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# Quality Management Guideline

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## Compliance

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## 1. Purpose

The purpose of the group-wide Compliance System at TÜV Rheinland is to ensure adherence to statutory and internal regulations, create transparency and awareness as well as to prevent possible breaches. The Compliance Systems provides a mechanism to introduce corrective measures and address shortcomings in the event of breaches. These should be traceable, verifiable and ongoing.

The guideline governs:

- The structure and scope as well as form of compliance activities undertaken by TÜV Rheinland
- Responsibilities of the representatives and individual companies together with the relevant departments
- Criteria for participation in activities, projects or measures, control instruments and reporting

## 2. Scope of Application

This corporate guideline applies to all TÜV Rheinland companies, i.e. it is binding for all companies affiliated to TÜV Rheinland Berlin Brandenburg Pfalz e.V and TÜV Rheinland AG, as defined by Sections 15 *et seq.* of the German Stock Companies Act (hereinafter "TÜV Rheinland"). It also applies to the entities of TÜV Rheinland Group abroad, with the exception of those sections that contradict national legislation.

Parts of it also apply to vendors (suppliers) and consumers (customers) of TÜV Rheinland in conjunction with the Code of Conduct, where it is incorporated into the company's General Purchasing Terms and Conditions or a separate code is produced.

## 3. Additional Valid Instructions and Reference Documents

- Management System Framework Manual TÜV Rheinland Group
- Guideline for the Prevention of Conflicts of Interest and Corruption (Anti-Corruption Guideline)
- Sponsorship Guideline
- Guideline Corporate Social Responsibility
- Code of Conduct TÜV Rheinland Group

## 4. Definition of Terms

**CCO** is an abbreviation for Chief Compliance Officer. The CCO controls the compliance activities on Group level and ensures they are implemented at TÜV Rheinland.

**Compliance** stands for consistency of corporate conduct with statutory and internal corporate regulations and behavior, embodied by the conduct of senior management and employees of TÜV Rheinland,

The **Helpline** is an instrument for assistance and to report breaches on all matters concerning compliance. An external service provider will operate in an advisory capacity via a central number and will follow up reports. The Helpline works anonymously if required based on

telephone contact. The Helpline members of staff have no duty of disclosure to corporate management.

**IFIA** stands for the "International Federation of Inspection Agencies" and is an association of all large, global inspection organizations. It sets global standards in the area of compliance. TÜV Rheinland has been a member of the federation since April 2007.

**LCO** stands for "Local Compliance Officer" and is the local compliance representative who is appointed by executive management, though has independent executive power in this function. The terms Officer and Manager are used synonymously.

**RCO** stands for "Regional Compliance Officer" and is the person in a region with independent executive power responsible for compliance matters (Regional Compliance Officer). He/she reports directly to the CCO and coordinates the LCOs' activities. The terms Officer and Manager are used synonymously.

**BCO** is the abbreviation for the Group Division's Compliance Officer and stands for the Compliance Officer responsible for a division.

## 5. Duties and Responsibilities

### 1) Content and objective

TÜV Rheinland's Compliance System encompasses the fundamentals and principles mentioned under Point 6. Specifically, the system should ensure that internal regulations are met and that all employees at all locations operated by TÜV Rheinland comply with the law and legislation and consciously learn how to handle particular areas of conflict.

To achieve the implementation, it is crucial that regular training takes place (including e-learning programs) and annual inspections are carried out, both internally and by external organizations (system and functional audits). The executive management of all TÜV Rheinland companies is furthermore obliged to provide written statements that they are not aware of any instances of breaches against the aspects listed under Point 6 in their area of responsibility, or that these have been dealt with in a regulated way (see Code of Conduct). The employees are obliged to provide written statements that they are aware of the documents and their content listed under Point 3 and that they comply with them.

