

Compliance at the ZSW

The Centre for Solar Energy and Hydrogen Research Baden-Württemberg (Zentrum für Sonnenenergie- und Wasserstoff-Forschung Baden-Württemberg - ZSW) is a non-profit research institute operating in the legal form of a foundation under civil law. The remit and vision of the ZSW are set out in the charter and in the ZSW mission statement. The ZSW believes compliance to mean meeting the relevant legal requirements and also adhering to the internal regulations within the organisation.

The aims of the compliance management system at the ZSW are to make employees aware of issues relating to risk and to encourage them to take preventive action where appropriate. Another objective is to minimise risks to legal compliance and integrity by putting structural processes and organisational measures in place in order to prevent breaches of duty, claims for damages and cases of liability.

In cases where there are indications of misconduct, employees may contact the ZSW compliance officer in confidence at any time.

1. Organisation of the compliance management system at the ZSW

Responsible governance also means abiding by the relevant standards.

The Board of Directors at the ZSW is responsible for adherence to the legal regulations and defines the compliance targets. It assists the ZSW Compliance Officer with the processes involved in ensuring legally compliant conduct at the ZSW, duly helping to establish and put into place the relevant organisational measures and to maintain the required standards.

The heads of the business divisions and departments and the representatives of the central administrative department (Zentralbereich - Z), which is in charge of IT and HR, for example, are responsible for the compliance systems and procedures.

Regulations on compliance are made available to employees on the ZSW intranet. Examples include the internal instructions on public procurement law ('Organisationsanweisung Vergaberecht') and the ZSW signature policy ('ZSW-Unterschriftenregelung') (second set of eyes principle). Training courses and briefing sessions are also held as and when required in order to pass on information on specific issues like data protection.

2. Compliance-related issues at the ZSW

2.2 Public procurement requirements

The ZSW receives a basic level of funding from the state of Baden-Württemberg and generates other income from projects in receipt of public grants, industrial contracts and licences. The ZSW is overseen by the Baden-Württemberg Ministry of Economic Affairs, Labour and Housing Construction (Ministerium für Wirtschaft, Arbeit und Wohnungsbau Baden-Württemberg) which declares the ZSW to be a public contracting authority.

The ZSW must therefore strictly comply with the relevant public procurement regulations in tender procedures and in awarding contracts to third parties (e.g. rules for the award of public works contracts (Vergabe- und Vertragsordnung für Bauleistungen - VOB), terms governing the award of public construction contracts (Verdingungsordnung für die Vergabe von Leistungen - VOL) and public procurement regulations (Vergabeverordnungen - VgV). When negotiating with potential suppliers on a possible award of contract, the ZSW must seek confirmation of their compliance with the law in force in the federal state of Baden-

Württemberg demanding adherence to collective pay agreements and statutory minimum wage levels in public procurement ("Baden-Württembergisches Tariftreue- und Mindestlohngesetz für öffentliche Aufträge in Baden-Württemberg" - Landestariftreue- und Mindestlohngesetz - LTMG).

Compliance with these procurement regulations is monitored in each individual case by the relevant manager or the body in charge, duly adhering to the second set of eyes principle. Information about the rules governing procurement processes and the award of contracts to third parties is available on the ZSW intranet, and each employee is required to act in accordance with these rules.

Naturally the ZSW meets all the standards required to ensure fair competition. Illegal agreements and prearranged practices which restrict competition or are intended to do so are prohibited.

2.3 Labour standards

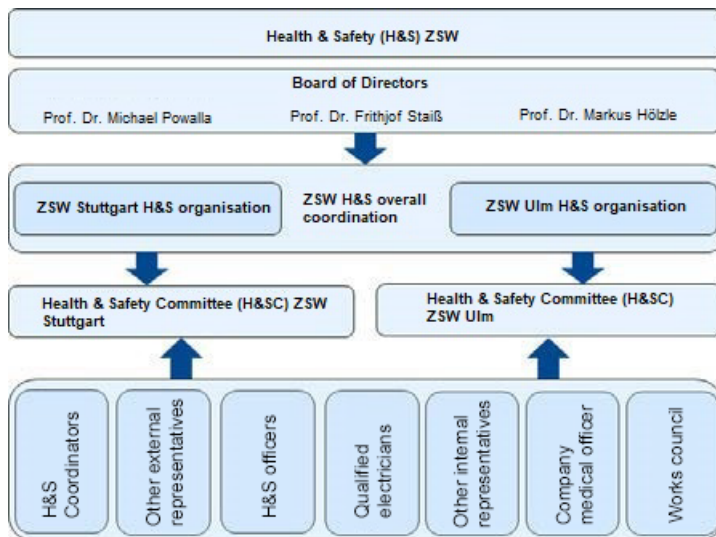
The ZSW is bound to pay its employees in line with the salary scheme and collective agreements for state employees (Tarifvertrag der Länder - TV-L) and is forbidden to show favouritism. The pay, working hours and vacation times are strictly in line with the regulations applicable in the public sector in Baden-Württemberg. The ban on child labour at the ZSW also means that child labour is not tolerated at contractual partners and contractors of the ZSW.

