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As a member of ZVEI<sup>1</sup>, RECOM follows the ZVEI's Code of Conduct for Corporate Social Responsibility.

## Preamble

ZVEI and its member companies affirm their Corporate Social Responsibility as a part of their global business activities (internationally known as 'CSR'<sup>2</sup>). 'ZVEI's Code of Conduct for Corporate Social Responsibility' (hereinafter called 'CoC') acts as a guideline in the industry, especially regarding working conditions, social and environmental compatibility, transparency, collaboration and dialog that is marked by trust. Developed and agreed to by ZVEI and its member companies, the content of this CoC is an expression of ZVEI's collective core values as they are defined in ZVEI's vision and mission statements and especially as they are affirmed in the social market economy.

ZVEI recommends that this CoC be implemented by the member companies. It is designed as a self-imposed obligation that can be signed by the member companies. By providing this CoC, ZVEI assists them in responding to different general conditions in a global market and in facing challenges and social expectations that come from intensified collaboration from within the value chain.

## 1 Basic Understanding of Social Responsibility in Corporate Management

A mutual, basic understanding of social responsibility in corporate management forms the basis of this CoC. This means RECOM assumes responsibility by bearing in mind the consequences of its business decisions and actions on economic, technological, social and environmental levels and brings about an appropriate balance of interests. RECOM voluntarily contributes to the well being and long-term development of a global society at every point it can at the locations where it is in business. It is geared towards universally held ethical values and principals, especially integrity, honesty and respect of human dignity.

## 2 Where the CoC applies

- 2.1 This CoC is in effect for all of RECOM's branches and business units worldwide.
- 2.2 RECOM commits to promoting adherence to the content of this CoC at every point it can for its suppliers and in other parts of the value chain.
- 2.3 As a minimum requirement, RECOM encourages and expects all of its suppliers to sign and comply with ZVEI Code of Conduct for Corporate Social Responsibility.

## 3 Core Values for Social Responsibility in Corporate Management

RECOM will proactively work to ensure that the values mentioned below are put into practice and adhered to both now and in the future.

### 3.1 Adherence to Laws

RECOM will abide by the laws in effect and other legal requirements of the countries where it is in business. For countries that have a weak institutional framework, RECOM will carefully examine what good company practices from its home country should be applied to enable supportive, responsible company management.

<sup>1</sup> Zentralverband Elektrotechnik & Elektronikindustrie/Central association of electrical engineering & electronics industry

<sup>2</sup> CSR = Corporate Social Responsibility

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### 3.2 Integrity and Organizational Governance

- 3.2.1 RECOM gears its activities towards universally held ethical values and principals, especially integrity, honesty, respect of human dignity, openness and non-discrimination based on religion, ideology, gender and ethnicity.
- 3.2.2 RECOM rejects corruption and bribery as stated in the relevant UN Convention<sup>3</sup>. It uses suitable means to promote transparency, trading with integrity, responsible leadership and company accountability.
- 3.2.3 RECOM pursues clean and recognized business practices and fair competition. In regards to competition, it focuses on professional behavior and high standards of quality for work. It fosters partnership and trusting interaction with the supervisory authorities. Additionally, it will hold to the parameters of the 'Guide for our Association Activity – Instructions for Compliance with Competition Law in the ZVEI'.
- 3.2.4 RECOM implemented a 'four-eye-principle' for tender processes and contract negotiations. All such processes and negotiations may never be pursued by one individual only.
- 3.2.5 RECOM imposes a strict policy concerning the acceptance of gifts and hospitality. It is not allowed to give or accept gifts or hospitality that create or appear to create improper influence between the parties. Gifts and hospitality have to be in accordance with local law, regulations, culture or custom. The limit of gifts has to be set according to the national case law on Compliance issues. Any deviant offer must be reported to the Management and/or the Compliance Officer. Budgets are appraised and spendings under the budgets are audited and controlled on a regular basis.
- 3.2.6 RECOM will take all actions permitted by law against employees not respecting RECOM's CoC. In case RECOM becomes aware of criminal behaviour of one of its employees or members of the management or suspect of criminal behaviour exist, RECOM will immediately take all actions to investigate the respective case and report it to the competent police authorities.
- 3.2.7 RECOM has established the basis for the implementation of an internal controlling system which serves as a basis for regular assessments and audits by external parties (e.g. lawyers and/or financial auditors).
- 3.2.8 RECOM does not enter into any agreements with third parties other than at arm's length conditions. RECOM does not grant any loans or other incentives to its employees, partner companies, clients or subsidiaries other than at arm's-length-conditions either.

### 3.3 Consumer Interests

To the extent consumer interests are affected, RECOM abides by regulations that protect the consumer, as well as appropriate sales, marketing and information practices. Groups that are in special need of protection (e.g. protection of minors) will receive special attention.

### 3.4 Communication

RECOM will communicate in an open way and is oriented towards dialogue about the requirements of this CoC and about its implementation among employees, clients, suppliers and other stakeholders. Every document and all information will be duly produced. They will not be unfairly changed or de-

<sup>3</sup> UN Convention against corruption in 2003, in force since 2005

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stroyed. They will be properly stored. Company secrets and partner's business information will be handled sensitively and will be kept in confidence.

