

The ReCap Group



ANTI-CORRUPTION MANUAL



Fair play is our only play

The long-term success of our company depends in fair practices in all its operations and actions. For this reason we need to constantly anticipate and avoid anything that threatens this principle.

This Anti Corruption Manual aims at identifying potential risks and situations that can be a path to corruption and at preventing it via internal and external measures.

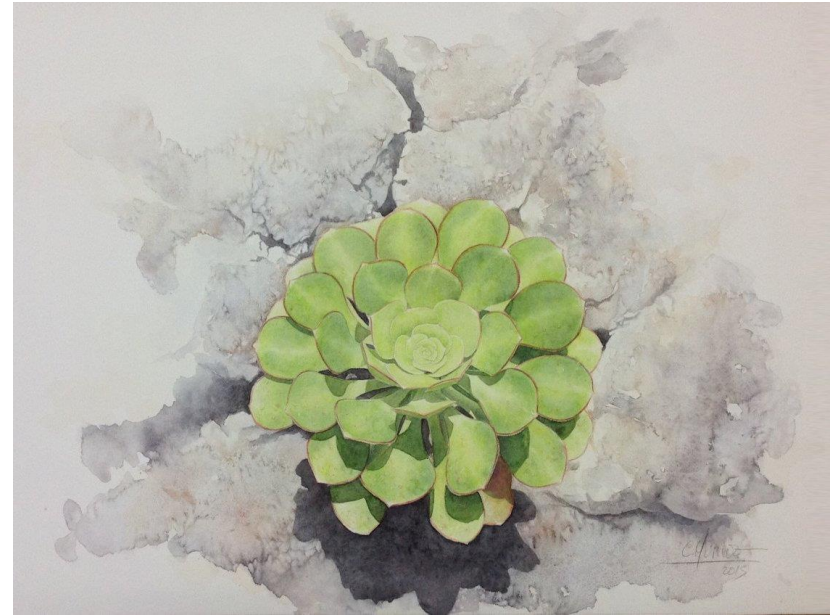
The ReCap Group Anti Corruption Manual is inspired by:

- EU Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector.
- ISO 37001 Standard
- the Anti-Corruption Toolkit for SMEs

It provides a more detailed approach to the corruption related aspects brought up in the **ReCap Group Code of Conduct**.



Marco Berggren
Founder and CEO



Visit our website and learn more about us:

www.recap.se

Mission:

To bridge the gap between capital and profitable clean energy projects globally, and by that contributing to a sustainable future

Vision:

To become Scandinavia's # 1 financial expert in sustainable investments

Corruption is crime

In the European Union active and passive corruption in the private sector is a criminal offence in all Member States. Legal persons may be held liable for such offences.

Inclusion of the concept of corruption in national criminal law

Member States are required to penalize acts intentionally carried out as part of business activities:

Corrupting a person: by promising, offering or giving directly or through an intermediary to a person who in any capacity directs or works for a private sector entity, an undue advantage of any kind, for that person or for a third party in order that that person should perform or refrain from performing any act in breach of that person's duties;

Demanding an undue advantage: a person requests or receives, directly or through an intermediary, an undue advantage of any kind, or accepts the promise of such an advantage, for him or herself or for a third party, while in any capacity directing or working for a private sector entity, in order to perform or refrain from performing any act in breach of one's duties.

The above applies to business activities within profit and non-profit making entities.

The anti-bribery provisions are set out in Chapter 10 of the Swedish Penal Code. These provisions are applicable both to the public and the private sector.

Retrieved from the EU Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector.



Our Company

The core of the ReCap Group is the creation of long-term sustainable businesses with strong commercial fundamentals. The company has 2 main lines of work:

- ReCap Solar is an Energy Service Company (ESCO) that designs, builds, owns and operates distributed solar installations and shares the benefits with the end-user, allowing our clients to generate savings without investment. ReCap Solar is focused on captive solar energy production in e.g. industrial companies, retail buildings, hotels, hospitals and service stations. The dealings / negotiations with ReCap solar are in almost all cases done straight with the end client.
- ReCap Finance develops and creates value for technology suppliers and project developers by using its accumulated experience to identify and finance highly profitable opportunities for asset finance within clean energy, thus bridging the gap between financiers and clean energy installations. Within this line of work, ReCap helps clean tech developers to find the best financing option for their ventures. This is done in accordance to strict internal regulations and is subject to auditing.



