

UN Global Compact – 2011 progress report

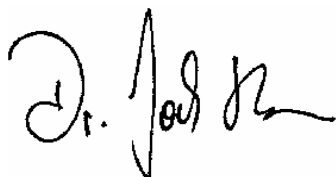
Declaration on continuing support of the UN Global Compact

Wilkhahn is a premium manufacturer in the office and contract furniture industry. The company is a global player with headquarters in Germany, branches in Spain and Australia, sales companies world wide and licensees in Japan, Morocco and South Africa. Wilkhahn joined Global Compact in 2007, underscoring the enterprise's continuing commitment to sustainability in the 100th year of its founding. Under the banner of design made in Germany and unlike virtually any other company in the industry, Wilkhahn stands for the coherent link between business success and social and ecological responsibility. Numerous socio-ecological milestones over the past decades confirm that Wilkhahn is one of the pioneering companies in pursuing sustainable business policies. Today our global activities are based on the premise of "Responsible furniture for a professional life". This concept concerns the company's products, processes, markets and values in equal measure.

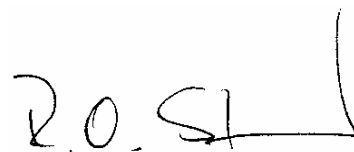
The UN Global Compact is the world's largest and most important platform for responsible companies which embrace principles of sustainable development and social responsibility. We share the UN's vision of global peace, justice and sustainable development. The ten Global Compact principles are reflected in our corporate policy, management principles and management systems.

With this year's Communication on Progress, Wilkhahn is renewing its commitment to the UN Global Compact. The Wilkhahn Management will continue to promote human rights and take actions to maintain and foster fair working conditions. Wilkhahn is committed to environmental protection on a global level and translates this into ecologically sound and innovative conference and office furniture and exemplary production standards. The Wilkhahn management and the works council will continue their mutual support in pursuit of our company's sustainability strategy.

Bad Münden, September 2011



Dr. Jochen Hahne
President



Olaf Stender
Chairman of the works council

The ten principles of the UN Global Compact and progress made

Principles 1 and 2: businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights abuses.

Progress:

- _ In February 2009, Wilkhahn and trades unions IG Metall and Building and Woodworkers International (BWI) signed a framework agreement on social responsibility and encouraging employee rights. One of the aspects Wilkhahn signs up to in the agreement is a ban on discrimination in accordance with the ILO agreements 100 and 111. These agreements are based on the recognition of the Universal Declaration on Human Rights. Wilkhahn expects its suppliers and partners to recognise these principles too.
- _ In Wilkhahn's organisations worldwide, management teams must adhere to prevailing social legislation. In conjunction with international trades unions, a monitoring procedure was launched in 2009 to guarantee continuing adherence to applicable social standards.
- _ Furthermore, Wilkhahn sponsors exhibitions, activities in associations and universities that are committed to democratic values, pluralism and liberal-minded attitudes. The company's value "Fairness towards people and the environment" is an integral part of the company's presentations and guided tours.

Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Progress:

- _ The level of union membership at Wilkhahn is high. At the Wilkhahn headquarters in Bad Münden, at least two out of every three employees belong to a union. As a result, Wilkhahn ensures that agreements reached in collective bargaining are applied.
- _ Wilkhahn actively supports the structuring of new collective wage agreements. Employees regularly take part in the negotiations between employers and employees in wage bargaining committees.
- _ Above and beyond its own location, Wilkhahn endeavours to boost the rights to freedom of association and the right to collective bargaining. In February 2009, Wilkhahn and the BWI and IG Metal trades unions signed an international framework agreement to this effect. Supplier management at Wilkhahn was then expanded.
- _ Freedom of association and collective bargaining were announced as fundamental principles for long-term business relationships.

Principles 4 and 5: companies are to act in favour of banning all forms of forced and compulsory labour and abolishing child labour.

Progress:

- _ Wilkhahn does not tolerate any types of forced and compulsory or child labour. This stipulation applies without exception to production sites in Germany, Spain and Australia and to its licensed partners' facilities.
- _ By signing the framework agreement, a basis was achieved with partners of the employee representatives at BWI and IG Metall to guarantee that suppliers and customers worldwide constantly follow the principles on an international scale too.
- _ Eliminating all types of forced and compulsory and child labour was a stipulation made to all suppliers as a fundamental principle of long-term business relationships.

Principle 6: the elimination of discrimination in respect of employment and occupation.

