UN Global Compact

Second Communication on Progress (COP) from VS Furniture

Vereinigte Spezialmöbelfabriken GmbH & Co. KG
May 2011

Declaration of Support for the UN Global Compact

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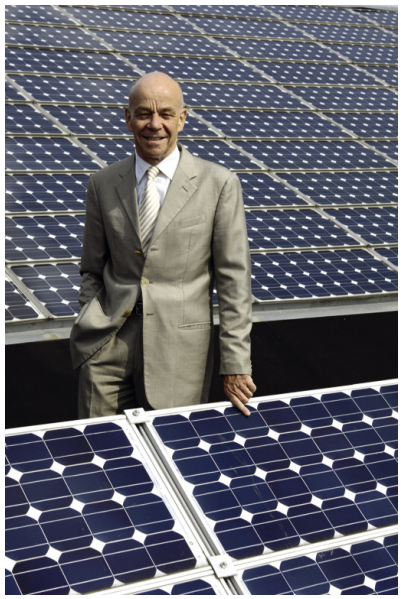
Declaration of Support for the UN Global Compact

Dear employees of VS Furniture and stakeholders in VS Vereinigte Spezialmöbelfabriken GmbH & Co KG,

VS presents its second annual communication on progress within the framework of the United Nations' "Global Compact".



On 22 September 2008 VS Vereinigte Spezialmöbelfabriken GmbH & Co. KG joined the UN Global Compact. In December 2009 we presented the first communication on progress. This communication will be updated on a yearly basis.

As a medium-sized company manufacturing from just one factory site in Tauberbischofsheim/Germany, we are already making a significant contribution to environmental protection and to the goals of the Global Compact, in that with our high on-site manufacturing depth we avoid the expense of transportation and haulage as well as CO_2 emissions, to give just one example.
But VS is also being increasingly included in the global economy: on the one hand our exports are increasing to overseas markets too, and on the other hand we are buying more materials from Asia instead of from Europe.

In this respect we recognise global corporate responsibility and view the 10 principles of the Global Compact as the benchmark.

Despite the growing financial squeeze caused by the global economic crisis on local authorities, who are our most important customers for school furniture, VS has been able in the reporting period to increase its sales, to maintain its social commitments to its employees, to increase the numbers of its workforce, and to improve in-house environmental protection.

VS is further committed to employing as many disabled people as possible. In view of the company's employment quota for handicapped people of 10 % (5 % is the statutory requirement), the Municipal Association for Youth and Social Affairs (KVJS) of Baden-Württemberg awarded VS the status of "Disabled-friendly Employer" at the end of October 2009.

Climate and environmental protection is becoming increasingly more important to VS. The difficulties encountered in the renegotiation of the agreement on climate protection are very worrying. This calls into question not only whether average global warming can be kept below 2°C by 2050, which is of vital significance to us all. But also the general conditions of global environmental policy for fair competition will not be improved.

The possible failure of concrete agreements underlines the need for the economy and the individual companies not to wait until a new and better agreement on global climate protection is struck, but for them to increase their efforts and set an example.

VS is expected to surpass the climate target set out in the previous progress report for the UN Global Compact of reducing the company's CO_2 consumption in relation to revenues by 30 % by the year 2015. In 2011 40 % of VS' energy consumption is already expected to be made up of regenerative energy.

VS will continue to support the principles of the UN Global Compact and enact them within its sphere of influence.

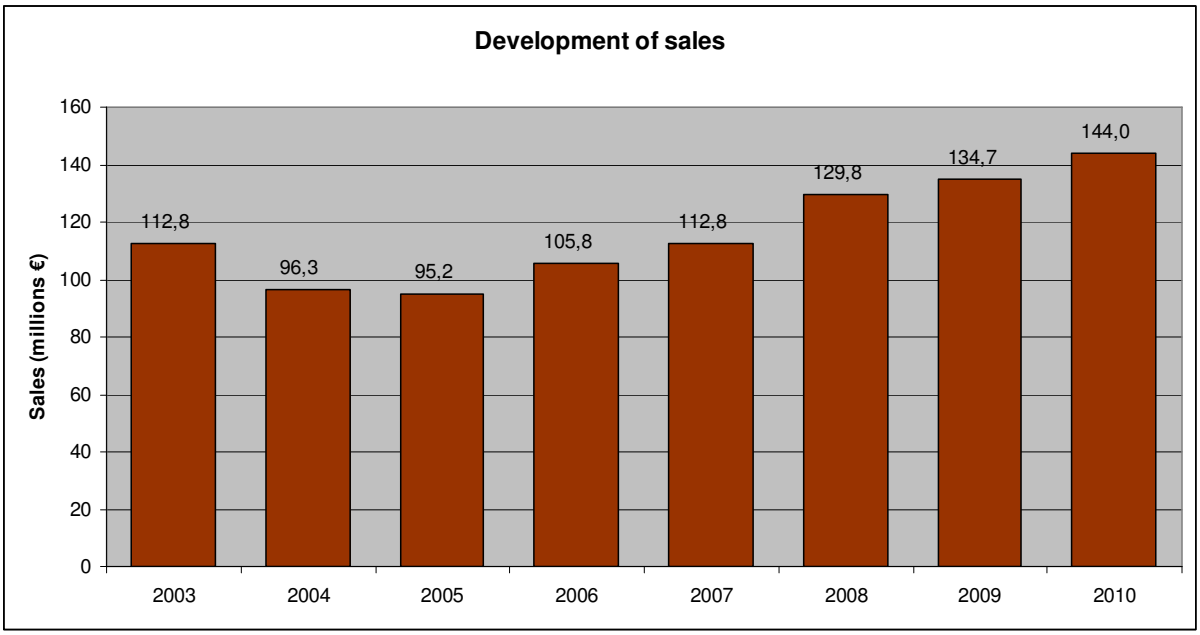
Prof. Dr. Thomas Müller

VS at a Glance

Table 1: Development of sales at VS

Year	Sales (millions €)	Change in relation to previous year
2003	112.8	
2004	96.3	-14.6 %
2005	95.2	-1.1 %
2006	105.8	11.1 %
2007	112.8	6.6 %
2008	129.8	15.1 %
2009	134.7	3.8 %
2010	144.0	6.9 %

Diagram 1: Development of sales at VS



I. Human Rights and VS

I. 1: Goals

> ***Principle 1****: Businesses should support and respect the protection of internationally proclaimed human rights; and*
> ***Principle 2:*** *make sure that they are not complicit in human rights abuses.*

Protecting and supporting human rights within our sphere of influence is an integral part of VS' corporate strategy. We are guided by the International Human Rights Charter, which is composed of the "Universal Declaration of Human Rights" of 1948 and the International Civil, Political, Economic, Social and Cultural Covenants of 1966. These human rights standards are regulated by the laws in Germany. In accordance with the Charter we acknowledge the universality and indivisibility of human rights. We consider as being within our sphere of influence not only our core business at our production site in Tauberbischofsheim/Germany, our German branches and our subsidiaries in the USA, France and Sharjah (UAE), but also our supply chain. Furthermore, we refuse to have a role in any direct or indirect abuse of human rights, above all should this be in states where we are developing or nurturing business relationships.

