal and unacceptable for Wuxi Cast GmbH.

## **2.5 Invitations, gifts and other personal benefits**

Invitations (e.g. invitations to restaurants or to sporting events, food and drink at events, payment of personal travel expenses), gifts and other personal advantages for employees or representatives of other companies are only permissible if their total value and the specific circumstances do not give the impression that the recipient of the advantage is expected to behave in a certain way in return.

Whether this is the case depends on the specific circumstances of the individual case, and in particular on the following factors:

- ④ Value of the benefit
- ④ Frequency with which benefits are granted
- ④ Position of the recipient within his/her company
- ④ Social appropriateness or even necessity of granting the benefit (e.g. handing over a bouquet of flowers on the occasion of an invitation)

Benefits must never be granted secretly. Invitations or gifts should always be sent to the official business address of the recipient, not to his/her private address. Benefits for spouses or relatives of employees or representatives of other companies can only be granted in exceptional cases. Under no circumstances may cash or cash equivalents (e.g. vouchers) be given away.

Some states and companies completely prohibit employees or company representatives from accepting invitations or gifts. Other countries and companies set value limits on benefits that may be accepted by employees and company representatives. Before an invitation is extended or a gift is presented, it must be ensured that the recipient can legally accept the invitation or gift.

With regard to the taxation of non-cash benefits, the locally applicable tax law must be observed (in Germany, for example, Section 37b of the Income Tax Act [Einkommenssteuergesetz]).

## **2.6 Stricter rules on contacts with public officials**

The anti-corruption laws of many states contain strict regulations concerning domestic and foreign public officials (civil servants, elected officials, soldiers or other holders of public office). In some countries, such as Germany, the granting of personal benefits is prohibited, even if the benefits are of low value and would be acceptable if granted to employees of a company. Employees and managers of Wuxi Cast GmbH must act prudently when granting a personal benefit to a public official and, to the extent possible, ensure that the public official is permitted by law to accept a personal benefit.

Invitations to a moderate business dinner and socially acceptable gifts of low financial value (e.g. a bouquet of flowers) may be made - except in Germany or other countries with equally strict laws.

## **2.7 Factory tours/visits to reference installations/trade fairs (80/20 rule)**

Wuxi Cast GmbH may invite customers to visit plants and reference installations belonging to Wuxi Cast GmbH as well as invite them to trade fairs if there is a legitimate business reason for doing so. Wuxi Cast GmbH may, for this purpose, bear the travel and accommodation costs at an appropriate amount, whereby the travel and accommodation arrangements must be made by Wuxi Cast GmbH and not by the customer, if possible. The reimbursement of costs to the customer is only permissible after receipt of corresponding invoices. Advance payments to the customer are not permitted. As a rule of thumb, at least 80% of such a business trip must be of business relevance in terms of time and money (guided tour of production facilities, visit to the Wuxi Cast GmbH exhibition stand, workshops, product presentations etc.). The social programme should not exceed 20% and must take place in accordance with section 2.5 (invitations, gifts and other personal benefits).

## **3 Prohibition on demanding, being promised and accepting personal benefits (passive corruption)**

### **3.1 General prohibition**

Employees and managers of Wuxi Cast GmbH may not demand, be promised or accept benefits from current or potential business partners for themselves or for persons close to them (e.g. spouses, relatives, friends). This applies even if the behaviour towards a business partner is not changed, i.e. if the benefit has no consequences.

In particular, employees and managers of Wuxi Cast GmbH may not demand, be promised or accept any advantages from suppliers in return for placing orders or other conduct useful to the supplier (e.g. non-enforcement of claims for damages against a supplier for defective products delivered to Wuxi Cast GmbH).

### **3.2 Invitations, gifts and other personal benefits**

Employees and managers of Wuxi Cast GmbH may only accept personal benefits (e.g. invitations to restaurants or sporting events, gifts) if the impression cannot be created that they are expected to be reciprocated. This applies, in particular, if employees or managers of Wuxi Cast GmbH have to take a business decision in the foreseeable future which will be relevant to the granter of the benefit. Whether or not the impression of an expected reciprocal benefit can arise depends on the circumstances of the specific individual case, and in particular on the following factors:

- ⌚ Value of the benefit
- ⌚ Frequency with which benefits are granted
- ⌚ Position of the recipient within Wuxi Cast GmbH

- Social custom or even necessity of accepting the benefit (e.g. acceptance of Christmas gifts of low value from business partners)

Benefits must never be accepted secretly. Employees and managers of Wuxi Cast GmbH may not accept gifts sent to their home address or to family members and friends. Invitations for spouses and family members can only be accepted in exceptional cases. Cash or cash equivalents (e.g. vouchers) cannot be accepted under any circumstances.

## **4 Accountability and control**

The managing directors / divisional managers are responsible for compliance with this policy within Wuxi Cast GmbH.

However, these measures do not release the employees and managers of Wuxi Cast GmbH from their obligations according to this policy.

## **5 Consequences of violations**

Violations of this policy, which also include participation in the concealment of violations, can have consequences under labour law, e.g. warnings and, in the case of serious offences, termination without notice or claims for damages. Violations in this regard are generally to be sanctioned with a warning. Wuxi Cast GmbH expects all its managers and employees to report violations, and will take this information into account in support of those who do report, even if they may have been involved in violations.

## **6 Further questions and cases of doubt**

Corrupt behaviour is prohibited in most states. Their laws usually follow the basic rules and international agreements on which this policy is based. However, it is possible that the laws of individual countries may provide for stricter rules. In such cases, the stricter rules must be followed. If the rules of this anti-corruption policy are stricter than the applicable law, this policy must be followed.

If you have any questions that are not answered by this policy or if you are unsure about the legality of any conduct, please contact the responsible directors of Wuxi Cast GmbH.



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52353 Düren

## Compliance policy



This policy shall enter into force on 02.01.2020.

Düren, 02.01.2020



Wuxi Cast GmbH  
The management