Our Business Segment

Distributed solar is relatively a new business, which was made possible with the recent technological improvements that made photovoltaic cost competitive.

Compared to traditional energy business distributed solar happens at a much smaller scale, where many of the deals happen directly between project developer and end-client. The value chains in distributed energy are much tighter than in utility scale, having much less space and needs for middleman and illegal facilitators.

We identify as the most common paths for corruption in our business segment:

- Dealings for grid connection, when bribe can be offered to officials in the grid operator in exchange for speeding up process or lowering costs.
- Sector lobbying with potential politician bribery in exchange for more beneficial legislation / tax deductions.
- Corrupting the contracting party, bribery in exchange for more beneficial contracts.
- Corruption on the procurement processes.



3 Corruption Risk Assessment Levels

In order to assess the corruption risk in our organization, we divided the corruption risks in 3 different levels:

- **Macro-Level** observes the enabling factors and causes of corruption in the widest possible perspective, that is, at the level of the overall economy or society;
- **Middle-Level** focuses on organizational factors such as leadership, organizational structure, human resources management, and organizational culture;
- **Micro-Level** is focused on individuals and their behaviors.

On the following slides we list the potential issues in each of the 3 levels, a clarification, our mitigation strategy as well as a short assessment of the issue in the jurisdictions where ReCap operates.*



*

ReCap is still setting up its operations in India, and all activities referring to that country take place in Sweden / Sweden concentrates all ReCap Nordic and ReCap Finance Activities.

Macro Level

Issue	Clarification	Mitigation	Sweden	Spain	Colombia	Brazil
Scheduled and duration of public administration procedures?	Difficulties connected with the timing can push to look for other ways in getting in touch with them.	ReCap only uses the official channels for communication with public officials and does not authorise meetings outside of public spaces and regular working hours	ReCap works close to the municipalities in order to help them achieving the commitment to clean energy. There is a good level of interaction with public officials	Dealings with public authorities are kept to minimum necessary. Most dealings are done through highly reputable legal and accounting firms.	Dealings with public authorities are kept to minimum necessary. Most dealings are done through highly reputable legal and accounting firms.	Dealings with public authorities are kept to minimum necessary. Most dealings are done through highly reputable legal and accounting firms.
Complexity of the regulatory environment?	Difficulties connected with the understanding of the regulatory environment can push Ways for by-passing	Whenever needed ReCap hires well reputed experts for solving issues related to regulatory complexities	Complex regulatory environment, high level of transparency, easy dealings	Complex regulatory environment, medium level of difficulty with dealings with public authority		Complex regulatory environment, medium level of transparency, tighter controls and fiscal responsibility law.
Labor market situation	A difficult labour market can enable a path of corruption connected with job offerings.	ReCap's paid staff is exclusively made up of high-level individuals hired in accordance to the local labor legislation	Unemployment rates around 6,6%	High unemployment level—at over 15%, especially in the Canaries reaching over 20%	Unemployment of around 10%	Unemployment of around 12,4 %
Market type and size	An evaluation of the market in general from the enterprise's point of view.	Prior to entering any new market, ReCap makes its own assessments, identifying its risks, opportunities and compliance requirements.	New market, distributed includes mostly dealings with residential is stright sales process.	Large market for distributed energy, players of different sizes.	Embryonic market, mostly small players.	Early stage market, players of all sizes, but mostly focused in negotiations up to 1 M USD.
Difficulty to communicate with the public administration	Difficulties in the relationship with the public administration can push to look for other ways in getting in touch with them.	Whenever needed ReCap hires well reputed experts for its dealings with public administration. ReCap has zero tolerance for any type of payments for accessing public administration	Easy, digital whenever possible, otherwise scheduled or drop-in in open offices			Has improved with digitalization and simplified procedures. In some cases forwarding agents are needed

