

DAW Communication on Progress for the United Nations Global Compact



Dear Sir / Madam,

The Deutsche Amphibolin-Werke von Robert Murjahn Stiftung & Co KG – abbreviated to DAW – signed the Global Compact of the United Nations at the start of 2012. We therefore affirm the ten principles of this pact between the United Nations and the corporate sector which is based on universally recognised principles of

environmental protection, human rights, employees' rights and the prevention of corruption. As a signatory we are in the good company of numerous other large and small companies throughout the world, including many of our customers.

As a family company in its fifth generation, sustainability is not a new-fashioned buzz word. We have already made an early start in integrating aspects of environmental

protection and health considerations into our products for employees, users and consumers. Also, we are convinced that long-term orientated customer relationships and a fair balance of interests are the mainstay of corporate success – today and in the future.

Although sustainability thus expresses our principal stance, it is clear to us that the systematic incorporation of sustainability concepts in all operative areas of the company remains a continuous task. In 2012 we have made significant progress in many areas and submit our report about this in a standardised form.

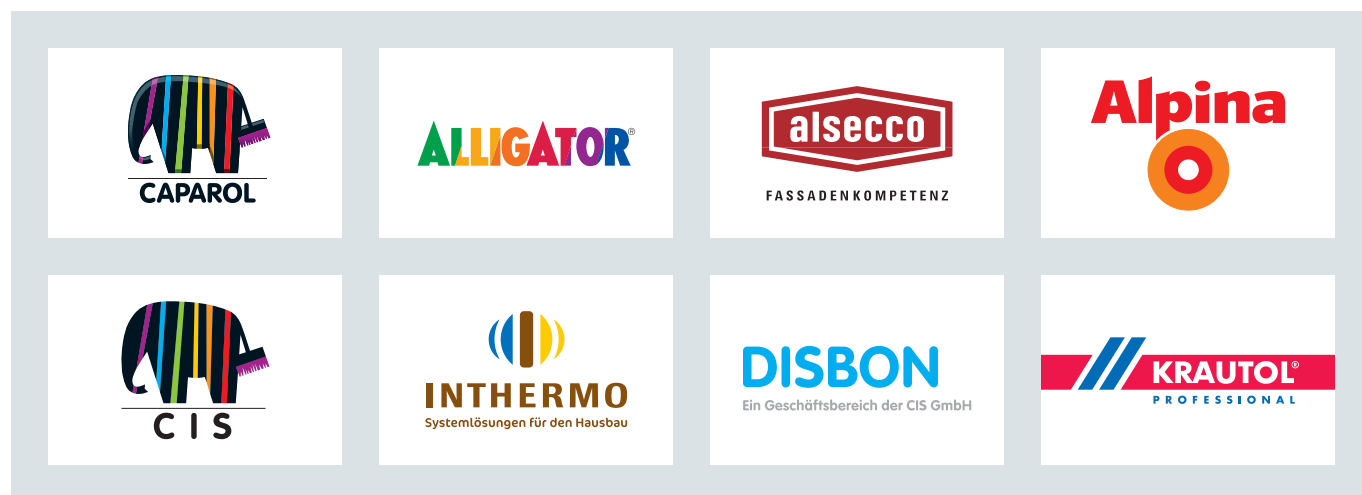
Dr. Ralf Murjahn
Executive Partner of DAW

DAW

Deutsche Amphibolin-Werke
von Robert Murjahn Stiftung & Co KG

The DAW Group

The parent company of the DAW Group is the Deutsche Amphibolin-Werke von Robert Murjahn Stiftung & Co KG with head-quarters in Ober-Ramstadt. DAW products are better known under their brand names of **Caparol**, **Alligator** and **alsecco** for high quality paints, enamels, glazes, chemical building products and materials for facades and insulation technology, **Inthermo** for insulation systems based on wood fibre, **Disbon** for coating and renovation solutions in building protection, **Krautol** for professional structure coating materials, **CIS** (Caparol Industrial Services) for the industrial business and **Alpina** for paints, enamels and glazes for the private customer.



