FINAL ASSESSMENT

PRECISION CASTPARTS CORP.

The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

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<thead>
<tr>
<th>Topic</th>
<th>Number of questions</th>
<th>% score based on public information</th>
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<tr>
<td>Leadership, Governance and Organisation</td>
<td>10</td>
<td>25%</td>
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<tr>
<td>Risk Management</td>
<td>5</td>
<td>10%</td>
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<tr>
<td>Company Policy and Codes</td>
<td>12</td>
<td>62.5%</td>
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<tr>
<td>Training</td>
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<tr>
<td>Personnel and Helplines</td>
<td>7</td>
<td>78.6%</td>
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<td><strong>Total</strong></td>
<td><strong>39</strong></td>
<td><strong>42.3%</strong></td>
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TI has found no evidence that the company is involved in offsets and has therefore removed the two relevant questions (A13a and A13b).
A1:
Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

Score:
0

Comments:
Based on public information, there is insufficient evidence that the company publishes a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company. TI notes that there is an introduction to the company’s Code of Conduct by the CEO; however, the Code of Conduct dates from 2008 and TI is looking for statements made within the last two years.

References:
Public:
TI notes:
Code of Conduct (2008), p.3:
‘Dear fellow employee,
The document you’re holding in your hands is the most important work-related document you will read all year. It defines in great detail what conduct is expected from every employee of Precision Castparts. I expect you to perform with integrity, and you have every right to expect the same from me.

This Code of Conduct is not a set of suggestions. Rather, it sets out in no uncertain terms our responsibilities as PCC employees toward the company and toward each other. And, if we are uncertain about how to behave in a particular situation, or if we believe that someone else is not strictly adhering to the Code, the company provides clear avenues here for us to air our concerns.

No matter where we work, no matter where in the world we live, nothing justifies stepping outside this Code. Nothing—not the drive to “make numbers,” not the desire to please a customer, not a direct order from our manager or supervisor. We are all members of the Precision Castparts team, and we share in the company’s success. Our company cannot truly be successful unless we all perform with integrity every day and in every circumstance.

We should all be good at the jobs we do. However, competence is not enough. We must perform our jobs legally and ethically. I emphasize this point in my business review meetings.
every quarter, and I will continue to do so. I also encourage people to come forward and speak up if they see someone crossing the line. There will be no retaliation—period. A working environment based on trust and mutual respect is the only way for this Code of Conduct to work effectively for all of us. So please read this document carefully. If you do not understand a concept, ask your supervisor or manager for clarification. If you have questions or concerns, please make them known. Thank you for your continued contributions to PCC’s success.’

A2: Does the company’s Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company.

References:
Public:
NA
A3:
Does the company’s Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company’s Chief Executive Officer demonstrates a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure.

References:
Public:
NA
A4:
Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

0

Comments:
Based on public information, there is insufficient evidence that the company publishes a statement of values or principles representing high standards of business conduct within the Code of Conduct. The only value explicitly mentioned is integrity, although reference is made to the importance of maintaining high ‘ethical standards.’ However, the statements made about company culture do not go into sufficient depth by explaining what is meant by such standards and why they matter to the organisation.

References:
Public:
TI notes:
Company Website – Company Overview – Culture and Values:
‘All PCC employees share responsibility to maintain the highest legal and ethical standards. Performing with integrity is a way of life and vital to the Company's success. The PCC Code of Conduct is actively enforced at all facilities worldwide. This includes maintaining a safe and secure workplace for all employees and visitors.’
http://www.precast.com/overview/culture_and_values/

Code of Conduct, p.4:
‘Why We Have a Code of Conduct
At PCC, we strive to perform with integrity—every day and in everything we do. Ethical behavior is the cornerstone of integrity and is everyone’s responsibility, from members of the Board of Directors to the newest production employee. This Code of Conduct, which applies to all of us, provides important principles and guidelines for ethical behaviour. It expresses our intent and expectation to uphold the highest standards of integrity.’
A5:
Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company belongs to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption.

References:
Public:
NA
A6:
Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score:
2

Comments:
Based on public information, there is evidence that the company has appointed the Audit Committee to oversee the company’s compliance with legal and regulatory requirements and its maintenance of ethical standards and adherence to the Code of Conduct. This committee has clear terms of reference detailing what this responsibility entails within its Charter.

References:
Public:
Audit Committee Charter, p.1:
‘The Committee’s primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing the integrity of the Company’s financial statements, the systems of internal controls established by the Company, the performance of the Company’s internal and external audit functions, the qualifications, independence and performance of the Company’s independent auditor, the Company’s compliance with legal and regulatory requirements, and the maintenance of ethical standards by the Company. The Committee shall also prepare the report that SEC rules require to be included in the Company’s annual proxy statement. In fulfilling the foregoing functions, it is the responsibility of the Committee to provide an open avenue of communication between itself and each of management, the internal auditors, the independent registered public accounting firm (“independent auditor”) and all employees of the Company.’