The following aspects have to be taken into account when checking the application of compliance regulations:

- Creating transparency in business and decision making processes as well as regarding cash flow and transactions, especially regarding the areas of donations, sponsoring and donations to political parties or decision makers, organs of the state and consultant contracts.
- Safeguarding and protecting the integrity of employees through suitable training and instructions on conduct
- Ensuring that integrity is protected by using possible particular regulations of individual industry sectors according to IFIA requirements (e.g. codes of conduct for the energy sector).
- Mechanisms that eliminate conflicts of interest or clearly regulate how these should be handled, e.g. avoiding direct or indirect participation in or acceptance of benefits by companies from business partners or customers

- Ensuring confidentiality of business information
- Due diligence and transparency when paying intermediaries such as contractors, freelancing commercial agents, consultants and commissioners.
- Ensuring that intermediaries, such as brokers, independent sales partners, or commission agents also maintain confidentiality
- Legal conformity with respect to anti-corruption laws
- Regular risk analysis regarding new markets and corruption
- Adhering to the principles of anti-corruption and prevention of bribery and corruption
- Regulations on donations to political parties or charitable organizations, and their transparent financial presentation
- Regulations relating to handling business in regards to conflicts of interest (e.g. business entertaining)
- Regulations on fair competition and fair marketing

## 2) Chief Compliance Officer

The executive management of TÜV Rheinland companies as well as the TÜV Rheinland CEO are responsible for the implementation and adherence to compliance regulations. The Compliance System is managed by the **Chief Compliance Officer (CCO)** (see also "Anti-Corruption Guideline").

The CCO is appointed and asked to stand down by the Chairman of the TÜV Rheinland AG Executive Board. He/she operates with independent executive power in this function. Line reporting that differs from the above can be arranged. A deputy is appointed.

The CCO monitors, controls and oversees the Compliance System, taking care that it is practicable and efficient. He/she will be provided with sufficient personnel and financial resources following a decision by the TÜV Rheinland AG Executive Board. The Compliance Office is organized as a division. The CCO has supporting, preventative and consulting functions. Investigation and forensic activities are carried out by the named departments (controlling, internal revision). The CCO can authorize the investigating departments. The investigating departments are obligated to report Compliance breaches to the CCO immediately.

The CCO reports to the Compliance Board on a regular basis and prepares an internal report on an annual basis. This report serves as a basis for an annual management review by the Executive Board of TÜV Rheinland AG. The CCO defines measures to minimize the Compliance risks. The implementation of these measures is decided by the Board.

Additionally the CCO reports on the progress of the Compliance system to the TÜV Rheinland Supervisory Board once a year

The CCO is the disciplinary supervisor for all employees of the Compliance Office.

## 3) Compliance Board

The work of the CCO as well as the functioning of the Compliance System is monitored by the **Compliance Board**. The Board approves the program as well as the financial and personnel resources of the Compliance system. If financial or personnel shortages occur

the Board of TÜV Rheinland decides at short notice independently from the Compliance Board.

The Compliance Board is constituted at group level and consists of representatives from the Executive Board, the Supervisory Board, the CCO and a member of the employee committee. It comprises a maximum of 10 people and is established by the TÜV Rheinland AG Executive Board. The members are appointed for at least one year. The Compliance Board meets twice a year. Regardless of that the CCO, the Chairmen of the Executive Board and the Supervisory Board can summon a meeting on short notice at any time. The Chairman of TÜV Rheinland AG appoints the chairperson. The board can give itself rules of procedure. In the first annual meeting the Board attends to the applications and will analyze the outcomes in the second meeting.

If necessary the Compliance Board can summon an extended circle of experts to discuss the implementation of the system. Appropriately this circle will meet during a meeting of the Group Executive Council. The former role of the Compliance Committee is no longer applicable.

The Compliance Board **decides on incidents (breaches)** against the Compliance System that could not be resolved at local or operational level, or which are relevant to criminal, anti-trust or administrative regulations. The Board decides how the incident will be sanctioned (disciplinary, financial, prosecution).

As soon as employees of the first management level are involved (Executive Board members, Regional managers) the Compliance Board will be invited by the CCO for an ad-hoc meeting.

All Compliance cases are handled according to IFIA regulations (registration, investigation, hearing of the accused, evaluation, decision making and if necessary sanctioning).

Minutes must be kept of each meeting of the Compliance Board and of every case it handles.

#### 4) Regional, local and Group Division Compliance Officers/managers (RCO, LCO, BCO)

In order to ensure, that all Group Division, affiliated companies and regional offices of TÜV Rheinland adhere to the Compliance system, a network of **Regional Compliance Officers (RCO)**, **Local Compliance Officers (LCO)** and **Group Division Compliance Officers (BCO)** was established. The Officers are appointed by the management of the affiliated companies or the Group Division of TÜV Rheinland. The management cannot be the Compliance Officer.