The ten principles of the UN Global Compact

Note

We would like to point out to international readers of this text that some principles of the UN Global Compact are prescribed by legislation in Germany. These include, for example, freedom of association and protection against discrimination. DAW has implemented its own company systems which go beyond this legal protection for the employees.

Unless otherwise stated, the statements refer to the main production sites of the DAW Group Germany.

The ten principles of the UN Global Compact	Management systems, measures and services 2012
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>and</p> <p>Principle 2: Businesses should make sure that they are not complicit in human rights abuses.</p>	<p>All employees of the DAW Group are given the internal DAW Company Manual on starting work with the company. It contains the company guiding principles, the basic principles of the company policy and the company values. The employees receive regular training on the content of the company manual.</p> <p>In the DAW guiding principles qualitative targets of the company management are formulated which the employees support in daily activities. They offer orientation in deciding between different options for action and in this sense also represent a binding guiding thread.</p> <p>The company places explicit value on cultural diversity and eliminates contraventions to this principle of human rights within the company. In the DAW guiding principles the corporate culture is defined by: "Our daily co-operation is characterised by mutual respect, by a friendly, helpful and cosmopolitan association of one to the other and the appreciation that the best solutions are often produced from the wide variety of knowledge held by 4,500 employees of different origins."</p>



	<p>The company ethics and sustainability are described in the guiding principles as follows: "As an innovative family enterprise we feel morally obliged to make a contribution to sustainable, environmentally compatible, economic management (Sustainable Development) that is fit for the future."</p> <p>DAW has established a DAW sustainability strategy which is based on three action fields. It was published for the first time in 2012 in the company brochure "Sustainability". The first action field comprises the "Sustainable Company". Apart from environmental factors, it also refers explicitly to purchasing, occupational safety, a forward-looking personnel policy and the engagement in society. Here, too, aspects of the protection of human rights are involved.</p>
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	<p>Beyond the legally binding freedom of association of the employees, the DAW Company Manual includes a description of the role and functionality of the works council. In the DAW Group the members of the works council are elected from the employees for a period of four years. They participate in all decisions of the company management which affect the interests of the employees.</p> <p>The works councils were convened for regular meetings in 2012.</p>
<p>Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour and</p> <p>Principle 5: stand up for the effective abolition of child labour.</p>	<p>Forced, compulsory and child labour do not occur in the companies in the DAW Group. All employees are made aware of ethical questions through the binding character of our Company Manual.</p> <p>Purchasing stipulations and checks within the scope of the Integrated Management System should also ensure that no child labour or enforced labour occurs within the supply chain.</p>
<p>Principle 6: Companies should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p>Stipulations in the guiding principles and in the Company Manual clearly and unambiguously formulate that discrimination of any kind will not be tolerated in the company. Here, there is the commitment from conviction for the stipulations of the General Law on Equal Opportunities (AGG) in Germany which forbids discrimination due to gender, nationality, religious or ideological conviction, etc. Through the inclusion in the Company Manual these principles are also made binding beyond Germany.</p> <p>Already in 2011 the DAW Group signed the "Charter of Diversity" in Germany, thus reinforcing its commitment to avoid any form of personal discrimination.</p>
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges.</p>	<p>Precautionary environmental protection is a central element of operative activity at all DAW locations, above all at the production sites. As a company which produces paints, enamels and wall coatings in large amounts, DAW belongs to the chemical industry and is subject to national environmental legislation at the relevant locations. At the same time, with its own management systems and stipulations DAW goes beyond legal stipulations.</p> <p>In the Company Manual the special role assumed in the company for environmental protection is underlined. This relates to production processes as well as to product characteristics.</p> <p>The Sustainability Strategy published in 2012 refers in Action Field 1 "Sustainable company" to the production processes, in Action Field 2 "Sustainable products" to innovative, environment and health-protecting aspects of the products and in Action Field 3 "Sustainable building" to the contribution to a low-emission and health-compatible residential and working environment in buildings in which DAW products are applied.</p> <p>The DAW Integrated Management System (IMS) is composed of the modules Quality Management, Environmental Management and Occupational Safety. Internal and external audits take place regularly and according to internationally recognised standards, such as ISO 9001, ISO 14001, and OHSAS 18001. The successful recertification of the company took place in the autumn of 2012.</p> <p>As the first company in the field, DAW established an energy management system in 2012 which has also been successfully certified. The objective is to identify further potential energy savings and to prevent emissions which are harmful to the climate.</p>
<p>Principle 8: Companies should undertake initiatives to promote greater environmental responsibility.</p>	<p>The special role of environmental protection for DAW has been formulated in our guiding principles and the (refer to Principle 7).</p> <p>Our employees are trained in environmental matters within the scope of the Integrated Management System (IMS) so that they are able to make users aware of potential hazards and how they can be avoided.</p> <p>The DAW Sustainability Strategy (refer also to Principle 7) contributes to increased environmental awareness with employees and customers.</p> <p>Within DAW the internal Sustainability Project Group is responsible for the continuous development and the implementation of the targets and measures in the field of sustainability. The minutes of the meetings are accessible to all employees through the intranet. In the field of sustainability the activities are co-ordinated by the specialist Sustainability Team.</p> <p>A Sustainability Advisory Board (SAB) with external experts advises the company with regard to the positioning and on-going development of the company's own sustainability strategy. It meets every six</p>