I. 2: Measures and results

The management of VS lays down the ground rules and goals of the company and ensures that human rights are observed.
For VS it goes without saying that not only are all statutory regulations to be observed, but also human rights standards are to be significantly improved upon.

The management checks whether human rights abuses are going on in VS' area of operations. Reviewing business relationships with the most important suppliers includes the task of ensuring that human rights are not being abused in their organisations.

> *In view of the enormous significance of human rights, we have conducted investigations as to whether the company, which was founded in 1898, had been guilty of participating in human rights and war crimes during the Nazi dictatorship and the Second World War. The results of the investigation are on exhibit in the company's own museum "School Furniture in the 20th/21st Century", which opened in 1998 and is a source of information for numerous professionals and school classes. VS was obliged to cease operations during the Second World War. The company buildings in Tauberbischofsheim were placed under compulsory appropriation and used by other businesses more appropriate to the war economy. Nevertheless, in 2001 VS made a contribution of 100,000 DM to the settlement fund of the "Memory, Responsibility and Future" Foundation to compensate forced labourers in the Third Reich period.*

II. Social Standards and VS

II. 1: Goals

> ***Principle 3:*** *Businesses should uphold the freedom of association and the recognition of the right to collective bargaining;*
> ***Principle 4:*** *the elimination of all forms of forced and compulsory labour;*
> ***Principle 5:*** *the effective abolition of child labour, and*
> ***Principle 6:*** *the elimination of discrimination in respect of employment and occupation.*

The business policy of VS is based on the acknowledgment of employee participation in the management policies of the company. This acknowledgment of the employees' opinions more effectively enables the employees to identify with the goals of the company, to develop a vested interest in the success of the company, and to assume a sense of responsibility for the company in good times as well as in bad times. Freedom of association is a prerequisite for having a voice in decisions. Irrespective of the existing laws in Germany, for VS the right to collective bargaining, and the elimination of forced labour and child labour as well as the intentional discrimination of employees are a matter of course.

II. 2: Measures and results

There are always new awareness and learning processes in the area of discrimination. What was taboo in the past has today become the legal norm or is the subject of public debate. VS is fundamentally receptive to and actively participates in such changes. The relevant subject areas include in particular the equality of the sexes, and the elimination of discrimination based on religion, national origin (employees with immigrant backgrounds), culture, age or sexual orientation. From the outset VS does not consider a physical or mental handicap to be a hindrance to employment.

The specified basic principles of VS management policy are reflected in the following socio-structural elements:

- **Employment of women**

  The situation regarding the employment of women at VS has not essentially changed from last year's report. Male and female employees at VS come, for the most part, from the surrounding rural areas. These areas are populated mostly by families where the women are the home-makers and raise the children, while the men work for their wages and salaries. That is why the percentage of women employed at VS, especially among the industrial workers (trades), is comparatively low, and the possibilities for VS to increase the number of female employees is limited. The amount of male job applicants outnumbers the amount of female applicants by a ratio of more than ten to one. The amount of female employees in relation to the entire workforce was approx. 13 % at the end of 2010. Of the office workers this proportion was 26 %; of the industrial workers (trades) this was just 4 %. Again, the amount of female part-time industrial workers was only 5 %. In comparison, the proportion increases to 31 % among female part-time office workers.

Table 2: Gender distribution of employees at VS

Workforce on 31.12.2010	Gender	Part time	Full time	Total
Office workers	M	2	245	247
	F	39	50	89
Total, office workers		41	295	336
Industrial workers	M	9	525	534
	F	4	20	24
Total, industrial workers		13	545	558
Total		**54**	**840**	**894**

- **Employment of disabled people**

There are 58 employees at VS who are severely disabled with a level of disability of at least 50 %. Six of them can be counted against compulsory places – among them a severely disabled apprentice. 29 employees are classed as disabled, i.e. they have a level of disability of min. 30 % to max. 50 %. A further five employees have a level of disability of 30 % - but do not have parity notification (cannot be counted against the compensatory charge).

The percentage of severely disabled staff at VS with respect to the full workforce is currently twice as high as the legal requirement of a minimum of 5 %. This is exceptional in comparison with the average in the private business sector. On average only 4.2 % of all individuals employed in the German economy are disabled.
The quota of disabled people employed by VS has increased significantly in the past few years from 8.3 % in 2006, 8.7 % in 2007 and 9.2 % in 2008 to up to now the highest level of 10.2 % in 2009. In 2010 the quota dropped slightly to 9.9 %.

This result was achieved through the following measures:

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- An "Integration Agreement" was signed on 20 December 2000 between the management, the Representative for the Severely Disabled, the Opportunities Officer for the Severely Disabled at VS, and the Works Council.

- With regard to the filling of job vacancies, VS first checks in co-operation with the employment agency or with Integration Services (IFD) whether these positions can be filled by persons with severe disabilities.

- All severely disabled applicants who are qualified in their field will be invited for a job interview.

- The Works Council and the Representative for the Severely Disabled (SBV) are informed about job applications by persons with severe disabilities and take part in the decision process within the framework of the legal requirements.

- Since 2006 there has been only one incident where, with the approval of the Office for Integration of the Municipal Association for Youth and Social Affairs (KVJS), an employee was discharged for conduct reasons.

- Prevention discussions and in-house integration management (§ 84 SGB IX) are conducted in the event of persons being absent for more than six weeks per year.

- The Representative for the Severely Disabled and the company doctor work in very close co-operation.

- VS attaches great importance to training and qualification within the company, so that employees can be deployed as flexibly as possible. This also helps to ensure the employees' job security.