The Compliance Officers are assigned to the Compliance Office in their function and are contact persons and advisors for employees and the management regarding Compliance topics. Additionally they inform business partners or third parties regarding the content of internal Compliance regulations relevant to them. If necessary they investigate and have the right to give advice in their area of responsibility or the CCO. Corruption cases will be addressed and solved informing the next higher management level. The Compliance Officers inform the CCO, depending of the relevance of the case, at least once a month and hand in a formal Compliance Report once a year.

Moreover they register higher priced presents, invitations, consultant's contracts, donations, sponsoring etc. in separate lists and organize a safe place where objects that could not be returned are kept. Monetary donations are collected, made known to the CCO and donated to the TÜV Rheinland Foundation.

The RCO and BCO support the LCO with questions and bundles the reports from the region and the affiliated companies for the CCO. The CCO has the right to give information to the RCO and to issue instructions.

In April of each year all consultancy contracts, proposed donations and sponsoring with a total value from 10 000 Euros are reported to the CCO for the decision by the Compliance Board.

The Compliance Officers together with their management implement appropriate measures to ensure the effectiveness of the system (internals audits).

## 5) Helpline

A **Helpline** has been set up to provide staff with the possibility of making personal complaints or for anonymous information. This provides employees globally with an **ombudsman** who gives advice and registers and follows up all cases brought before it, and who reports on the results. To ensure anonymity the board has waived its right to information from the ombudsman. The ombudsman is a legally tested body that maintains strict confidentiality. Moreover, every employee has the right to provide information on breaches of the Compliance System to their line manager, the CCO or another contact person he/she deems suitable (such as the HR department or the employee's council). Evidence of the misconduct of other IFIA members is also escalated via the Helpline or directly to the CCO. After consulting the Compliance Board the information is submitted to IFIA.

Contacts within the TÜV Rheinland Group are:

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external: [compliance@de.tuv.com](mailto:compliance@de.tuv.com)

internal: [compliance-office@de.tuv.com](mailto:compliance-office@de.tuv.com)

The **Helpline** can be reached:

By phone:  
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Europe: +49 211 1368 368

Or via Email:  
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[tuev-compliance-asia@lovells.com](mailto:tuev-compliance-asia@lovells.com)  
[tuev-compliance-europe@lovells.com](mailto:tuev-compliance-europe@lovells.com)

The employees of the Helpline check hints regarding the suspicion of corruption on their plausibility and reliability and instigate the necessary investigations after consulting the CCO. The ombudsman can directly address the cases to the responsible departments

such as the Global Head of CSR, the CCO, the HR department or other organs of control. The ombudsman office is also the “clearing house” for the contact between internal investigators and the informants, who remain anonymous. They pass on questions, answers, insights and advice. After consulting and obtaining approval by the Head of the Legal Division of TÜV Rheinland AG and the CCO, the ombudsman is also empowered to share information on the existence of the crime with police, prosecutors and other competent authorities.

## 6) Knowledge transfer

Knowledge on handling compliance matters, their content and selected relevant cases are made available to employees via an electronic learning program (**e-Learning**). Participation in such training is mandatory and should be repeated and updated on a regular basis. In some cases and on request face to face trainings are possible. The employee has to state annually that he/she is aware of the company's regulations and has not breached them. Additionally all responsible managing directors have to sign the IFIA Management Declaration once a year. The summary of statements is submitted annually to the Compliance Office by the RCO/BCO. The statements are filed by the Compliance Office.

There should be public access to the Compliance System of TÜV Rheinland and its underlying principles. Suppliers, intermediaries (such as agents, independent sales partners and joint venture partners) should sign an agreement or agree to the principles integrated into contractual conditions. If necessary a customized Code of Conduct can be issued.