	<p>months and is made up anew every two years with renowned personalities from the fields of architecture, painting companies, trade and industry who are also recognised in the field of sustainability. The board last reformed in October 2012.</p> <p>The most varied environmental matters are regularly discussed in the internal communication media (e.g. the employee newspaper "Prisma", intranet).</p> <p>In 2012 the focus of external communication was the publication of the "Sustainability" brochure (released in October). Its contents include a company in terms of corporate positioning towards various sustainability aspects, an explanation of the basic principles of the sustainability strategy and management in the company and it mentions relevant product examples from the application fields of new construction and renovation.</p>
<p>Principle 9: Companies should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>In the guiding principles and in Action Fields 2 and 3 of the Sustainability Strategy (refer also to Principle 7) the companies of the DAW Group commit to product development orientated to the principles of sustainability (environmental and health protection).</p> <p>Current examples from 2012 are:</p> <ul style="list-style-type: none"> ● Sandwich boards: Further development of insulation boards of the thermal insulation composite system (ETICS; two layers of rigid polystyrene foam with intervening polyurethane). ● Further development of ETICS based on renewable raw materials. ● Four Alpina products received the assessment "Very good" in the environmental consumer magazine "Öko-Test" in 2012. ● The setting up of a post of "Product Advisor for Sustainable Construction" serves the objective of being able to better respond to questions from architects, planners and end consumers with regard to the environmental properties of products and procedures. <p>Under their own initiative, companies in the DAW Group have been producing "Environmental Product Declarations (EPDs)" and "Environmental Systems Declarations (ESDs)" for several years. They explain the environmental qualities for our customers and other interested stakeholders in a professionally detailed manner.</p> <p>DAW is one of the first companies which has drawn up product descriptions for the new "DGNB Navigator" (data base of the German Sustainable Building Council, DGNB).</p> <p>In 2012, DAW received the distinction as the "Sustainable Manufacturer 2011" through the Consumer Initiative association. In addition, the company won the Medium-Sized Company Prize 2012 in the category Sustainability which was awarded by the TV news channel n-tv. Acknowledgements such as these indicate the success of the sustainability efforts of the company and at the same time make the environmental properties of products and services better known.</p>
<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>The behaviour in the business environment is determined by topics such as compliance, corruption, fair behaviour in competition and avoidance of conflicts of interest in the DAW Company Manual.</p> <p>In 2012 the post of a Compliance Officer was created and a Compliance Committee set up. With that the foundation of systematic compliance management was laid. This includes the drafting of a behavioural code, designing a new compliance page in the intranet and the setting up of an e-learning platform on the subject.</p>

Imprint

Published by

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Status

January 2013

Concept, text and layout

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Munich/Frankfurt

