

CORPORATE GUIDELINE ON HANDLING GIFTS AND INVITATIONS

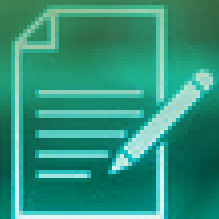


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VOIT



REGULATIONS



REQUIREMENTS

COMPLIANCE



STANDARDS



LAW



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■ Purpose

This corporate guideline aims to provide help in recognizing risks of corruption and in avoiding violations of the law. According to the stipulations in the Code of Conduct, gifts in excess of the threshold value of EUR 35.00 and invitations which go beyond a normal business meal are to be reported to the Head of Compliance or the responsible Compliance representative and are to be approved by this person in advance. This guideline serves to provide our employees with additional guidance and aims to prevent them from getting into conflict with the law in individual cases.

■ Scope

This corporate guideline applies to all employees and companies in the VOIT group (worldwide).

■ Gratuities for Employees and Representatives of Other Companies

We convince solely through the quality of our products. That is the reason why our business partners daily take the decision to enter into business relations with us. To grant individual employees and representatives of other companies benefits so that they give us preference irrespective of the quality of our products, infringes on free competition and undermines our business partners' confidence in VOIT. Corrupt behaviour is detrimental to our success and will not be tolerated.

It is therefore forbidden to

- offer,
- promise or
- grant,

employees and representatives of other companies personal benefits in order to obtain something in return.

This ban also covers personal benefits for the advantage of third parties such as partners, relatives, friends and other persons or organisations who are closely associated with the employees and representatives of other companies.

We are, of course, aware, that in every contractual relationship and in every discussion, people come face to face with each other. It is therefore sometimes a matter of politeness and is appropriate, even when we convince with the quality of our products, that we occasionally make a small gift to our counterparts in business life.

IMPORTANT:

Numerous other companies have also set out rules for accepting gifts and invitations. You could potentially be putting your business partner in a difficult situation by wanting to present him with a gift or to extend an invitation. Therefore, even if a gift is presented or an invitation extended without expecting anything in return, this behaviour could be critical if the concrete circumstances nonetheless create the impression for a third party that unlawful influence is being exerted. In order to protect our company and our employees from possibly unfounded and yet far-reaching measures by investigating authorities, VOIT has laid out the following principles for handling invitations and gifts to employees and representatives of other companies:

■ Money and Monetary-Equivalent Benefits

Providing money or monetary-equivalent benefits is forbidden in every case. This not only covers cash payments but also vouchers and other personal benefits that can be used in a similar way to cash. The value of the contribution is immaterial here. Even contributions of a very low value are not permissible.

Examples: Vouchers for (online) stores, fuel vouchers, travel vouchers, vouchers for flowers etc. are also forbidden.

■ High-Value Gifts and Other Personal Benefits

It is also forbidden to give expensive gifts and provide other personal benefits.

Example 1: It is forbidden to give a gift of E-bikes, golf equipment, furniture, computers, laptops or tablets.

Example 2: It is also forbidden to provide personal benefits such as rendering services and paying bills.

■ Low-Value Gifts

It is permitted to make gifts of low value to employees and representatives of other companies taking all of the following requirements into account:

No gift, however low the value, must be presented with the expectation of receiving something in return. Even the impression of corrupt activities could lead to investigations by the public prosecutor which, even though unfounded, would have far-reaching consequences. In order to protect our company and our employees from such a situation, a gift must therefore also not be presented if even the impression could be created that it was given in the expectation of receiving something in return.

Example 1: It is not permitted to send a bottle of wine to the employee or representative of the contractual partner in order to exert a positive influence on the awarding of the contract.

Example 2: The presentation of a gift hamper could create a "bad impression" in a third party if this is carried out shortly before a decision regarding the awarding of a contract.

BUT: Presenting a bouquet of flowers to the Managing Director of a client company on the occasion of his 25th anniversary of service is not critical as long as this is carried out as a gesture and is required out of politeness and not in the expectation of receiving a something in return.

It is only permissible to offer, promise or present a gift if the value of the gift is appropriate in proportion to the occasion for which the gift is presented.