## 7) Reporting structures

Compliance Officers report annually by the 31<sup>st</sup> January of the following year to the CCO on the system's implementation in their area of responsibility and possible non conformities. They administer a local complaints register and document all processed cases. All reported cases must be followed-up. The LCOs / RCOs are also local points of contact in the event of questions, or in cases of doubt or dispute. If these cannot be resolved locally, the cases will be forwarded to the CCO, who may bring the cases before the Compliance Board and arrange for the parties responsible to be invited to the next meeting of the Compliance Board. In order to identify compliance risks the LCO reports to the RCO who quarterly (by the 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December) as well as in cases of ad-hoc changes reports to the CCO.

The reporting path for violations against the Compliance System is the same as the disciplinary: The LCO reports to the RCO/BCO, the RCO/BCO reports to the CCO and the CCO informs the Compliance Board as well as the supervisory board annually.

The TÜV Rheinland AG Executive Board annually approves the CCO's management report which has to be submitted by 30<sup>th</sup> March each year at the latest, and compiles a management review in which it critically evaluates the functional efficiency and continuous improvement of the Compliance System.

## 8) Internal controls

The internal supervision of the effectiveness and implementation of the Compliance System is carried out by the department responsible for the internal monitoring of the quality management system of TÜV Rheinland. The monitoring will be performed during

the year according to the principles published in the quality management handbook According to the Continuous Improvement Process (CIP) each TÜV Rheinland employee has the possibility to give evidence of compliance relevant incidents which help identify risks and improve the system. Complaints regarding the Compliance System will be investigated by the Compliance Office and the actions taken will be communicated.

The Compliance System as a whole is subject to continuous improvement. All documents are revised regularly regarding their appropriateness and adapted if necessary.

## 9) External controls

The Compliance System must be audited once a year **externally** by a globally operating and **recognized firm of auditors**. The auditor compiles an "assurance report" and forwards a copy of the results to the General Secretary of the IFIA. The report provides information on the company's compliance with IFIA regulations and its own set objectives of the Compliance System.

## 6. Content

A simple and pragmatic application instruction if published in blueeye

### 1) Criteria for relevant Compliance issues:

- Anti-trust risks
- Legal contraventions
- Financial intransparency
- Acts of avoidance
- Activities with reputational risks because of impacts on
  - The environment,
  - Social issues,
- Business relationships
  - Connections with politics or political parties
  - Risks for the economical situation of the brand
  - Risks for the credibility and independence of TÜV Rheinland
- Activities supporting the development of business relations together with
  - Favors
  - Payment for the facilitation of administrative actions
  - Payments or favors for business partners or their family members
  - Inappropriate or forbidden giving or taking of presents or invitations
- Abuse of the position as a TÜV Rheinland employee for own merit
- Offence regarding elements of the Company Policy for Values and Responsibility
- Activities that negatively impact on the Principles of the UN Global Compact
- Activities that negatively impact on the principles of IFIA



- Country risks (such as embargos)
- Ethical issues, which i.e. contain risks in different cultural contexts.

## 2) Treating offences

In the case of corruptive or legal issues the general labor law provisions including instant dismissal will be applied. TÜV Rheinland reserves the right for all affiliated companies and legal entities to claim compensation if the company is damaged by corruption or other related elements of offence. In severe cases the company actively supports the criminal persecution by the state organs.

## 3) Preventative measures

In order to prevent and reduce compliance offences an organizational supervision by appropriate information proceedings and adequate control activities is needed. Especially in corruption-prone areas the following measures are desirable:

- Appropriate selection of employees of reliable management and staff
- Clear and documented competency rules
- Four-eyes principle/editorial principle
- Internal control system
- IT-supported procedural controls
- Transparent filing
- Traceability of decision-making in files and internal remarks

An appropriate implementation of measures in Group Divisions and Business Streams as well as in the regions rests with the management. The rights of the participation bodies remain unaffected.

## 4) Communication

Compliance cases which become public and could lead to critical situations are subject exclusively to the Press Office (Crisis Communication Plan). The obligation of disclosure and giving evidence to government investigation offices remains unaffected.