Irrespective of the high employment quota for severely disabled persons, VS endeavours to place as many orders as possible with sheltered workshops. The volume of orders placed by VS with sheltered workshops has increased from 98,000 euro in 2000 to 310,000 euro in 2010 (cf. Table 3).

Table 3: Volume of orders placed by VS with sheltered workshops

Year	Sales
2000	97,627 €
2007	125,036 €
2008	124,613 €
2009	168,757 €
2010	310,126 €

In recognition of VS' commitment to the disabled, the Municipal Association for Youth and Social Affairs (KVJS) of Baden-Württemberg at the end of October 2009 awarded VS the status "Disabled-friendly Employer", describing the company as a "shining example".

– Training

VS attaches great importance to the internal training of skilled personnel and is also used by vocational academies for the practical part of their dual training in the subjects of Business Management, Wood Engineering and Mechanical Engineering.

VS currently employs 44 trainees and DHBW (Dual College Baden-Württemberg) students. Trainees and DHBW students make up 5.6 % of all the office workers and 4.9 % of the permanent industrial workers. VS provides training in the following professions/subjects:

Wood Machinist; Industrial Machinist; Warehouse Logistics Specialist; Industrial Clerk; Technical Illustrator; DHBW / Wood Engineering; DHBW / Business Information Technology; DHBW / IBA; DHBW / Industry; DHBW / Mechanical Engineering.

III. VS and Environmental/Climate Protection

III. 1: Goals

One of VS' important company principles is the responsible use of natural resources.

> ***Principle 7:*** *Businesses should support a precautionary approach to environmental challenges;*
> ***Principle 8:*** *undertake initiatives to promote greater environmental responsibility; and*
> ***Principle 9:*** *encourage the development and diffusion of environmentally friendly technologies.*

Among the significant goals of VS' environmental policy are minimising the environmental impact in the supply chain and at the production site in Tauberbischofsheim and being able to offer our customers products which have been made in the most environmentally friendly processes possible. VS also endeavours to minimise the environmental impact of waste disposal.

Environmental policy is therefore an essential element of VS' corporate strategy. In-house environmental protection is therefore an integral theme extending across all company departments and processes. Our aim is to achieve without gimmickry through individual measures integrated results which are sustainable in the long term – often running against the tenets of pure economic sense.

VS operates an environment management system which is an integral part of business activities. This is how we safeguard a continuous improvement process for environmental protection.

As our commitment to the natural environment, we at VS understand this to include:

- Protecting the environment, our employees and our customers by avoiding harmful effects in the production, use and disposal of our products
- Eliminating or minimising emissions and waste
- Using the smallest amounts possible of the natural resources of water, soil and air
- Using energy and materials in an economical way in all areas of production (recycling)
- Promoting the use of regenerative energy
- Exceptionally long-lasting VS products, an environmentally oriented choice of materials and recyclable, modular designs for VS products

Climate objective of VS

VS has set for itself the objective of reducing the company's CO2 consumption in relation to revenues by 30 % by the year 2015. This goal will be achieved primarily through the use of renewable energies which VS itself will produce: the burning of wood shavings and the deployment of photovoltaic installations on VS rooftops. Should the revenues drop off markedly during this time, the goal might not be achieved due to a core amount of CO2 consumption which is independent of revenues.

VS is expected to surpass the specified climate target. In 2011 40 % of VS' energy consumption is expected to be made up of regenerative energy.

III. 2: Measures and results

The environmental policy of VS, with its principles and goals, is binding on and mandatory for all employees within the framework of their individual responsibilities. We support our employees and avoid any potential waste of resources already in the inception phase through the organisation of structures and processes which is adapted to needs and requirements, and through clear interface descriptions. Above and beyond this, all employees are required to report all instances of wasting resources and environmental pollution to their superiors immediately. We support environmental awareness and conduct in all areas through training of our employees with regard to direct and indirect effects of their work on the environment. The management at VS is convinced that the conservation of resources includes economic action. Environmental protection will safeguard the long-term survival of our company.

The certification of our environment management systems according to the requirements of DIN EN ISO 14001 documents the efficiency of our environmental protection measures.

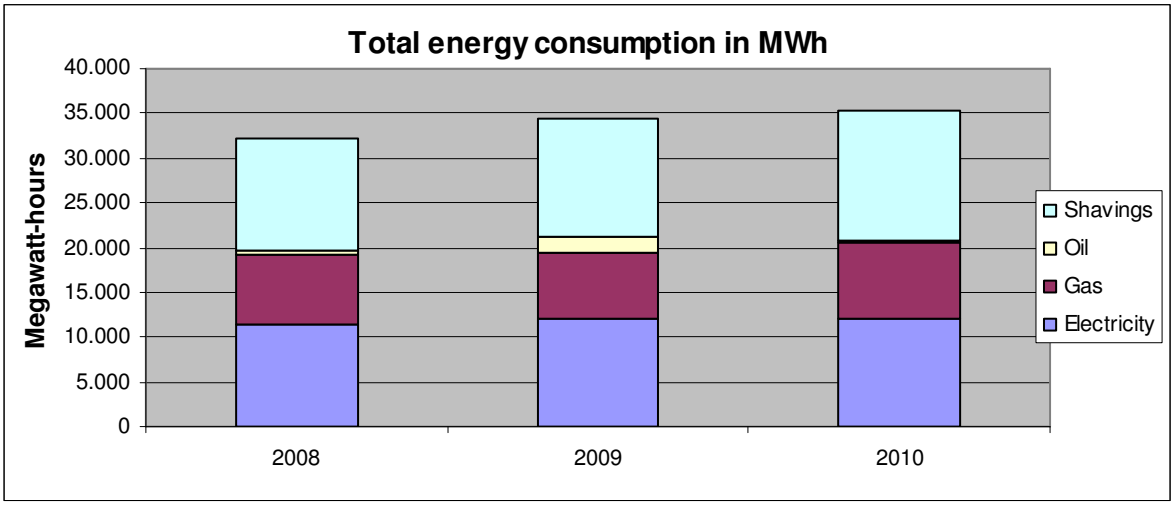
The specific areas of environment management at VS produce the diagram below.