(PP.1-2):
‘It shall be the duty and responsibility of the Committee to:
Make regular reports to the Board, which should include without limitation reviews with the Board of any issues that arise with respect to the quality or integrity of the Company’s
financial statements, the Company’s compliance with legal or regulatory requirements, the performance and independence of the Company’s independent auditors, or the performance of the Company’s internal audit function.’

(p.5):
‘Review and assess the Company’s processes for administering its Code of Conduct and recommend changes as necessary.

33. Review annually with the internal auditor its review of employee compliance with the Code of Conduct’
A7:
Has the company appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

Score:

2

Comments:
Based on public information, there is evidence that the company has appointed the Chief Compliance Officer with responsibility for implementing the company’s ethics and anti-corruption agenda. The individual is named as Emi A. Donis.

References:

Public:
Company Website – Investor Relations – Officers of Precision Castparts Corp:
‘Emi A. Donis
Emi A. Donis was named vice president, chief compliance officer and deputy general counsel in November 2010. Emi served as deputy general counsel since May 2004. Prior to joining PCC, she was a partner with the Portland-based law firm, Bullard Smith Jernstedt Wilson.’
http://www.precast.com/investors/governance/corporate_officers/
A8: Is there regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda?

Score:

1

Comments:

Based on public information, there is some evidence that there is a review by the Audit Committee, but the scope for the review is assessed to be more continuous monitoring than a major periodic review, and there is no mention of how often it occurs. The company therefore scores 1.

References:

Public:
Audit Committee Charter, pp.1-2:
‘It shall be the duty and responsibility of the Committee to:
Make regular reports to the Board, which should include without limitation reviews with the Board of any issues that arise with respect to the quality or integrity of the Company’s financial statements, the Company’s compliance with legal or regulatory requirements, the performance and independence of the Company’s independent auditors, or the performance of the Company’s internal audit function.’
A8(a):
Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

Score:

0

Comments:
Based on public information, there is no readily available evidence of a formal, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based.

References:
Public:
NA
A9:
Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a formal process for review and where appropriate updates its policies and practices in response to actual or alleged instances of corruption.

References:
Public:
NA
A9(a):
Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:

0

Comments:
Based on public information, there is some evidence that the company has a formal risk assessment procedure; however, it is not clear that this includes an anti-corruption element.

References:

Public:

TI notes:
Audit Committee Charter, p.3:
‘14. Review and discuss with management the Company’s major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company’s risk assessment and risk management guidelines and policies as they apply to financial risk exposures.’

(p.5):
‘31. Review quarterly with the Company’s legal advisors and others any legal, tax or regulatory matters that may have a material impact on the Company’s operations, financial statements or compliance policies, and develop policies or processes to remedy any such matters that are identified.’

‘Review all transactions with related persons, as defined in Item 404 of Regulation S-K, or in which a related person has a direct or indirect interest, and, after reviewing the related person’s interest in the transaction and the material facts, determine whether to ratify or approve the transaction, which transaction may only be ratified or approved if the Committee determines that the transaction is fair to the Company or that approval or ratification of the transaction is in the interest of the Company.’
A10:

Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure for assessing proposed business decisions. TI notes the recognition in the company’s annual report of the risks associated with acquisitions; however, insufficient detail about this process is assessed to be available.

References:

Public:

TI notes:

Corporate Governance Guidelines, pp.2-3:

‘Directors are also responsible for determining whether to approve changes in the Articles of Incorporation and bylaws and submittals to shareholders for their approval or ratification, declare dividends, approve annual capital expenditure budgets, approve business combinations and subsidiary acquisitions that exceed certain size levels, and approve changes in capital structure, including the issuance of stock and incurring long-term debt.’

http://www.precast.com/web/user_content/files/6-Corporate%20Governance_2-11.pdf

Annual Report 2014, p.12:

Our growth strategy includes business and capital equipment acquisitions with associated risks. Our growth strategy includes the acquisition of strategic operations and capital equipment. We have completed a number of acquisition transactions in recent years. We expect that we will continue to seek acquisitions of complementary businesses, products, capital equipment and technologies to add products and services for our core customer base and for related markets, and will also continue to expand each of our businesses geographically. The success of the completed transactions will depend on our ability to integrate assets and personnel and to apply our manufacturing processes and controls to
the acquired businesses. Although our acquisition strategy generally emphasizes the retention of key management of the acquired businesses and an ability of the acquired business to continue to operate independently, various changes may be required to integrate the acquired businesses into our operations, to assimilate new employees and to implement reporting, monitoring and forecasting procedures. Business and capital equipment acquisitions entail a number of other risks, including as applicable:

- inaccurate assessment of liabilities;
- entry into markets in which we may have limited or no experience;
- diversion of management's attention from our existing businesses;
- difficulties in realizing projected efficiencies, synergies, installation schedules and cost savings;
- decrease in our cash or an increase in our indebtedness and a limitation in our ability to access additional capital when needed; and
- risks associated with investments where we do not have full operational control.