Middle Level

Issue	Clarification	Mitigation	Sweden	Spain	Colombia	Brazil
External financial instruments (e.g. loans)	Exposure to a risk of following unconventional path (corruption) to gain extra financial resources	All and any loans taken by the ReCap group are 3rd party audited, and strictly follow the lending institution's rules		Loans from	Loans from....	No loans
External consultants/experts	Usage of company-externals for involvement with corruption related activities	Any external party acting by or for ReCap must follow and comply to the company's Code of Conduct and Anti-Corruption Policy		Commercial operations done partially in partnership with local solar installers.	Commercial operations done in partnership with local solar installers.	Commercial operations done in partnership with local solar installers.
% of turnover coming from single source?	Measure how much the company depends on one or few customers.	The ReCap business model is based on having a large number of contracts with a wide variety of clients in order to minimize risks.	?	?	?	No turnover yet
% of turnover of from public sources	Measure how much of the company is dependent on the public sector	ReCap follows strictly the public procurement rules in any jurisdiction it operates. ReCap prefers to contract with private parties.	100%	0%	0%	0%
Code of conduct	The code of conduct sets out the rules of self-discipline	ReCap has issued a Code of Conduct and shared with its staff and external collaborators	Yes, ReCap Code of conduct	Yes, ReCap Code of conduct	Yes, ReCap Code of conduct	Yes, ReCap Code of conduct
Fairness of the cost of supplies	unclear assessment of the costs can lead to misuse of the supply chain	ReCap procures only from well established suppliers and follows their social responsibility standards.	ReCap assesses code of conduct of its main suppliers	ReCap assesses code of conduct of its main suppliers	ReCap assesses code of conduct of its main suppliers	ReCap assesses code of conduct of its main suppliers
Transparency of purchases, supplies, and consultancy	non-transparent system can lead to misuse of the supply chain.	ReCap centralises its purchasing in the top management and keeps record of all procurement process.	All supplies are assessed based in international prices, all other purchasing requires at least 3 proposals and a due diligence on supplier	All supplies are assessed based in international prices, all other purchasing requires at least 3 proposals and a due diligence on supplier	All supplies are assessed based in international prices, all other purchasing requires at least 3 proposals and a due diligence on supplier	All supplies are assessed based in international prices, all other purchasing requires at least 3 proposals and a due diligence on supplier

Micro Level

Issue	Clarification	Mitigation	Sweden	Spain	Colombia	Brazil
Politically exposed people	Any individual who is or has been entrusted with a prominent public function	Any politically relevant person that works for or in behalf of ReCap, is exclusively due to knowledge and network that they possess. ReCap does not engage in any type of business linked to political coercion.	Christer Asplund?	no	No Alfonso?	no
Process for preventing corruption with the public administration	Perceptions of easiness to infringe the processes designed to avoid corruption episodes	ReCap is engaged into identifying and monitoring any possibility of corruption. All people working for ReCap are encouraged to bring and discuss with the management any possibility or suspicion of corrupt activities.	ReCap Code of conduct + Regular training	ReCap Code of conduct + Regular training	ReCap Code of conduct + Regular training	ReCap Code of conduct + Regular training
Discretion with public officials	When public officials have too much discretion, it can lead to an improper relationship.	ReCap's business is as much as possible ruled by objective legal framework. Most legal aspects of our business are undertaken by reputable legal firms.			Distributed energy generation law is relatively new and has some clauses which are subject to interpretation.	Distributed energy generation law is relatively new and has some clauses which are subject to interpretation.
Pending proceedings connected with corruptive behaviors involving the owner, shareholders or corporate governance bodies?	To evaluate if this is a critical aspect that the company has to face in the prevention of corruption activities.	All persons working for ReCap are subject to a prior due diligence process. Persons with proven involvement in corruption activities are not eligible for working with ReCap	no	no	no	no