III. 2.1. Energy consumption

III 2.1.1. Renewable energies

The development of VS' total energy consumption in Tauberbischofsheim in the last three years is illustrated in Diagram 2:

Diagram 2: Total consumption by energy type



A marked rise in production output and an increase in company sales of 10.9 % in the reporting period of 2008-2010 meant that there was an increase in total energy consumption at the Tauberbischofsheim site. It was possible to increase the proportion of wood shavings and significantly reduce the proportion of oil in the mix of energy sources used. This is an intermediate result of VS' long-term strategy in that fossil fuels are to be replaced by regenerative energy sources if this is affordable.

Thermal utilisation of wood shavings and waste wood from in-house production has already been going on at VS for many years. 2008 saw the start of the systematic quantitative ascertainment of the shavings used to determine the proportion of this energy source in VS' total energy consumption. By 2010 the proportion of shavings has already exceeded 40 %.

With the investment in a further shavings silo which was built in the VS factory grounds in 2009, the preconditions have been created for further increasing the proportion of shavings in the mix of energy sources used. Two more investment projects for further extending the proportion of wood shavings as an energy source are currently in the planning stage:

- Firstly, a long-distance heating pipe system between boiler house 1 and boiler house 3 is being planned in order to supply other works in the grounds through the increased utilisation of energy from shavings.
- Secondly, an extension and replacement of boiler house 1 is being planned in order to increase capacities.

If in the case of a positive trend in business at VS both investment projects can be implemented by the year 2015, it will be possible – under otherwise identical conditions – for the proportion of wood shavings as an energy source to be increased to a level up to 57 % in the energy mix at VS.

Fossil fuels can be cut down by the use of wood shavings as an energy source at VS. Converted on the basis of fuel oil equivalents, a total emissions saving of 638 t CO_2 was already achieved

in 2010 through the use of wood shavings – with further expansion stages by 2015 this will amount to a total volume saving of 1200 t CO_2 per year.

Table 4: CO_2 saving through the use of wood shavings at VS

Year		CO_2 saving
2010		638 t/a
From 2015 (forecast)	After implementation of the investment projects	1200 t/a

Since 2001 there has been a photovoltaic installation with over 5000 modules and an output of 486 KWp on the rooftops of Works 1. In 2010 a further installation with an output of 449 KWp was put into operation on the rooftops of Works 5. Table 5 provides an overview with the annual yields:

Table 5: Installed photovoltaic installations on the rooftops at VS

Year of installation	Works	Installation output	Annual yield
2001	1	486 KWp	416 MWh
2010	5	449 KWp	440 MWh
Further option		250 KWp	

Because the new installation, which went into operation in May 2010, will only complete its first full year of operation in 2011, the CO_2 saving through the use of photovoltaic installations on the rooftops of VS must be considered on a differentiated basis. Table 6 provides an overview of the annual CO_2 saving.

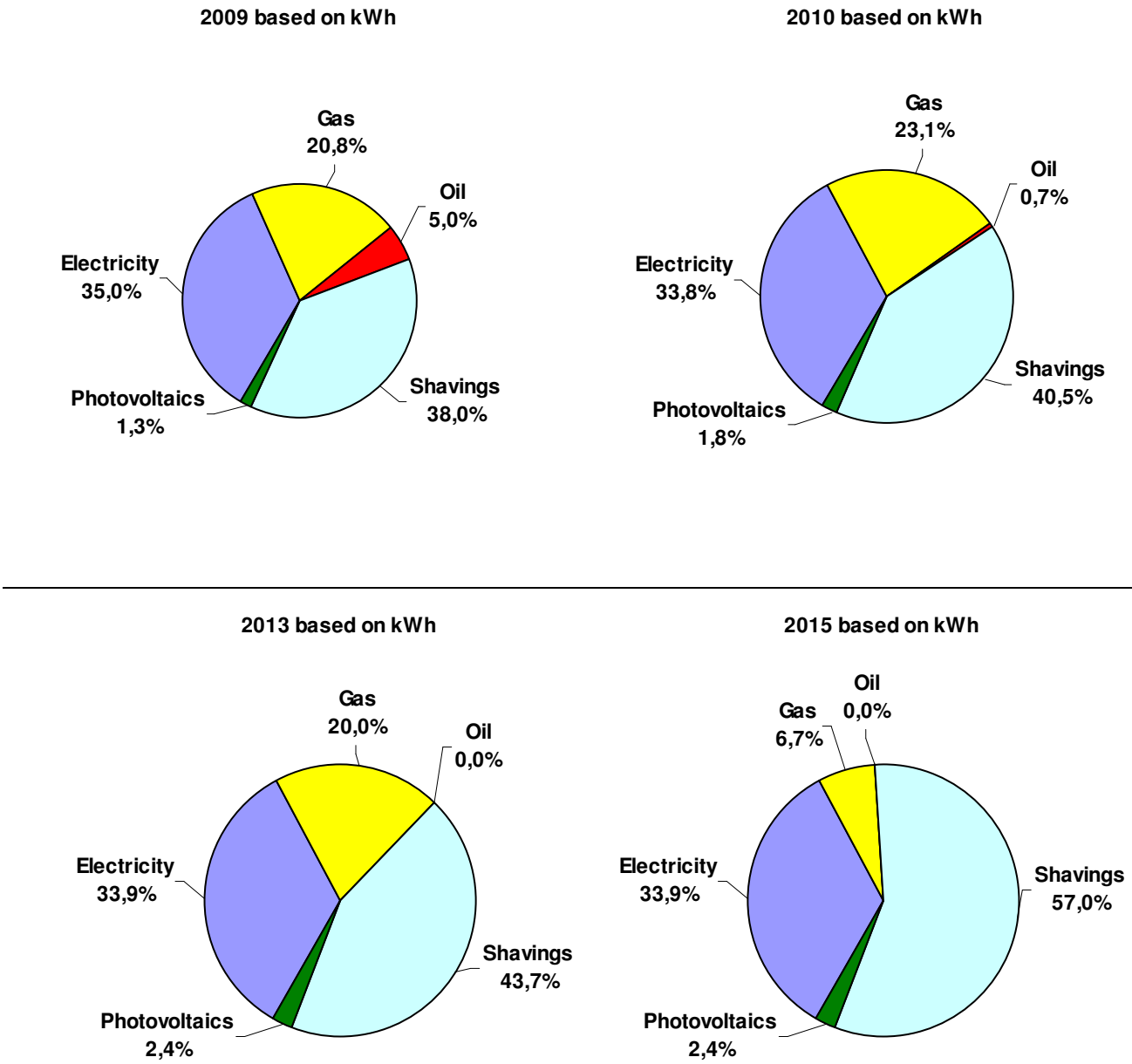
Table 6: CO_2 saving through use of photovoltaics on the rooftops at VS

Year	Operating period	CO_2 saving
2010	Works 1: 12 months Works 5: 7 months	287 t/a
From 2011 (forecast)	Works 1/5: 12 months	381 t/a

By extending the photovoltaics on the rooftops at VS it is possible to forecast an increase in the proportion of this energy source in the total energy demand of VS from 1.3 % in 2009 to 2.4 % in 2011.