IMPORTANT: Assessment of the value of the gift is made from the viewpoint of the recipient. This means that, even if a gift has a low financial value in the company's view, it may still be considered valuable from the point of view of the recipient.

TIP: Whether or not a gift is appropriate can be tested by asking the following questions. Local and regional business practices may be considered here as long as they comply with applicable laws:

- Would you have an uneasy feeling when telling your superior or colleagues about the gift?
- Put yourself in the place of the recipient of the gift: Could the gift make you influence your business decision and give unfair preference to the donor? Would you have the feeling that you were indebted to the donor?

IMPORTANT: It may be said that small gifts help to maintain a friendship but, in total, they often represent a significant benefit for the recipient. For this reason, you should only make gifts on special occasions and not more often than 1-2 times a year. A low-value gift must never be sent to the recipient's private address or be handed over in the recipient's private sphere.

As a rule, if you take all the above-mentioned criteria into account, you will make the right decision as to whether a gift is appropriate for the occasion and will not put the recipient of the gift in an awkward position. However, in some individual cases, it cannot be ruled out that taking the decision in favour of or against a gift may be difficult. In case of doubt, prior approval should be obtained from the Head of Compliance or the Compliance Representative.

■ Invitations

Invitations cover numerous situations and can range from a visit to a restaurant after a long meeting to an invitation to a customer event lasting several days including payment of travel expenses. Invitations are only permissible under certain conditions:

An invitation may not be made in the expectation of receiving something in return nor may it even create the impression that the invitation is being extended in order to obtain an unlawful advantage.

Example 1: An invitation to a customer event is not permissible if, in return, the guest is expected to give preference to our product when making a recommendation.

Example 2: A dinner invitation can create a false impression if this invitation is extended shortly before the decision about awarding a contract is announced.

The invitation is only permissible if it is appropriate in the concrete situation.

TIP: You can test whether an invitation is appropriate by asking the following questions. In doing so, local and regional business practices may be considered if they comply with the applicable laws:

Does the scope of the invitation correspond to the social position and role of the guest within the company?

Is the visit to a certain restaurant or location something special for you or your guest or would you possibly also choose this location in your private life?

Would you have an uneasy feeling when telling your superior or your colleagues about the invitation? **The invitation must never be sent to the guest's private address or be handed over in the guest's private sphere.**

■ Invitations

As a rule, if you take all the above-mentioned criteria into account, you will make the right decision as to whether an invitation is appropriate for the occasion and will not put the person who is being invited in an awkward position. However, in some individual cases, it cannot be ruled out that taking the decision in favour of or against an invitation may be difficult. In case of doubt, (besides obtaining approval from your superior), prior approval is to be obtained from the Head of Compliance or the responsible Compliance Representative

■ Special Case: Customer Event / PR Event / Information Event / Plant Visits

One special type of invitation is to customer or PR events, information events or plant visits where we like to inform employees and representatives of other companies about our products and the latest developments at VOIT. This is only permissible, however, when all of the following conditions are taken into account:

Both the venue for the event and the event programme are to be selected exclusively on the basis of business-related assessment criteria. There must be no consideration of matters that are subjective or of touristic nature. The decision is to be verifiably documented. The supporting programme must not require more time and economic expenditure than the business-related part of the event.

Example 1: A one-day training course on a new product is not permissible if the event including the supporting programme is planned over the whole weekend.

Example 2: It is not permissible to conclude a two-hour customer event with a visit to the most expensive restaurant in town.

BUT: It is, of course, permissible to provide appropriate catering for participants during a one-day information event.

Partners, children and other relatives of the participant in the event may only be invited where this is appropriate and where nothing is provided in return. In addition, prior approval must be obtained from your superior and, in case of doubt, approval from the Head of Compliance.

Where travel expenses, accommodation costs or auxiliary costs are covered, this must be appropriate and nothing must be provided in return. Furthermore, prior approval is to be obtained from your superior.

■ Special Case: Sports Events, Cultural Events

Employees and representatives of other companies may only be invited to sports events, cultural events or other events without any relation to business if this is appropriate and nothing is provided in return. Furthermore, due to the sensitive nature of such events, it is compulsory that prior approval be obtained from the Head of Compliance.