Progress:

- _ To prevent job discrimination, Wilkhahn has created transparent regulations by agreeing to compromises with the employees. Regulations on working hours, as well as the principles covering grades of wages and salaries, follow a performance rationale and the regulations in collective wage agreements. Employee discrimination due to race or ethnic origin, sex, religion or convictions, special needs, age or sexual orientation are systematically prevented. An officer for gender equality at the Bad Münden headquarters is also a point of contact for employees. Wilkhahn management currently knows of no cases of discrimination.
- _ Wilkhahn also enables people with special needs to take part in society by providing them with jobs. At the German headquarters, eight percent of employees are people with special needs.
- _ The framework agreement signed in February 2009 with employee representatives also puts Wilkhahn's anti-discrimination endeavours on a firm basis. All sites, sales companies, licensed partners and suppliers are informed about the high emphasis Wilkhahn places on this principle.

Principles 7, 8 and 9: businesses should support a precautionary approach to environmental challenges. They should undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.

Progress:

- _ At the headquarters in Germany, Wilkhahn maintains a management system in line with EC regulation 1221/2009 (EMAS) and international Standard ISO 14001. This guarantees effective compliance with the comparatively demanding European and German levels of environmental regulations. On a voluntary basis, Wilkhahn has annual compliance audits carried out by independent environmental experts, confirming that all environmental demands are fully met.
- _ Furthermore, Wilkhahn is committed to constant improvements to its environmental performance. Since 2001, the company adopts environmental action plans. Among past achievements was a drop in packaging materials due to environmentally friendly multi-cycle systems, as well as substantial reductions in the use of adhesives by means of innovative upholstering techniques (e.g. swivel chair programme "Modus" since 1995).
- _ Responsible energy mix in the long term: For about as long as two decades Wilkhahn has used environmentally friendly energy sources to produce innovative conference and office furniture. CO₂-neutral electricity production had been initiated by using photovoltaic (since 1992) and was broadened in 2008, by establishing a combined heat-and-power unit running on plant oils. With the CHP unit, Wilkhahn also set off for producing climate neutral heating energy. Consequently, Wilkhahn managed to halve carbon dioxide emissions. In 2011, the Wilkhahn sustainable energy concept was again enriched. Technical adjustments to use CO₂ neutral heat of a neighbouring biogas plant and investments into solar-thermal plants were taken. As a result, Wilkhahn has almost decoupled its production in Bad Münden from using fossil fuels. A look at the company's demanding environmental targets shows that responsibility for the environment and the climate translates into clear actions: In the coming years, Wilkhahn will meet at least 66 percent of its energy requirements by using renewable sources, such as sun and biomass. In addition to its climate neutral energy production, Wilkhahn seeks to increase yet another time its energy efficiency, through adjustments in providing compressed air and in table top production machinery.
- _ By investing in a modern lacquering section in 2009, the goal was fulfilled to reduce the already low level of VOC emissions even further. In the same year, Wilkhahn launched ON, an innovative swivel chair range that consists of 55 percent recycled material and which can be recycled up to 97 percent after product life.
- _ Since June 2011 Wilkhahn offers yet another product, the multi-purpose chair Chassis, combining sensual design, innovation and ecology. Based on a novel furniture production technique, a deep-drawing method adopted from automotive processes, Chassis comes with a lightweight steel frame and a polypropylene seat shell, which can be finished to individual needs with a choice of textile covers. Consisting of just two material components, Chassis can be almost completely recycled after product life.
- _ The Wilkhahn Consolidated Environmental Statement 2011 has been completely revised and broadened. Information on environmentally friendly materials used by Wilkhahn have been included in addition to the environmental aspects of Wilkhahn production. The EMAS validated document comprises 32 pages and is together with a

whole range of information on "Wilkhahn Green" accessible via the company's website www.wilkhahn.com.

- _ Furthermore, Wilkhahn is involved in working and interest groups that encourage entrepreneurial environmental and social responsibility. Wilkhahn is a member of the eco-driven entrepreneurial networks B.A.U.M. e.V and future e.V. and a regular member of the panel of judges for the CSR Award in the Hanover region. In 2009 and 2010, Wilkhahn gave voluntary time to the Federal Ministry for Labour and Social Affairs' CSR Forum.
- _ "Responsible Furniture for a Professional Life": As part of the strategy development project Wilkhahn 2017, sustainability was confirmed as a key company value. The company's values state that "Sustainability, responsibility and fairness shape the way we deal with people and the environment. With durable products, eco-friendly production and business processes and relationships based on partnership. Vision and fairness will make us successful in future too". As part of a cascade briefing of the project, all employees worldwide were informed and actively involved in full-day events worldwide.

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

Progress:

- _ Wilkhahn management knows of no cases of corruption in areas it has an influence on. In general, the global contract and office furniture market stands out for its high level of transparency in issuing orders. Wilkhahn management believes that in future the risk of becoming involved in unlawful business practices, including extortion and bribery, is very low. Nevertheless, the issue is discussed with suppliers and the results of a survey on the subject are documented.