Diagram 3 provides a summary of the current and planned mix of energy sources to cover the total energy demand at VS.

Diagram 3: Development of the proportions of energy sources used at VS 2009-2015 (forecast)

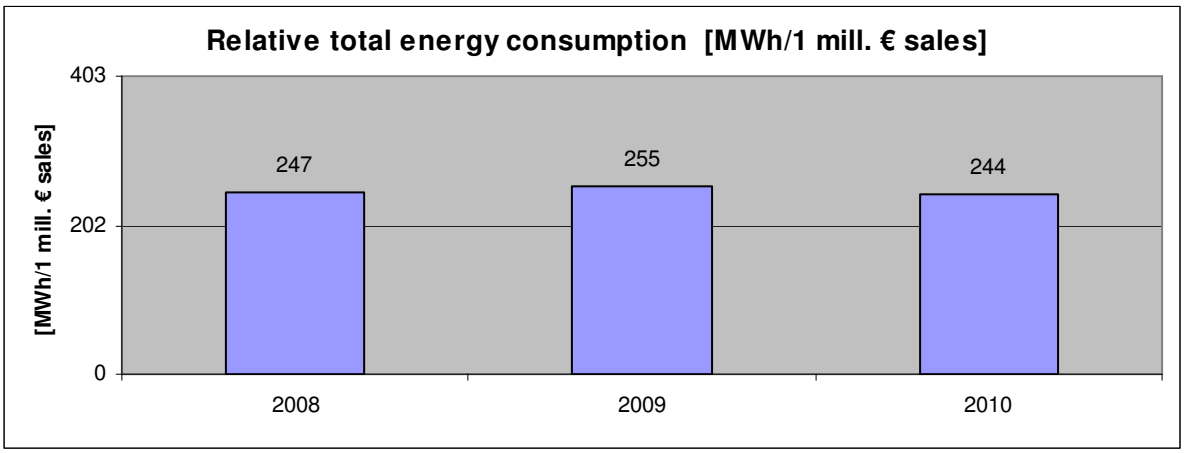


(as of 2011 planned values assuming identical sales figures)

The target shown in the model calculation of increasing the proportion of regenerative energy sources at VS (photovoltaics and utilisation of shavings) to 59.4 % of the total energy demand and thereby achieving a total saving of over 1580 t CO_2 /a presupposes that VS will enjoy a positive trend in business in order to be able to realise the investment projects.

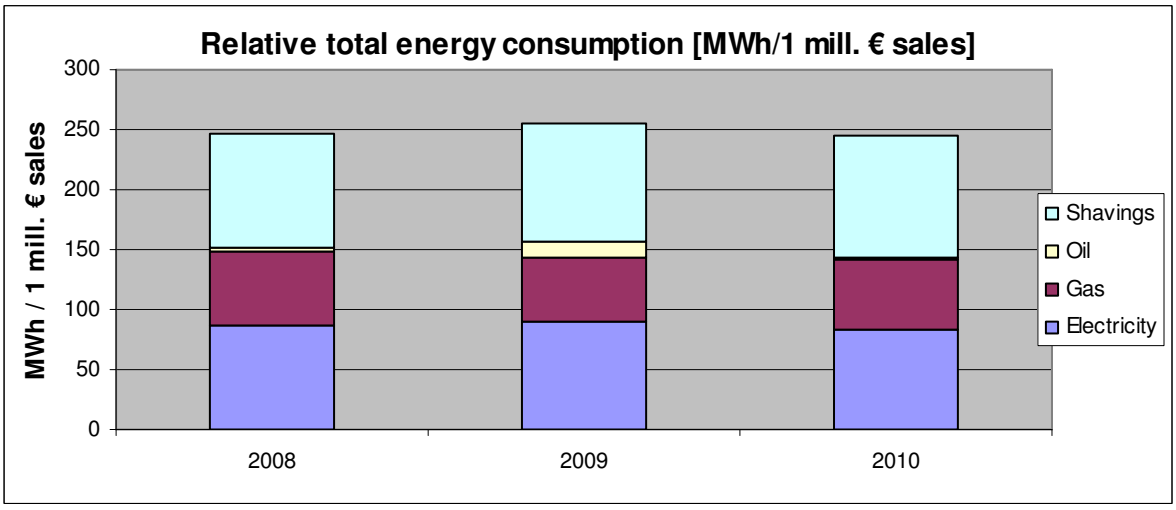
The actual development of business influences the specific energy consumptions and the CO_2 saving potentials actually achieved. When one analyses the relative total energy consumption at VS referred to 1 million € sales, the following development is obtained over the reporting period:

Diagram 4: Relative total energy consumption at VS



It was possible to reduce slightly the specific energy consumption per 1 million € sales in 2010 compared with 2009. An overview of the specific energy consumption for each energy type is shown in Diagram 5.

Diagram 5: Relative energy consumption at VS by energy type



This diagram too clearly shows the increasing substitution of the fossil fuel oil for the increased utilisation of waste shavings. It has been possible, when making a comparison with the year 2008, to make progress in cutting down CO_2 emissions, as Table 7 featuring the specific CO_2 emissions referred to 1 million. € sales shows.

Table 7: Specific CO_2 emissions

Year	t CO_2 per 1 million € sales
2008	54
2009	56
2010	50

Subject to a consistent implementation of the investment projects (long-distance heating pipe system and boiler house replacement), a reduction in CO_2 emissions – assuming otherwise identical conditions – to 40 t / 1 million € sales in 2015 appears achievable.

III 2.1.2 Energy efficiency

Increasing energy efficiency is playing an increasingly important role in the reduction of CO_2 emissions.

Substitution of oil

In previous years VS has pursued a strategy of using gas instead of fuel oil as an energy source. The more favourable CO_2 equivalent results, for an identical energy demand, in comparatively fewer CO_2 emissions. Further measures for increasing energy efficiency at VS are:

Lighting concept

A project for "optimising workshop lighting" was initiated in 2009. This project above all involves replacing previously installed 107 HG vapour discharge bulbs with energy-saving bulbs.