■ Gratuities to Officials

Particularly critical as far as criminal prosecution is concerned are gifts for and invitations to domestic and foreign officials. In many countries, – including Germany – there are therefore particularly strict anti-corruption regulations which define even gratuities of very low value as a criminal offence. Here it is generally immaterial whether the benefit was granted in the expectation of receiving something in return or not. Many authorities have therefore proceeded to introduce a total ban on officials accepting gifts or invitations from business partners with the result that even inviting an official for a simple meal can put him in a difficult situation.

At VOIT, too, protecting the company and all its employees is of paramount importance.

It is therefore forbidden to

- offer,
- promise or
- grant

an official any personal benefits.

This ban also applies to personal benefits for third parties such as life partners, relatives, friends or other organizations who are closely associated with the official.

This includes gifts as well as invitations and applies irrespective of whether the official is a domestic or foreign official. One exception to this rule is only when politeness requires that appropriate catering is provided for an official during a meeting.

IMPORTANT: Please note that it is not always easy to determine who is an official and who is not. It is not only the typical “civil servant” but also political representatives, soldiers, people appointed to public office and also people employed in an official position in any other agency under public law and many more. In foreign countries, in particular, numerous companies are publicly owned meaning that employees of these companies may partly be appointed under public law. If you are therefore unsure whether your business partner is an official or not, it is essential that you ask your Head of Compliance!

■ Gratuities to Officials

Special Case: Delegation Trips

One special case is delegation trips where we inform officials about products and site developments, for example, or invite them to visit a production site. Based on the particularly strict anti-corruption regulations for officials, this is only permissible if the following conditions are taken into account:

Both the destination and the event programme for the delegation trip are to be chosen exclusively on the basis of business-related assessment criteria. There must be no consideration of matters that are subjective or of touristic nature.

EXAMPLE: A delegation trip is not permissible when officials and the delegation are invited to visit a foreign production site when a similarly informative tour would be just as feasible in a production site closer by.

Any supporting programme must be extremely limited and be based on what is generally required by the rules of politeness.

EXAMPLE: A one-day visit to a production site is not permissible if the event is planned to last the whole weekend and includes a city tour and a visit to the theatre.

BUT: VOIT may provide appropriate catering for the officials during a professional event.

Partners, children, other relatives or friends of the official must not be invited. It is also not permitted to cover expenses for travel or accommodation or auxiliary costs for officials.

■ Gratuities from Third Parties

Responsible behaviour is a fixed component of our company culture. This also includes responsible behaviour in the interest of the company. We choose our business partners according to the quality of their products and services and not according to which personal benefit they grant to any individual employee at VOIT.

It is therefore forbidden for VOIT employees to

- request
- receive a promise of
- or accept

personal benefits from a business partner for granting a service in return.

This ban also covers personal benefits for third parties such as partners, relatives, friends and other persons or organisations who are closely associated with the employees.

■ Acceptance of Gifts

It is especially strictly forbidden to accept money, monetary-equivalent or other personal benefits which can be used in a similar way to money. The value of the gift is immaterial in this case. It is also forbidden to provide high-value gifts and other personal benefits.

Example 1: It is forbidden to accept vouchers for (online) stores, fuel vouchers, travel vouchers, vouchers for flowers etc.

Example 2: It is forbidden to accept E-bikes, golf equipment, furniture, computers, laptops, iPods.

Giveaways and promotional material are excepted from this acceptance ban along with appropriate gifts which are representative in character. In any event, it is presumed that the gift is not connected to any expectation of receiving something in return.

Example 1: It is permissible to accept a calendar, a low-value pen or a mug with a supplier's logo as long as these are courtesies which are not in any way connected to the expectation of receiving something in return.

Example 2: It is permitted to accept a desk sculpture where the focus is on the symbolic value and not on the expectation of receiving something in return.

Example 3: If a supplier expects something in return, it is forbidden even to accept a low-value calendar!

This ruling serves to protect each individual VOIT employee from unfounded accusations. Even if no service is to be performed in return, the overall circumstances could nonetheless create the impression among third parties, such as investigating authorities, that unlawful influence is being exerted.