Our failure to adequately address these acquisition risks could cause us to incur increased expenses or to fail to realize the benefits we anticipated from the transactions.

A11:
Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting or reappointing its agents.

References:
Public:
NA
A12:

Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption.

References:

Public:
NA
A13:
Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?

Score:
1

Comments:
Based on public information, there is some evidence that the company makes clear to suppliers, through policy terms, its stance on bribery and corruption. However, it is not clear that this is outlined in contractual terms and that the consequences of breaches to this stance are also made clear. The company therefore scores 1.

References:
Public:
Code of Conduct, p.18:
‘Working with Suppliers
PCC’s suppliers play a critical role in our ability to operate and provide products and services to our customers. To protect PCC’s reputation and perform with integrity, we must choose our suppliers care-fully, based on merit and with the expectation and requirement that our suppliers will act in a manner consistent with our compliance and ethics standards. At PCC, we follow these guidelines when selecting suppliers:

- Do business only with suppliers who comply with all applicable laws, rules and regulations and PCC’s compliance and ethical standards.
- Do not do business with a supplier who has known or suspected unsafe working conditions or exhibits a disregard for environmental standards.
- Choose suppliers based on open, competitive bidding, without favoritism or unlawful discrimination.
- Do not participate in any decision to direct business to a supplier owned or managed by a relative or close friend. Disclose the relationship in advance to those involved in making the decision.
- Provide a competitive opportunity for small businesses and businesses owned by the disadvantaged, minorities, women and disabled veterans to earn a share of PCC’s purchasing volume.

When working with suppliers, follow these guidelines:
- Safeguard PCC’s confidential and proprietary information with a confidentiality or non-disclosure agreement, and safeguard any supplier-provided information protected by any similar agreement.
- Require the highest standards of product quality, testing and inspections according to customer specifications, and communicate these expectations clearly.
- Never accept loans, improper gifts or other items of excessive value from suppliers.
- If you have concerns that a PCC supplier is not operating within PCC standards, it is critical that you promptly raise your concern with your purchasing manager, plant or general manager, a division executive or the PCC corporate legal department.”
A13(a):
Does the company explicitly address the corruption risks associated with offset contracting?

Score:

NA

Comments:
Based on public information, there is no readily available evidence that the company engages in offset contracting.

References:

NA
A13(b):
Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

Score:

NA

Comments:
Based on public information, there is no readily available evidence that the company engages in offset contracting.

References:
NA
A15:
Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score:

2

Comments:
Based on public information, there is evidence that the company has an anti-corruption policy that prohibits corruption in its various forms. The company has a policy that prohibits the giving and receiving of bribes, and is explicit on the various forms corruption can take.

References:

Public:
Code of Conduct, p.3:
‘We should all be good at the jobs we do. However, competence is not enough. We must perform our jobs legally and ethically.’

(p.4): ‘At PCC, we strive to perform with integrity—every day and in everything we do. Ethical behavior is the cornerstone of integrity and is everyone’s responsibility, from members of the Board of Directors to the newest production employee. This Code of Conduct, which applies to all of us, provides important principles and guidelines for ethical behaviour. It expresses our intent and expectation to uphold the highest standards of integrity.’

(p.11): ‘PCC has zero tolerance for falsifying or creating any misleading information. Never cross the line!’

(p.14):
‘PCC strictly prohibits the following actions:
- Departing from contract requirements and unauthorized contract substitutions, such as failure to perform required tests and inspections.
- Submitting inaccurate cost or pricing data
- Charging incorrect or unauthorized costs on government contracts’
- Violating government regulations that establish restrictions on gratuities, recruiting and hiring or certification procedures.
- Negotiating for employment with a government official or his/her family members while the official has the ability to influence decision-making about government contracts.

If you suspect any violation in connection with government contracts, you need to report your concern immediately to the appropriate person (human resources, plant or general manager, division vice president of finance or division president) and continue elevating your concern to the PCC corporate legal department, if necessary, until it is resolved.’

(p.15):
‘Conflicts of Interest
Making sure that our integrity remains uncompromised is fundamental to maintaining trust with our customers and suppliers—and that means, in part, steering clear of conflicts of interest. On the job or in our free time, nothing we do should conflict with our responsibilities to PCC. No activity at work or at home should hurt PCC’s reputation or good name. Even when nothing wrong is intended, the appearance of conflicting interests can have negative effects. It is crucial to consider how your actions might appear, and to avoid even the perception of a conflict of interest.

Examples of actual or apparent conflicts of interest include the following:
- Having financial interests in a company where you could personally affect PCC’s business with that company, such as a customer or supplier.
- Receiving personal discounts or other benefits from suppliers, service providers or customers that the public or your PCC coworkers do not receive.
- Directing business to suppliers when you know they are owned or managed by your family members or close friends.
- Misusing PCC resources, your position or influence to promote or assist an outside activity.
- Directly or indirectly hiring, promoting or supervising a family member or close friend.
- Allowing personal relationships to conflict with your PCC responsibilities or compromise company interests.
- Having a second job that you perform using PCC hours or PCC equipment or materials.

