

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”¹). “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 the undersigned company 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. The undersigned company 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.

¹ CSR = Corporate Social Responsibility

2. Where the CoC applies

- 2.1 This CoC is in effect for all of the undersigned company's branches and business units worldwide.
- 2.2 The undersigned company 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.

3. Core Values for Social Responsibility in Corporate Management

The undersigned company 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

The undersigned company 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, the company will carefully examine what good company practices from their home country should be applied to enable supportive, responsible company management.

3.2 Integrity and Organizational Governance

- 3.2.1 The undersigned company 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 The undersigned company rejects corruption and bribery as stated in the relevant UN Convention². It uses suitable means to promote transparency, trading with integrity, responsible leadership and company accountability.
- 3.2.3 The undersigned company 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".

² UN Convention against corruption in 2003, in force since 2005

3.3 Consumer Interests

To the extent consumer interests are affected, the undersigned company 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

The undersigned company 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 destroyed. 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

The undersigned company is committed to promote human rights. It respects human rights stated in the Charter of the United Nations³, 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 General explanation of human rights, UN Resolution 217 A (III) from 1948

3.5.4 Freedom of Conscience

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

3.6 Working Conditions

The undersigned company abides by the following core work standards from ILO⁴:

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.⁵

3.6.2 Forced Labor

The prohibition of forced labor of any kind.⁶

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.⁷

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.⁸

3.6.5 Prohibition of Discrimination

Treatment of all employees in a non-discriminatory fashion.⁹

⁴ ILO = International Labour Organization

⁵ ILO Convention No. 138 from 1973 and ILO Convention No. 182 from 1999

⁶ ILO Convention No. 29 from 1930 and ILO Convention No. 105 from 1957

⁷ ILO Convention No. 100 from 1951

⁸ ILO Convention No. 87 from 1948 and ILO Convention No. 98 from 1949

⁹ ILO Convention No. 111 from 1958

3.7 Hours of Work

The undersigned company abides by work standards concerning the longest permitted time of work.

3.8 Environmental Protection

The undersigned company 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.¹⁰

3.9 Civic Commitment

The undersigned company 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

The undersigned company 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.

Erfurt, April 5th, 2010

Hans-Jürgen Straub
CEO
X-FAB Semiconductor Foundries AG
Haarbergstraße 67
D-99097 Erfurt, Germany

¹⁰ 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