Old

New

The advantages are:

- Energy consumption is virtually halved from 250 W to 128 W per bulb.

- Lower mercury content.

Up to now around one third of all bulbs have been replaced with savings of 62 MWh/a, corresponding to around 39 t CO_2 per year. When the project is completed in 2012 the energy savings will amount to 130 MWh/a or 82 t CO_2/a.

Wood recycling

VS manufactures Lignodur table tops with a high degree of hardness which are particularly suitable for use in school furniture. Lignodur is made from 100 % recycled materials in contrast to conventional chipboards, which are made from 70 % fresh wood. Lignodur is much more durable than sawn timber and chipboard. With the current production volume the reduction in CO_2 emissions is approx. 54 t CO_2/a.

Powder coating project

VS uses powder coating to apply colour to the materials used in the manufacture of furniture. By installing recirculation air locks in 2009, it was possible to reduce the energy consumption of the power coating system by 17 % or accordingly 418 MWh/a. Furthermore, plans are in place to reduce the powder coating losses by 15 % or when converted 4 t/a. A further objective is to replace the fossil fuels with regenerative energy sources for heating the washing system. In all, these measures will reduce the CO_2 emissions by 97 t CO_2/a. Tests are also being conducted to ascertain whether the waste water from the powder coating system can be recycled by means of evaporation technology.

Energy-efficient products

VS manufactures electronically height-adjustable tables, for which there is a growing demand.

Thanks to the use of an electrical control system, considerable energy savings can be achieved during production and transportation of the tables, in recycling and above all in the power consumption both in operation and in standby mode.

Table 8: Energy-efficient table

		competitors standard controlbox	VS compact controlbox	
Production	raw materials (copper, iron, plastics, electronic components)	1.7 kg	0.47 kg	*-72% raw materials*
Transport	transportation route via ship and truck, on average 21..000 km	0.96 kg CO_2	0.26 kg CO_2	*- 73% CO_2*
Power consumption	Energy consumption in use	170 W	118 W	*-31% power consumption*
	Energy consumption stand-by	4-10 W	< 0.6 W	
Recycling	Raw materials and packaging	2 kg	0.6 kg	*-70% recycling*

For a current order of 1500 tables it is possible to save 85 MWh/a electricity when compared with conventional control systems. This equates to an emissions saving of 53 t CO_2/a. As the demand increases, a savings potential of at least 100 t CO_2/a is anticipated for 2011.

Table 9: Total CO_2 savings

Measure	As at 2010 (t/a)	By end of 2012 (t/a)
Heat recovery, waste shavings	638	1200
Photovoltaic panels	287	381
Manufacture of Lignodur table tops	54	54
Optimisation of workshop lighting	39	82
More energy-efficient products	53	100
Powder coating project	97	97
Total	**1168**	**1914**

The CO_2 savings, when converted to the average CO_2 emissions of private households, correspond to:

2010 117 four-person households
2012 191 four-person households

A four-person household consumes on average 4500 kWh/a and 2000 l/a fuel oil, corresponding to 10 t CO_2/a.

III. 2.2 Water consumption

The absolute water consumption of the heaviest consumer – boiler house I – increased in the period from 2008 to 2010, closely paralleling the growth in sales. In the Works 3 area, where there is also a high water demand on account of the powder coating system, consumption could however be reduced through savings (cf. Diagram 6)

In all, it was possible to reduce the specific water consumption referred to 1 million € sales in 2010 when compared with the previous year by approx. 6.5 %.

It is worth mentioning in this context that at VS the water that collects on the rooftops is accumulated in a collecting pool and used for cleaning purposes and for flushing the toilets.