If you become aware of a conflict or the appearance of a conflict of interest, or if you are unsure whether an actual or apparent conflict of interest exists, you must promptly disclose the situation in writing to your plant or general manager or to human resources personnel and follow their recommendation. You also may contact the PCC corporate legal department for guidance.’

(p.16):
‘Gifts, Loans and Entertainment
Gifts and entertainment are a normal part of doing business, but when used...
inappropriately, they may call our integrity into question. PCC has rules for giving and receiving gifts, loans and entertainment to prevent any impropriety or damage to PCC’s reputation, which is central to preserving our integrity.

You may not ask for gifts or loans, directly or indirectly. This applies to suppliers, customers, and government officials doing business, or seeking to do business, with PCC.

You may accept unsolicited, inexpensive gifts from existing or potential suppliers or customers. However, if you are unsure whether a gift’s value exceeds this standard, seek guidance from the PCC corporate legal department. Gift baskets may be accepted if shared with others in the office.

You may never give or accept a cash gift or loan under any circumstance.

If a vendor, supplier or customer invites you for a reasonable and customary business meal or entertainment at their expense, you may accept the invitation. If you are uncertain as to what is “reasonable and customary,” please seek advice.

When giving gifts, the same principles apply. You may provide gifts, meals or entertainment as long as they are reasonable in value and customary in nature, are unsolicited, and are not intended to obtain an unfair advantage or improper influence.

Governments in many parts of the world have stringent requirements regarding gifts, loans and entertainment, and violations of these rules can be serious offenses. For example, giving gifts, loans or entertainment to U.S. government employees is strictly prohibited. If you deal with a government, make sure you know the rules that apply. Seek advice from the PCC corporate legal department if in doubt.

Never accept or give any business gift, entertainment or courtesy if it will compromise or appear to compromise your ability to make a fair and objective business decision.

Never accept or give any business gift, entertainment or courtesy if public disclosure of the facts would embarrass PCC.

(p.17):
‘Improper Payments

An improper payment (such as a bribe or kickback) to gain advantage is never acceptable and exposes you and PCC to possible criminal prosecution. PCC prohibits improper payments in all business dealings, in every country around the world, with both governments and in the private sector. To be clear—offering, accepting or facilitating bribes, kickbacks, payoffs or other unusual or improper payments to obtain or keep business is unethical, illegal and strictly forbidden at PCC.

Some laws permit making small “facilitating payments” to government employees for routine government services, such as issuing a permit. However, it is difficult to know when a local law may make such payment illegal, and the penalties for a misstep are severe. Therefore, facilitating payments must not be made unless prior written approval is obtained from the PCC corporate legal department.’
A16:  
Is the anti-corruption policy explicitly one of zero tolerance?

Score:

2

Comments:

Based on public information, there is evidence of a zero-tolerance policy towards violations of the Code of Conduct, and zero tolerance of bribery is mentioned specifically under the ‘Improper Payments’ section of the company’s Code of Conduct.

References:

Public:
Code of Conduct, p.11:
‘PCC has zero tolerance for falsifying or creating any misleading information. Never cross the line!’

(p.27):
‘Penalties for Violations
Employees who violate the letter or spirit of PCC’s policies are subject to disciplinary action or termination. Misconduct that may result in discipline or termination includes:

- Violating PCC policy.
- Asking others to violate PCC policy.
- Failing to promptly raise a known or suspected violation of PCC policy. Failing to cooperate in an investigation conducted by PCC, its customer or a government agency. Retaliating against an employee who has raised or helped to address a good-faith concern.
- Failing to demonstrate leadership and diligence in promoting compliance with PCC and the law.’

(p.17):
‘Improper Payments
An improper payment (such as a bribe or kickback) to gain advantage is never acceptable and exposes you and PCC to possible criminal prosecution. PCC prohibits improper payments in all business dealings, in every country around the world, with both
governments and in the private sector. To be clear—offering, accepting or facilitating bribes, kickbacks, payoffs or other unusual or improper payments to obtain or keep business is unethical, illegal and strictly forbidden at PCC.
A17:
Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

Score:

1

Comments:
Based on public information, there is evidence that the company's Code of Conduct is accessible to Board members, employees and third parties. The Code is available online in English, but evidence suggests that the company operates in numerous locations worldwide. The company therefore scores 1.

References:

Public:
Code of Conduct (2008):
A17(a):
Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score:

2

Comments:
Based on public information, there is evidence that the company’s policy is written in accessible, comprehensible language.

References:

Public:
Code of Conduct:
A18:

Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:

2

Comments:
Based on public information, there is evidence that the company has an anti-corruption policy that applies to all employees and Board members.