Operational Measures

- **Direct responsibilities:** The CEO and Market Development Manager are responsible for the promotion, monitoring and resolving of any issues related to corruption.
- **Code of Conduct:** clarifies our mission, vision, values and principles, linking them with the conduct of people working in our behalf or interest. It expresses the values the organization wishes to foster in leaders and employees and, in doing so, defines desired behavior. All our staff has received our Code of Conduct and is required to read it.
- **Whistleblowing:** Our staff is encouraged to expose any kind of information or activity that is deemed illegal, unethical, or not correct within our organization. As a whistleblower a person will be protected within by our organization against any internal or external threat.
- **Monitoring of facilitation payments:** Facilitation payment is the term often given to an illegal or unofficial payment made in return for services which the payer is legally entitled to receive without making such payment. ReCap has zero tolerance for facilitation payments, and any payment to be made for ReCap has to be against an invoice with a description of the service or product. ReCap has no budget for random expenses and any employee reimbursement will require the presentation of an invoice. ReCap keeps its cash payments to the minimum possible, always preferring card payments or bank transfer. Besides these measures all persons working for or for the interest of ReCap are strongly warned to not facilitate payments of any source.
- **Awareness-raising and training:** All persons working for ReCap are trained for identifying and avoiding involvement in any sort of corruption.
- **Measures to activate while acquiring new human resources:** ReCap undertakes a due diligence process before hiring its staff, any suspicion or indication of involvement in corruption activities will hinder us from contracting.
- **Political contributions, charities, and sponsorships:** ReCap has no political affiliation and does not support financially any political party in any jurisdiction. ReCap will only support charity or sponsor events that have straight relation with its core business and never aiming at any sort of direct benefit of any kind.



Regulations and Additional Literature

- Anti-Corruption Ethics and Compliance Handbook – OECD <http://www.oecd.org/corruption/anti-corruption-ethics-and-compliance-handbook-for-business.htm>
- Ethics codes and codes of conduct as tools for promoting an ethical and professional public service - World Bank
<https://www.oecd.org/mena/governance/35521418.pdf>
- Global Compact Integrity Measures Policy & FAQ
<https://www.unglobalcompact.org/library/1831>
- An Anti-Corruption Ethics and Compliance Programme for Business: A Practical Guide - UNODC
https://www.unodc.org/documents/corruption/Publications/2013/13-84498_Ebook.pdf
- Business Integrity in Eastern Europe and Central Asia – OECD
<http://www.oecd.org/corruption/acn/Business-Integrity-in-Eastern-Europe-and-Central-Asia-ENG.pdf>
- G20/OECD Principles of Corporate Governance
<https://www.oecd.org/daf/ca/Corporate-Governance-Principles-ENG.pdf>
- Methodology for Assessing the Implementation of the G20/OECD Principles of Corporate Governance
<http://www.oecd.org/daf/methodology-for-assessing-the-implementation-of-the-g20-oecd-principles-of-corporate-governance-9789264269965-en.htm>
- PMI Integrity Kit
http://businessintegrity.transparency.it/pmi_integrity_kit/
- EY Business integrity and corporate compliance
[http://www.ey.com/Publication/vwLUAssets/ey-fids-business-integrity-and-corporate-compliance/\\$File/ey-fids-business-integrity-and-corporate-compliance.pdf](http://www.ey.com/Publication/vwLUAssets/ey-fids-business-integrity-and-corporate-compliance/$File/ey-fids-business-integrity-and-corporate-compliance.pdf)
- EY Corporate Integrity and Compliance - Getting it right
[http://www.ey.com/Publication/vwLUAssets/EY-corporate-integrity-and-compliance/\\$FILE/EY-corporate-integrity-compliance.pdf](http://www.ey.com/Publication/vwLUAssets/EY-corporate-integrity-and-compliance/$FILE/EY-corporate-integrity-compliance.pdf)
- Transparency International - Business Principles for Countering Bribery
https://www.transparency.org/whatwedo/tools/business_principles_for_countering_bribery/1
- Transparency International - Business Principles for Countering Bribery – Small and Medium Enterprise (SME) Edition
https://www.transparency.org/whatwedo/tools/business_principles_for_countering_bribery_sme_edition

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