Diagram 6: Water consumption

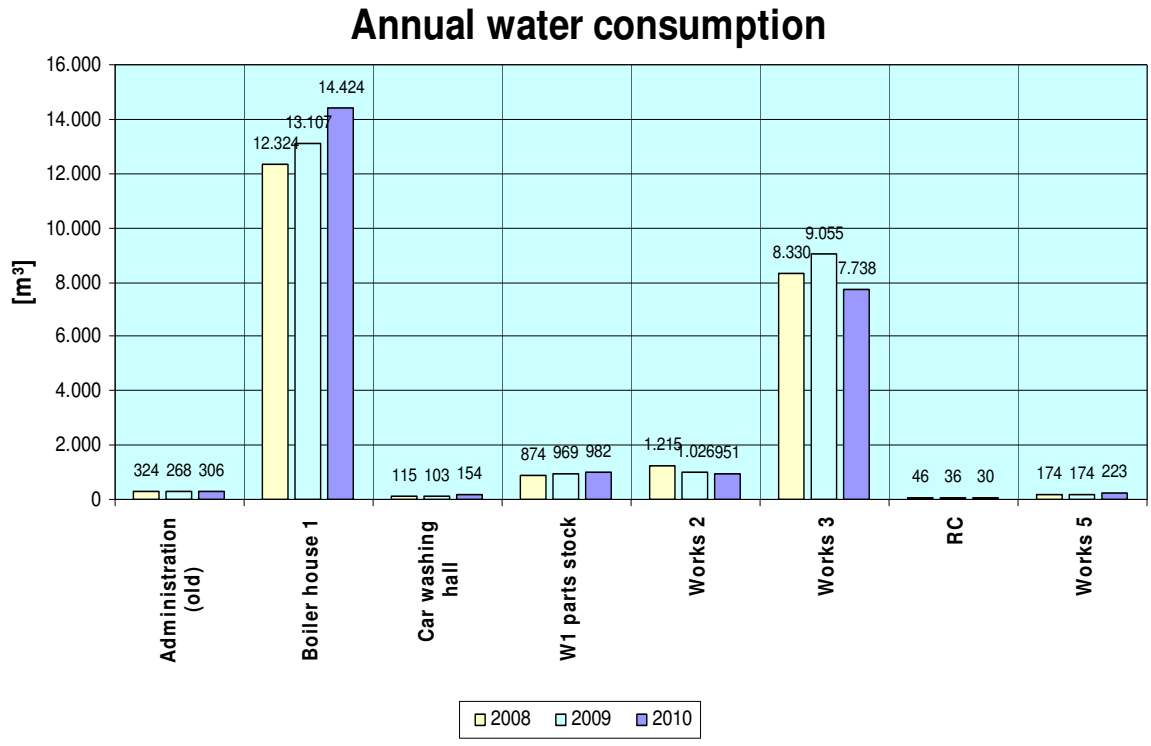
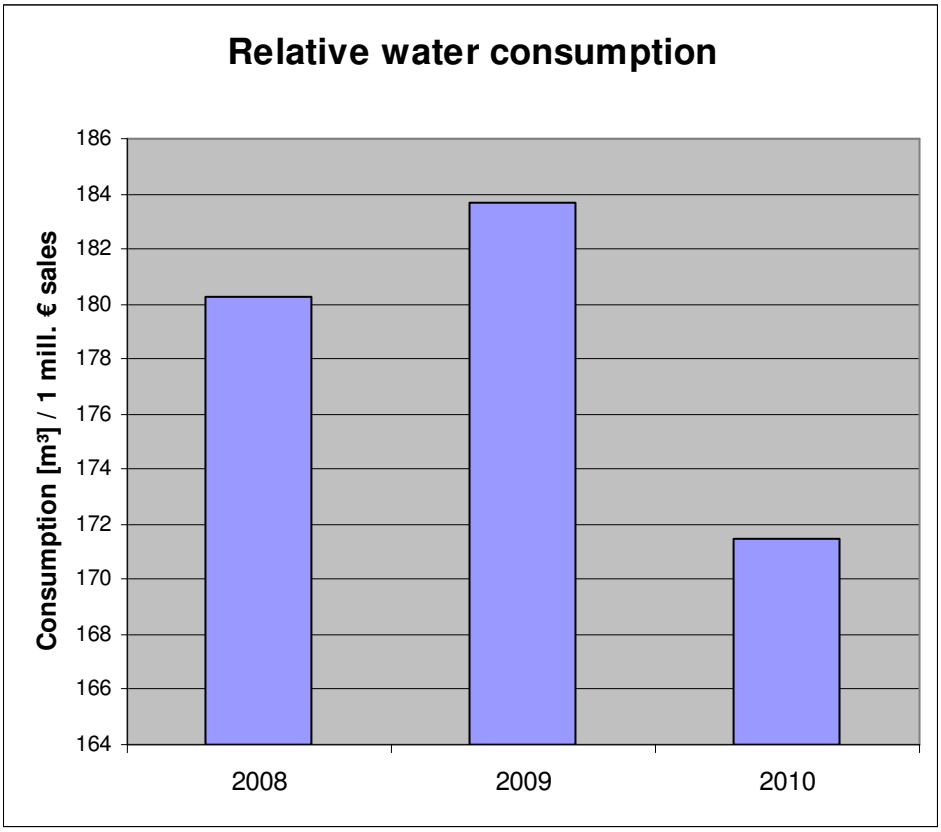


Diagram 7: Relative water consumption

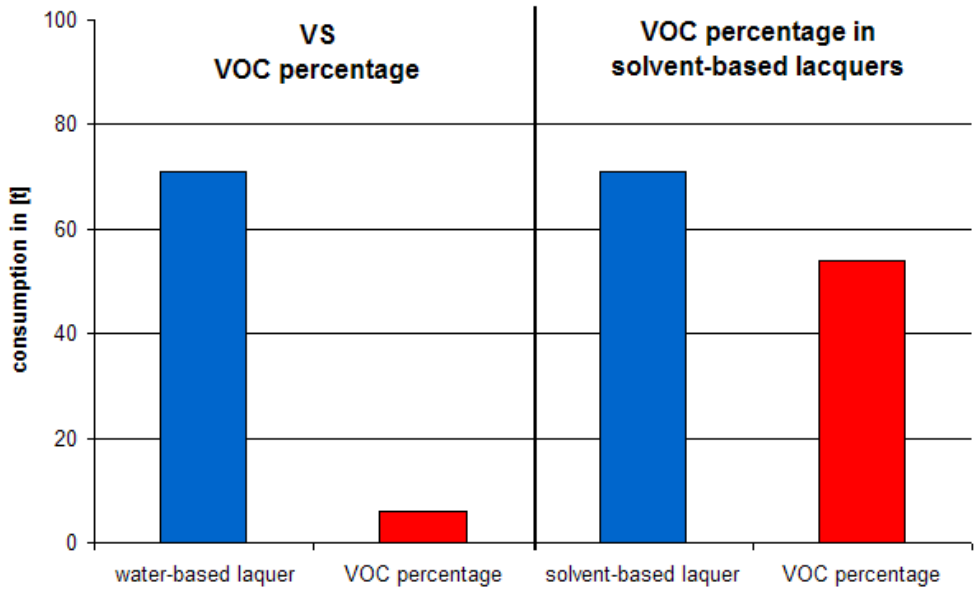


III. 2.3 Solvent consumption and VOC proportion

Use of environmentally friendly, water-based lacquer systems

VS is one of the first furniture companies to use water-based lacquer systems and has been doing so for more than 15 years. These systems, in contrast to conventional systems (containing solvents), contain just 6 % instead of 70 % volatile solvents (VOCs).

Diagram 8: Solvent consumption and VOC proportion



In the wood industry average the proportion of lacquer systems containing solvents is still at least 54 %.

In this way, VS has 48 t/a fewer VOC emissions than when solvent-based lacquers are used and 24 t/a fewer than the industry average.

Furthermore, the use of solvents (VOCs) in all has been continuously reduced (from 12.8 t in 2005 to 9.6 t in 2009) to the extent that it has been possible for example to reduce the use of solvents for cleaning the line.

Recovery of overspray

The overspray on the lacquer line is wiped off by a ring wiper, filtered and reused for priming other parts. A total of approx. 30 t lacquer per year is processed in the system. Approx. 15 t of this is overspray, roghly 14 t of which in turn are recovered via the ring wiper.

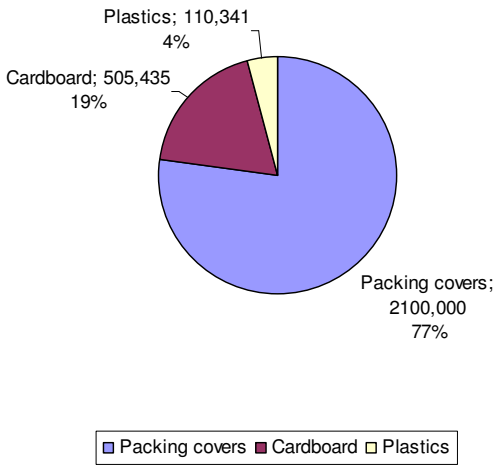
III. 2.4 Recycled packaging

VS pursues a strategy of avoiding as a matter of priority disposable packaging materials and instead wherever possible working with recyclable return systems.