References:
Public:
Code of Conduct, p.4:
‘Ethical behavior is the cornerstone of integrity and is everyone’s responsibility, from members of the Board of Directors to the newest production employee. This Code of Conduct, which applies to all of us, provides important principles and guidelines for ethical behaviour. It expresses our intent and expectation to uphold the highest standards of integrity.

Your Responsibilities
As an employee in a PCC company, you need to review this Code thoroughly and refer to it when work issues arise and you are unsure how to proceed. Your business unit may issue its own policies and procedures. You must follow those policies and procedures in addition to those found in this Code.

You must also comply with all laws that apply to your business.

The Code applies to all employees, including those who work under collective bargaining agreements. We believe it is consistent with positive labor relations and our mutual commitments under those agreements. However, if anything in this Code should conflict with any provision in a collective-bar-gaining agreement, the collective-bargaining agreement will govern.’
A20:
Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score:

2

Comments:
Based on public information, there is evidence that the company has a policy on and examples of potential conflicts of interest.

References:

Public:
Code of Conduct, p.15:
‘Conflicts of Interest
Making sure that our integrity remains uncompromised is fundamental to maintaining trust with our customers and suppliers—and that means, in part, steering clear of conflicts of interest. On the job or in our free time, nothing we do should conflict with our responsibilities to PCC. No activity at work or at home should hurt PCC’s reputation or good name. Even when nothing wrong is intended, the appearance of conflicting interests can have negative effects. It is crucial to consider how your actions might appear, and to avoid even the perception of a conflict of interest.
Examples of actual or apparent conflicts of interest include the following:

- Having financial interests in a company where you could personally affect PCC’s business with that company, such as a customer or supplier.
- Receiving personal discounts or other benefits from suppliers, service providers or customers that the public or your PCC coworkers do not receive.
- Directing business to suppliers when you know they are owned or managed by your family members or close friends.
- Misusing PCC resources, your position or influence to promote or assist an outside activity.
- Directly or indirectly hiring, promoting or supervising a family member or close friend.
- Allowing personal relationships to conflict with your PCC responsibilities or compromise company interests.
- Having a second job that you perform using PCC hours or PCC equipment or
If you become aware of a conflict or the appearance of a conflict of interest, or if you are unsure whether an actual or apparent conflict of interest exists, you must promptly disclose the situation in writing to your plant or general manager or to human resources personnel and follow their recommendation. You also may contact the PCC corporate legal department for guidance.
A21:
Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?

Score:

1

Comments:
Based on public information, there is evidence that the company has a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery. However, there is no evidence of clear upper limits being set or of a threshold for senior authorisation. Employees are requested to seek advice if they are unsure of what is ‘reasonable and customary’. The company therefore scores 1.

References:
Public:
Code of Conduct, pp.16-17:
‘Gifts, Loans and Entertainment
Gifts and entertainment are a normal part of doing business, but when used inappropriately, they may call our integrity into question. PCC has rules for giving and receiving gifts, loans and entertainment to prevent any impropriety or damage to PCC’s reputation, which is central to preserving our integrity.
You may not ask for gifts or loans, directly or indirectly. This applies to suppliers, customers, and government officials doing business, or seeking to do business, with PCC.
You may accept unsolicited, inexpensive gifts from existing or potential suppliers or customers. However, if you are unsure whether a gift’s value exceeds this standard, seek guidance from the PCC corporate legal department. Gift baskets may be accepted if shared with others in the office.
You may never give or accept a cash gift or loan under any circumstance.
If a vendor, supplier or customer invites you for a reasonable and customary business meal or entertainment at their expense, you may accept the invitation. If you are uncertain as to what is “reasonable and customary,” please seek advice.
When giving gifts, the same principles apply. You may provide gifts, meals or entertainment as long as they are reasonable in value and customary in nature, are unsolicited, and are not intended to obtain an unfair advantage or improper influence.
Governments in many parts of the world have stringent requirements regarding gifts, loans and entertainment, and violations of these rules can be serious offenses. For example, giving gifts, loans or entertainment to US government employees is strictly prohibited. If you deal with a government, make sure you know the rules that apply. Seek advice from the PCC corporate legal department if in doubt.

Never accept or give any business gift, entertainment or courtesy if it will compromise or appear to compromise your ability to make a fair and objective business decision.

Never accept or give any business gift, entertainment or courtesy if public disclosure of the facts would embarrass PCC.

We Protect PCC’s Reputation

You may provide gifts, meals or entertainment as long as they are reasonable in value and customary in nature, are unsolicited, and are not intended to obtain an unfair advantage or improper influence.”
A22:
Does the company's anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?

Score:
1

Comments:
Based on public information, there is evidence of a statement on the giving and receipt of hospitality (entertainment) that ensures that such transactions are bona fide and not a subterfuge for bribery. However, there is no evidence of clear upper limits being set or of a threshold for senior authorisation. Employees are requested to seek advice if they are unsure of what is ‘reasonable and customary’. The company therefore scores 1.