IMPORTANT: If your business partner would like to present you with a gift that is not permissible, politely decline the offer and refer to the VOIT Guideline on Handling Gifts and Invitations. In rare cases where this could lead to a disruption in the business relationship, accept the gift and hand it over to your superior immediately. In coordination with the Head of Compliance, your superior will decide whether the gift should be sent back to the business partner along with a polite accompanying letter or how it should be dealt with instead.

TIP: Inform your department's business partners and suppliers about the new VOIT Guideline on Handling Gifts and Invitations at an early stage. A friendly reference can prevent you from getting into the awkward situation of having to refuse a gift.

■ Invitations by the Business Partner

Hospitality with drinks and snacks after a meeting or tickets for a football world championship final are both examples of invitations that can occur in business life. Since these could represent a personal benefit for the VOIT employee, it is only permissible to accept an invitation under the following conditions:

Acceptance of the invitation must not be used as justification for preferential treatment of the business partner nor create the impression of such preferential treatment.

TIP: Ask yourself each time an invitation is extended to you: Could the invitation exert an influence on your business decision and cause you to give unfair preference to the person extending the invitation? Would you have the feeling that you were indebted to the person extending the invitation? Would you have an uneasy feeling when telling your superior or your colleagues about the invitation? Is the invitation within a range that you would also afford yourself?

Example 1: An invitation to the most expensive restaurant in town is not permissible if it could lead to the VOIT employee giving preferential treatment to a client compared to a competitor.

Example 2: A dinner invitation can lead third parties to have a "bad impression" if the invitation is extended shortly before the decision to award a contract is taken.

The invitation is only permissible if its value and scope are appropriate. If a business partner sends an invitation to the private address of a VOIT employee or tries to hand it over secretly or in the private sphere of the employee, the invitation is to be sent back or refused whilst referring to the Guideline on Handling Gifts and Invitations. Furthermore, your superior and the Head of Compliance are to be informed immediately.

On some occasions it is common practice to invite a partner. If a VOIT employee would like to take along their partner, children or other relatives to an event, prior approval must be obtained from the Head of Compliance.

It is only permitted for the host to cover travel or accommodation expenses, auxiliary costs or the cost of the support programme if prior approval has been obtained from the Head of Compliance.

■ Special Case: Sports Events, Cultural Events

Due to the sensitive nature of such events, an invitation to sports events, cultural events or other events which are not business-related may only be accepted after obtaining prior approval from the Head of Compliance. The decision is to be verifiably documented.

■ Keeping Records

Gratuities which require approval by the Head of Compliance or Compliance Representative are to be documented by him (including type of gratuity, date, beneficiary, date of refusal or approval). In addition, gratuities are to be posted in general ledger accounts especially set up for this purpose. Accordingly, gratuities up to and including a value of 35 Euro are to be posted in one G/L account while gratuities over 35 Euro are to be posted in another G/L account.

■ Ban on Circumvention of Guidelines

This guideline must not be circumvented by paying gratuities yourself and then treating them as expenses. Of course, in accordance with the guideline, permissible invitations can continue to be charged as expenses. Furthermore, it is forbidden to circumvent the stipulations in the Guideline on Handling Gifts and Invitations by involving commercial agents, consultants or other third parties.

Example 1: A VOIT employee is given the prospect of a voucher for a weekend trip with partner – not by the potential supplier but by his consultant. It is not permissible to accept the voucher.

Example 2: A VOIT employee appoints an agency to hold an event for employees of a German client's company in the Caribbean in order to inform them about market innovations. This behaviour is not permissible.

Example 3: A VOIT employee enters into a distribution agreement in order to distribute a VOIT product on a certain market. The employee prompts the commercial representative to "support" the sales with expensive gifts and elaborate invitations for employees of other companies. This behaviour is not permissible.

■ Sanctions

Corrupt behaviour can lead to significant and sometimes also existence-threatening sanctions against VOIT and individual employees. Infringements of the Guideline on Handling Gifts and Invitations may result in legal consequences under labour and civil law up to a written warning, dismissal without notice and, where applicable, damage claims against the employee.

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