The rights of employees are respected and upheld at the ZSW. There is a separate works council for the ZSW sites in Stuttgart and Ulm which is in constant communication with the management and the Board of Directors. This is another way of monitoring compliance with the legal regulations at the ZSW.

Satisfied and motivated employees are a key factor for success for a research institute. The ZSW is mindful of the importance of a working environment which is conducive to a healthy work-life balance, and its main tools to this end include flexitime models and projects with clearly measurable goals.

2.4 Health and safety in the workplace

The ZSW attaches great importance to occupational safety with a particular focus on measures to safeguard the health of its employees. The relevant local regulations and national stipulations are regarded as minimum standards.



Responsibility for occupational safety lies within the remit of the Board of Directors.

The Stuttgart and Ulm sites each have a dedicated health and safety coordinator who is responsible for various management duties, such as organising the work of the Health & Safety Committee. The overall coordinator acts as the link between the Board of Directors and the Health & Safety Committees in Ulm and Stuttgart, duly reporting any action points and matters arising from the Health & Safety Committee meetings to the Board of Directors at its meetings, as and when necessary, and liaising with the site coordinators on any assignments and instructions for the committees. External health and safety experts have also been appointed for the two sites whose brief is to monitor working conditions and occupational safety and to keep them under constant review. Internal instructions and diagrams illustrating the relevant roles in occupational safety are included on the ZSW intranet.

Employees have access at any time to a company medical service at each ZSW site. The ZSW arranges for any mandatory and requisite medical examinations to be carried out by this company medical service. A company health management system (Betriebliches Gesundheitsmanagement - BGM) has been set up at the ZSW for the employees, providing a further source of advice for the Board of Directors on preventive health issues for staff.

Employees who have suffered prolonged absence on health grounds are given support with readjustment and reintegration into operational processes.

2.5 Principles for the safeguarding of good research practice

The principles for safeguarding good research practice (“Grundsätze zur Sicherung guter wissenschaftlicher Praxis”) apply at the ZSW, duly echoing the regulations set out by the colleges of higher education and universities, the German Research Foundation (Deutsche Forschungsgemeinschaft - DFG) and by other research institutions and research associations.

There is an appointed representative at the two ZSW sites in Ulm and Stuttgart who can be contacted in confidence by any ZSW employee in situations of conflict or in cases of suspected academic misconduct.

2.6 Prevention of corruption

The ZSW respects the personal interests and private life of each of its employees. Processes at the ZSW are structured in such a way as to prevent conflicts between private concerns and business interests.

Conflicts of interest may arise if employees engage in certain practices, such as the following:

- Accept gifts and hospitality invitations
- Sit on the board of another company
- Pursue secondary employment
- Take holdings in competitors

ZSW employees are not allowed to request, accept or offer monetary benefits, material gifts, free or discounted services, and other benefits and concessions which are associated with preferential treatment and unfair advantage. These rules are in place in accordance with the guidelines dated 30 July 2004 published by the German government on the prevention of corruption in the federal administration (“Richtlinie der Bundesregierung zur Korruptionsprävention in der Bundesverwaltung”).

Conflicts of interest may also arise as a result of board membership and secondary employment at other companies or institutes. The acceptance of membership of an executive board, supervisory board or advisory board at a business enterprise is strictly subject to the prior approval of the ZSW Board of Directors.

Anyone wishing to take up secondary gainful employment must advise the relevant manager in advance and await the results of an investigation by the latter to identify any conflicts of interest. The secondary employment may be vetoed if it is found to conflict with legitimate interests of the ZSW.

ZSW employees may only trade in securities if due account is taken of the legal restraints on insider dealing. Inside information is intelligence about other companies which is not in the public domain and is obtained by ZSW employees in the course of their work. This unpublished information must be kept confidential and may not be used for private transactions in securities or disclosed to third parties.

2.7 Donations and sponsorships

As a publicly funded foundation working on a non-profit basis, it is essential that funds are used sparingly and economically. It is therefore not possible for the ZSW to make donations and sponsorship payments to third parties. The ZSW is entitled to accept donations, however, in its capacity as a non-profit foundation. The donor in any given case is issued with a donation receipt for tax purposes but there is no entitlement to any consideration beyond this.