References:
Public:
Code of Conduct, pp.16-17:
‘Gifts, Loans and Entertainment
Gifts and entertainment are a normal part of doing business, but when used inappropriately, they may call our integrity into question. PCC has rules for giving and receiving gifts, loans and entertainment to prevent any impropriety or damage to PCC’s reputation, which is central to preserving our integrity.
You may not ask for gifts or loans, directly or indirectly. This applies to suppliers, customers, and government officials doing business, or seeking to do business, with PCC.
You may accept unsolicited, inexpensive gifts from existing or potential suppliers or customers. However, if you are unsure whether a gift’s value exceeds this standard, seek guidance from the PCC corporate legal department. Gift baskets may be accepted if shared with others in the office.
You may never give or accept a cash gift or loan under any circumstance.
If a vendor, supplier or customer invites you for a reasonable and customary business meal or entertainment at their expense, you may accept the invitation. If you are uncertain as to what is “reasonable and customary,” please seek advice.
When giving gifts, the same principles apply. You may provide gifts, meals or entertainment as long as they are reasonable in value and customary in nature, are unsolicited, and are not
intended to obtain an unfair advantage or improper influence.

Governments in many parts of the world have stringent requirements regarding gifts, loans and entertainment, and violations of these rules can be serious offenses. For example, giving gifts, loans or entertainment to U S  government employees is strictly prohibited. If you deal with a government, make sure you know the rules that apply. Seek advice from the PCC corporate legal department if in doubt.

Never accept or give any business gift, entertainment or courtesy if it will compromise or appear to compromise your ability to make a fair and objective business decision.

Never accept or give any business gift, entertainment or courtesy if public disclosure of the facts would embarrass PCC.

We Protect PCC’s Reputation

You may provide gifts, meals or entertainment as long as they are reasonable in value and customary in nature, are unsolicited, and are not intended to obtain an unfair advantage or improper influence.’
A23:
Does the company have a policy that explicitly prohibits facilitation payments?

Score:
0

Comments:
Based on public information, there is no readily available evidence of a policy explicitly prohibiting facilitation payments. TI notes that such payments are not allowed unless prior written approval is obtained, which suggests that there might be occasions when these payments are allowed. In addition, the company provides no guidance or supplementary information publicly on how the policy is to be implemented in practice.

References:
Public:
TI notes:
Code of Conduct, p.17:
‘Some laws permit making small “facilitating payments” to government employees for routine government services, such as issuing a permit. However, it is difficult to know when a local law may make such payment illegal, and the penalties for a misstep are severe. Therefore, facilitating payments must not be made unless prior written approval is obtained from the PCC corporate legal department.’
A24:

Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent? Does the company record and publicly disclose all political contributions?

Score:

1

Comments:

Based on public information, there is evidence that the company generally prohibits political contributions, and regulates such contributions in order to prevent undue influence or other corrupt intent. However, it is not clear that recipients are publicly declared. The company therefore scores 1.

References:

Public:
Code of Conduct, p.24:
‘Political and Charitable Activities
Generally, PCC does not participate directly in political party activity and does not make political contributions, whether in cash or in kind, anywhere in the world. PCC complies with all national, state, local and foreign laws regulating PCC’s participation in political affairs, including limitations on contributions to political parties, national political committees, and individual candidates. Under no circumstances should any political contribution be made, by or on behalf of PCC, without the prior written approval of PCC’s Vice President and General Counsel. PCC employees may participate in the political process on their own time and with their own resources, but they must always make clear that their views and actions are their own and not PCC’s. PCC encourages its employees to be involved in community and civic affairs. Charitable contributions made by or on behalf of the company must be pre-authorized by your division president or charitable donation committee. This includes financial gifts, donations, sponsorships, underwriting, membership payments or in-kind gifts made to charitable organizations or institutions or to qualified non-charitable civic or community groups.’
A25:

Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

Score:

0

Comments:

Based on public information, there is insufficient evidence that the company has a policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent.

References:
Public:
TI notes:
Code of Conduct, p.24:
‘Political and Charitable Activities
Generally, PCC does not participate directly in political party activity and does not make political contributions, whether in cash or in kind, anywhere in the world. PCC complies with all national, state, local and foreign laws regulating PCC’s participation in political affairs, including limitations on contributions to political parties, national political committees, and individual candidates. Under no circumstances should any political contribution be made, by or on behalf of PCC, without the prior written approval of PCC’s Vice President and General Counsel. PCC employees may participate in the political process on their own time and with their own resources, but they must always make clear that their views and actions are their own and not PCC’s.’
A25(a):
Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

Score:
1

Comments:
Based on public information, there is evidence that the company regulates charitable contributions in order to prevent undue influence or other corrupt intent. However, it is not clear that recipients are publicly declared. The company therefore scores 1.

References:
Public:
Code of Conduct, p.24:
‘PCC encourages its employees to be involved in community and civic affairs. Charitable contributions made by or on behalf of the company must be pre-authorized by your division president or charitable donation committee. This includes financial gifts, donations, sponsorships, underwriting, membership payments or in-kind gifts made to charitable organizations or institutions or to qualified non-charitable civic or community groups.’
A26:

Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company provides written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda.