## 4) Documentation\*

Records	Author	Archived At	Minimum Retention Period
Master agreement and individual contracts, laws	Leg. Dept.	Leg. Dept.	Statutory
Approval documents	Exec. Board	CCO	Statutory
Half-yearly presentations	CCO/Exec. Board	CCO	5 years

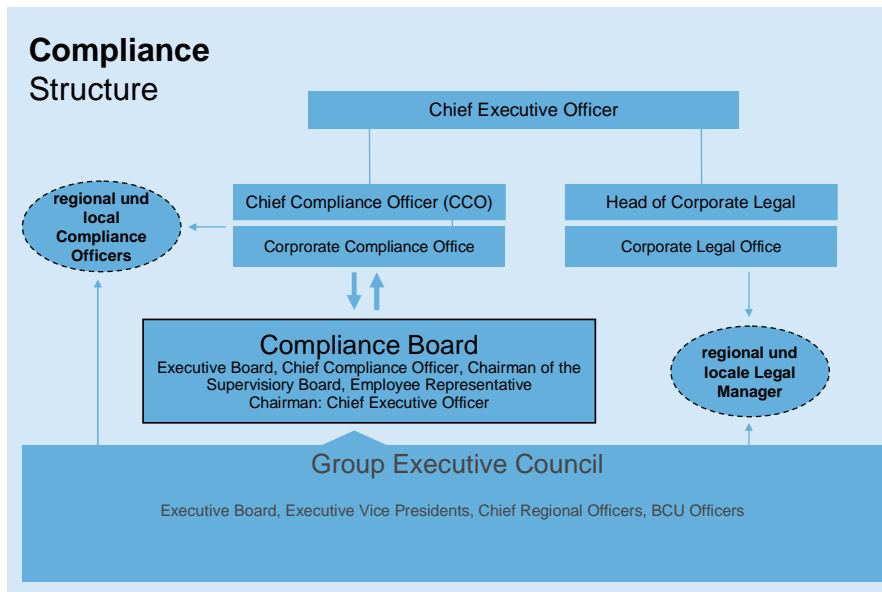
\* Additional resources may be required to implement the documentary requirements

Complaints/information	Ombuds-office	Ombuds-office	Statutory
Complaints register	Compliance Office	Compliance Office	Statutory
Cases handled	Compliance Board	CCO	10 years
Internal HR-relevant documents	HR	HR	Statutory
Minutes	Compliance Board	CCO	Statutory
Inspection reports	Inspection team	CCO	Statutory
Inventory, donations, sponsorships, consultant contracts	All relevant positions	CCO (in central system)	Statutory
Compliance Reports	Compliance Office	CCO	10 years

CCO = Chief Compliance Officer's Office  
Leg. Dept. = Legal Department  
Exec. Board = Executive Board

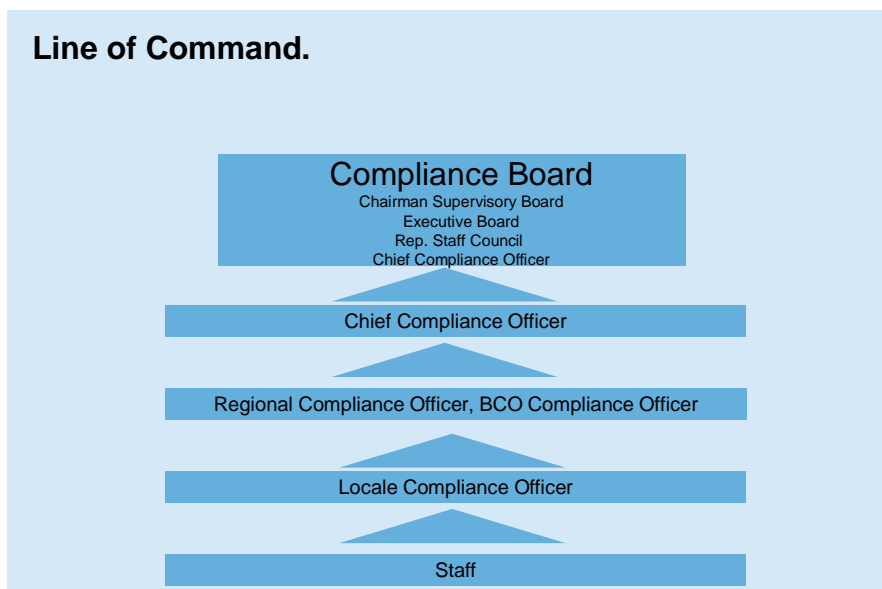
## 7. Annex

### 1) Compliance Structure



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### 2) Line of Command



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