### 3.5 Human Rights

RECOM is committed to promote human rights. It respects human rights stated in the Charter of the United Nations<sup>4</sup>, especially those named in the following:

#### 3.5.1 Privacy

Protection of privacy.

#### 3.5.2 Health and Safety

Ensuring health and work safety, especially the guarantee of a safe and health-promoting work environment, avoiding accidents and injuries.

#### 3.5.3 Harassment

Employee protection against bodily punishment and against physical, sexual, psychological or verbal harassment or abuse.

#### 3.5.4 Freedom of Conscience

Protection and guarantee of the right to freedom of conscience and freedom of expression.

### 3.6 Working Conditions

RECOM abides by the following core work standards from ILO:<sup>5</sup>

#### 3.6.1 Child Labor

The prohibition of child labor, i.e. the employment of persons younger than 15 years old, as long as the local legal requirements do not specify a higher age limit and as long as no exceptions are permitted.<sup>6</sup>

#### 3.6.2 Forced Labor

The prohibition of forced labor of any kind.<sup>7</sup>

#### 3.6.3 Wage Compensation

Work standards concerning compensation, especially in regards to the level of compensation as stated in the laws and requirements that are in force.<sup>8</sup> Thus, RECOM assures that payment of its employees is by all means sufficient to make a decent living from the monthly salary.

The monthly salary, in particular of RECOM's sales staff, is structured in a manner that there is no incentive for any employee to dishonest procurement, in particular encouraged by the prospect of high bonus payments.

<sup>4</sup> explanation of human rights, UN Resolution 217 A (III) from 1948

<sup>5</sup> ILO = International Labour Organization

<sup>6</sup> ILO Convention No. 138 from 1973 and ILO Convention No. 182 from 1999

<sup>7</sup> ILO Convention No. 29 from 1930 and ILO Convention No. 105 from 1957

<sup>8</sup> ILO Convention No. 100 from 1951

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### 3.6.4 Employee Rights

Respecting the rights of the employee to freedom of association, freedom of assembly and collective bargaining, as long as this is legally permitted and possible in the respective country.<sup>9</sup>

### 3.6.5 Prohibition of Discrimination

Treatment of all employees in a non-discriminatory fashion.<sup>10</sup>

### 3.7 Hours of Work

RECOM abides by work standards concerning the longest permitted time of work.

### 3.8 Expenses

RECOM audits the expenses of its employees on an ongoing basis.

### 3.9 Employees Outside Activities

Any outside activities ('Nebentätigkeiten') of employees regardless of their nature (e.g. as an independent consultant, part-time employed employee etc.) are clearly regulated by the employment contracts.

### 3.10 Environmental Protection

RECOM fulfills the requirements and the standards for environmental protection that affect their operations and acts in an environmentally conscious way at all locations where it is in operation. For additional responsibility with natural resources, it holds to the principles from the Rio Declaration.<sup>11</sup>

### 3.11 Civic Commitment

RECOM contributes to the social and economic development of the countries and regions where it is in business and promotes appropriate, volunteer activities by its employees.

## 4 Implementation and Application

RECOM will make every appropriate and reasonable effort to implement and to apply the principles and values described in this CoC both now and in the future. Contractual partners will be informed about the basic measures upon request and within the scope of a reciprocal cooperation, so that it becomes observable how keeping these measures is fundamentally guaranteed. No right exists to disseminate operational or business secrets related to competition or any other information that is in need of protection.

### 4.1 Integrity Check

The integrity of each key personnel within RECOM was checked prior to the promotion of the respective employee to a responsible position within RECOM. Such checks entail the assessment of a police certificate ('*Führungszeugnis*') and interviews of former employers.

<sup>9</sup> ILO Convention No. 87 from 1948 and ILO Convention No. 98 from 1949

<sup>10</sup> ILO Convention No. 111 from 1958

<sup>11</sup> The 27 principles from the 'Rio Declaration on Environment and Development' from 1992 as the result from the UN Conference on Environment and Development in Rio de Janeiro

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#### 4.2 Selection of Compliance Officers

RECOM has established internally someone responsible for all compliance related questions. Such person is supported by one responsible employee at the respective RECOM unit and by an external legal counsel.

#### 4.3 Training and Empowerment

RECOM's internal Compliance Officers are trained by the specialized external legal counsel who conducts compliance trainings on an ongoing basis.

#### 4.4 Announcement of CoC violations

Each and every employee is invited and encouraged to inform at any time the management and/or the designated Compliance Officer's if he becomes aware of a breach of a CoC violation and/or criminal or other misappropriate behavior by any of its colleagues without having to fear any detrimental consequences for himself personally, in particular for his career within RECOM.

#### 4.5 Compliance Officers:

RECOM has two Global Compliance Officers. For privacy reasons, the names will only be disclosed on the basis of a request of justifiable interest. Please contact [compliance@recom-power.com](mailto:compliance@recom-power.com) for your request.

Approved by:



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Dipl.-Ing. Horst H. Bier



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Dipl.-Ing. (FH) Karsten M. Bier

Gmunden, 09 July 2019