References:

Public:
NA
A27:
Does the company have a training programme that explicitly covers anti-corruption?

Score: 0

Comments:
Based on public information, there is no readily available evidence that the company has a training programme that explicitly covers anti-corruption.

References:
Public:
NA
A28:

Is anti-corruption training provided in all countries where the company operates or has company sites?

Score:

0

Comments:

Based on public information, there is no readily available evidence that anti-corruption training is provided in all countries where the company operates or has company sites.

References:

Public:
NA
A29:
Does the company provide targeted anti-corruption training to members of the Board?

Score:

1

Comments:
Based on public information, there is evidence that the company provides training on compliance and the Code of Conduct to members of the Board, but it is not clear whether they are re-trained at least every 3 years. The company therefore scores 1.

References:
Public:
Corporate Governance Guidelines, p.5:
‘VII. Director Orientation and Continuing Education
All new directors are expected to participate in an orientation program designed by the Company, which should generally be conducted in one or more sessions within six months of the annual meeting at which new directors are elected or the date on which new directors are appointed, as applicable. This orientation program will be designed to acquaint the new directors with the Company's business and industries, The program will typically include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Conduct, its principal officers, and its internal and independent auditors. In addition, the orientation program may include visits to Company headquarters and, to the extent practical, certain of the Company's significant facilities.’
A30:
Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company provides tailored ethics and anti-corruption training for employees in sensitive positions.

References:
Public:
NA
A31:  
Does the company have a clear and formal process by which employees declare conflicts of interest?

Score:

2

Comments:  
Based on public information, there is evidence that the company has a clear and formal process for employees to declare conflicts of interest, which involves conflicts being reported to an independent department.

References:  
Public:  
Code of Conduct, p.15:
‘If you become aware of a conflict or the appearance of a conflict of interest, or if you are unsure whether an actual or apparent conflict of interest exists, you must promptly disclose the situation in writing to your plant or general manager or to human resources personnel and follow their recommendation. You also may contact the PCC corporate legal department for guidance.’
A32: Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

Score: 2

Comments:
Based on public information, there is evidence that the company is explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities. The Code of Conduct applies to all employees and the Board of Directors and TI notes that employee violations of the code are subject to disciplinary action.

References:
Public:
Code of Conduct, p.4:
‘Ethical behavior is the cornerstone of integrity and is everyone’s responsibility, from members of the Board of Directors to the newest production employee. This Code of Conduct, which applies to all of us...’

(p.27):
‘Penalties for Violations
Employees who violate the letter or spirit of PCC’s policies are subject to disciplinary action or termination. Misconduct that may result in discipline or termination includes:

- Violating PCC policy.
- Asking others to violate PCC policy.
- Failing to promptly raise a known or suspected violation of PCC policy.
- Failing to cooperate in an investigation conducted by PCC, its customer or a government agency.
- Retaliating against an employee who has raised or helped to address a good-faith concern.
- Failing to demonstrate leadership and diligence in promoting compliance with PCC policy and the law.'
Consequences for Bonus Eligibility and Entitlement

Certain violations or misconduct may also affect whether an employee remains eligible and entitled to a bonus, including the following:

- Knowingly falsifying any financial or other certifications, including quality, safety and legal certifications.
- Knowingly providing false information relied on by others in a financial or other certification.
- Engaging in other fraudulent activity.
- Knowingly failing to report such conduct by others.

For an employee in the executive bonus or other annual bonus program, the employee engaged in such misconduct will not have earned a bonus and will be subject to sanctions, including termination or other disciplinary action. The employee may also face legal action to recover any bonus improperly received and/or criminal prosecution.

For an employee in a quarterly or monthly bonus program, the employee engaged in such misconduct will be subject to sanctions, including termination or other disciplinary action, loss of bonus eligibility for up to four quarters and, in some cases, possible criminal prosecution."
A33:
Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

Score:
2

Comments:
Based on public information, there is evidence that the company has multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee to report concerns or instances of suspected corrupt activity.

References:
Public:
Code of Conduct p.25:
‘If you become aware of a situation that may violate this Code, company policy or the law, you need to report it. We cannot perform with integrity if we simply look the other way or ignore a concern. Many problems and risks can be fully resolved or their impact reduced if they are addressed early. The success of PCC demands that you speak up when you have a question or concern.

Employees who have knowledge of an actual or suspected violation of this Code or a company policy and fail to timely raise a concern may be disciplined or terminated.

To perform with integrity, we must all speak up, ask questions, and get answers!

Where to Seek Guidance and Raise Concerns
To raise questions or concerns about compliance or a violation of this Code or any PCC policy, including those of PCC’s subsidiaries, you may use the following channels:
- Contact your supervisor or human resources representative
- Use your plant’s grievance or problem resolution procedures
- Contact your plant or general manager, human resources manager, quality manager or plant controller
- Contact any division executive, including the president
- Contact the PCC corporate legal department or other PCC corporate representative
In each facility you should find a poster listing the names and contact information of managers in the plant and division who can answer your questions and concerns.