Use of packing covers instead of cardboard or foil wrapping

VS has dispensed with the use of expensive packaging materials on more than 80 % of its products. Instead, it uses packing covers made from recycled materials. The use of 2,100,000 m² of reusable packing covers equates to a surface area of 300 soccer pitches (cf. Diagram 9).

Diagram 9: Use of packaging materials



Reusable packaging

Reusable packaging is also used for bought-in parts.

Example of transporting PP seat shells: Cardboard boxes which can be reused up to 15 times are used. Approx. 5000 cardboard boxes are required in circulation for an annual volume of 330,000 seat shells.

Delivery to VS:

For return to the supplier:

The use of reusable cardboard boxes saves around 7000 cardboard boxes per year. This equates to approx. 42,000 m²/a or the surface area of 6 soccer pitches.

Example of transporting glass doors

Delivery to VS:

For return to the supplier:

Approx. 100 reusable packaging units for glass doors are currently in circulation.

III. 2.5. Certificates

All materials used by VS are subject to the **"LGA schadstoffgeprüft"** certificate (pollutant-tested by the Bavarian State Trade Agency).
The requirements are essentially the same as those for the "Blue Angel" system (RAL-ZU 38).

With regard to the following points the "LGA-schadstoffgeprüft" requirements extend beyond those of the Blue Angel system:

- The manufacturing facility is subjected to an annual inspection
- Regular product inspections within the framework of an inspection agreement
- For example, the limit value for the release of formaldehyde is 0.05 ppm (the limit value required by law for the release of formaldehyde is 0.1 ppm).

All pieces of VS furniture also carry the **Greenguard – Indoor Air Quality** certificate.

This certificate confirms that the furniture is completely harmless with regard to pollutant and chemical emissions in indoor environments. Customers who are aiming for LEED certification for their buildings receive positive assessments thanks to their use of Greenguard-certified products, which in turn makes it easier for them to obtain an LEED certificate.

An environment management system complying with DIN EN ISO 14001:2009 is firmly entrenched in the management and all operative processes throughout the VS organisation. As a result of this internationally binding standard, possible instances of environmental pollutions are recorded in detail and, on the basis of the facts acquired, the company's environmental situation is continuously improved under regular independent monitoring.

IV. Zero Tolerance of Corruption at VS

IV. 1: Goal

> ***Principle 10:*** *Businesses should work against corruption in all its forms, including extortion and bribery.*

At VS the standards for fighting corruption are established and are binding, namely those to combat bribery in the United Nations Convention against Corruption and in the Convention of the Organisation for Economic Cooperation and Development (OECD), and which are called for the by non-governmental organisation "Transparency International".

IV. 2: Measures

In 2004 the management at VS agreed on a ruling according to which employees in sales can only claim small amounts as expenses for customer support and retention. Independent distributors of VS furniture too are required not to acquire orders and contracts through bribery. VS cannot, however, monitor whether distributors in individual instances are involved in bribery in the course of their business transactions. If such instances become known, the business relationship will be reconsidered in a dialogue with the aim of eliminating such practices.

V. Partnership Projects

As contemplated by the UN Global Compact VS understands its corporate social responsibility as extending beyond the core business area of school furniture production and is therefore involved in partnership projects. In this respect VS is concentrating on areas into which the company can inject its unique brand of competence and expertise.

In the first communication on progress we reported on three examples:

- The "Third Teacher" project is concerned with the role of the school environment (particularly school architecture and ergonomics of school furniture) in education and the effects of school furniture on the long-term health of people who have spent a significant part of their lives at school. In view of the debate reignited by Thilo Sarrazin's book on genetically fixed intelligence, which is supposed to be unrelated to upbringing, the findings relating to the still much too insufficiently considered environmental factors of school on the development of schoolchildren's intelligence are relevant today.

- In the year under review the school furniture museum was redesigned. Greater attention is now given to the relationships between the development of school architecture and school furniture design and socio-political developments in the past 100 years. A new museum catalogue was also created.

- Solar electricity production on VS factory rooftops: Since being given startup assistance by VS back in 2001 Tauber Solar GmbH has become one of Germany's most successful and award-winning operators of photovoltaic installations. VS has now itself installed the photovoltaic system it bought in 2010 on the rooftops of Works 5 (cf. III 2.1.1).

Two further partnership projects will now be discussed in this communication on progress.

"FIRST LEGO League"

Since 2004 VS has been supporting the international competition project "FIRST LEGO League", which introduces young people through play to modern technology in order to improve their competence, skills and opportunities for the future. Teams of schoolchildren (aged from 10 to 16) compete against each other in a multi-level tournament on the regional, national and international stages with LEGO robots they have built and programmed themselves in order to solve standardised problems in a play environment and to present their own research results to a panel of judges. The themes change every year, and are mostly concerned with resource conservation or environmental protection so that the young

competitors tackle the task of how robotics can be used in useful applications.

The themes were:
2008 Climate Connection (climate protection)
2009 Smart Move (mobility concepts)
2010 Body Forward (bio-medicine)

VS in Tauberbischofsheim has since 2004 been a permanent regional partner and furnisher for a 16-team competition. In 2010 the competition was held on 25 November. The competition is organised in Central Europe by the Hands on Technology society.
For more information: http://www.hands-on-technology.de/firstlegoleague/tournaments/regions/15.franken_main_tauber.html

Creative Minds – the competition for young inventors

VS supports in a regional network of medium-sized companies a competition for young inventors: "Kreative Köpfe Taubertal" (Creative Minds of Taubertal). The aim of the competition is for schoolchildren, either individually or as part of a team, to

- develop marketable inventions and ideas,
- prepare them so that they are suitable for presentation, and
- translate them into first prototypes in conjunction with the sponsoring companies.

Through this competition the children establish contact with companies, have to work single-mindedly on putting their ideas into practice, and are permitted to attend a presentation training course for preparation purposes.

Many wonderful inventions are based on ideas for conserving natural resources or themes of energy efficiency in everyday life. This demonstrates how strongly the young people of today identify with environmental themes.

More information at:

http://wittenstein-engineering.com/kreativekoepfe/index.php?id=10