We Raise Our Concerns

EthicsPoint

PCC also provides employees with a simple, risk-free way to anonymously and confidentially report concerns if the employee is not comfortable with internal reporting for any reason. Employees may report a concern on EthicsPoint in one of two ways:

- By calling toll-free in the US 1-866-493-1855 (for international locations, see the telephone number posted on the company bulletin board)
- By accessing www.ethicspoint.com (for your convenience, links to www.ethicspoint.com may be found on www.precastcorp.com).

How EthicsPoint Reports Are Handled

After a concern is reported through EthicsPoint, it will be promptly reviewed and investigated by the plant or division personnel who are most appropriate depending on the nature of your concern. For example, concerns best handled by human resources personnel (such as pay, work hours, alleged unfair treatment, etc.) will be given to the human resources department to address and resolve, unless the subject of the concern or the subject matter requires that it be elevated to higher management or to the PCC corporate legal department (such as fraudulent or criminal conduct). It is important to use company resources best suited to address employee concerns for proper and prompt resolution.
A33(a):
Are the whistleblowing channels available to all employees in all geographies?

Score:

2

Comments:
Based on public information, there is evidence that the company has whistleblowing channels available to employees in all geographies, since the telephone number is specified as different for international locations and there is a service available online.

References:
Public:
Code of Conduct p.25:
‘EthicsPoint
PCC also provides employ-ees with a simple, risk-free way to anonymously and confidentially report concerns if the employee is not comfortable with internal reporting for any reason. Employees may report a concern on EthicsPoint in one of two ways:
• By calling toll-free in the U.S. 1-866-493-1855 (for international locations, see the telephone number posted on the company bulletin board)
• By accessing www.ethicspoint.com (for your convenience, links to www.ethicspoint.com may be found on www.precastcorp.com).’
A33(b):
Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

Score:

0

Comments:
Based on public information, there is evidence of some efforts to ensure whistleblowing is encouraged; however, there is no readily available evidence of formal mechanisms designed to ensure that whistleblowing is not deterred, such as detailed analysis of whistleblowing data or independent employee surveys.

References:
Public:
TI notes:
Code of Conduct p.25:
‘EthicsPoint
PCC also provides employees with a simple, risk-free way to anonymously and confidentially report concerns if the employee is not comfortable with internal reporting for any reason. Employees may report a concern on EthicsPoint in one of two ways:
• By calling toll-free in the U.S. 1-866-493-1855 (for international locations, see the telephone number posted on the company bulletin board)
• By accessing www.ethicspoint.com (for your convenience, links to www.ethicspoint.com may be found on www.precastcorp.com).’

(p.26):
‘No Retaliation for Raising Concerns
PCC strictly prohibits retaliation against anyone for raising or helping to address a suspected violation of this Code or any company policy in good faith. Retaliation by any PCC employee is grounds for discipline or termination.’
A34:
Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:
1

Comments:
Based on public information, there is evidence that employees have access to resources but these resources are assessed to be limited in nature. For example, a policy exists of employees taking the initiative to talk to their supervisor or manager when issues arise. However, there is no evidence that he or she is trained for the advisory job. The company therefore scores 1.

References:
Public:
Code of Conduct, p.3:
‘If you do not understand a concept, ask your supervisor or manager for clarification. If you have questions or concerns, please make them known.’

(p.4):
‘As an employee in a PCC company, you need to review this Code thoroughly and refer to it when work issues arise and you are unsure how to proceed. Your business unit may issue its own policies and procedures. You must follow those policies and procedures in addition to those found in this Code. You must also comply with all laws that apply to your business.’

(p.5):
‘And remember, if you are unsure about the right thing to do, PCC encourages you and expects you to ask someone on your management team. A lack of knowledge is not an excuse!

Managers and Supervisors
If you are a supervisor or manager, you are responsible for knowing the Code and helping the people who report to you become familiar with its contents. You’re also responsible for preventing violations of the Code, as well as detecting violations that may occur and
reporting them appropriately.
A35:
Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score:

2

Comments:
Based on public information, there is evidence that the company has a clear, legally enforceable, non-retaliation policy for bona fide reporting of corruption, and there is evidence that disciplinary measures are applied to employees who breach this policy.

References:
Public:
Code of Conduct, p.26:
‘No Retaliation for Raising Concerns
PCC strictly prohibits retaliation against anyone for raising or helping to address a suspected violation of this Code or any company policy in good faith. Retaliation by any PCC employee is grounds for discipline or termination.’
Information Sources:

Company Website:
http://www.precast.com/

Code of Conduct, 2008:

Audit Committee Charter, 2014:

Corporate Governance Guidelines, 2011:
http://www.precast.com/web/user_content/files/6-Corporate%20Governance_2-11.pdf

2014 Annual Report and Proxy Statement: