

Global Compact – Annual Report 2009 / 2010

The principles underlying Global Compact and sustainability have already been firmly integrated within the Guiding Principles at Sto AG for around two decades. The current Guiding Principles were discussed and revised by senior management in four management exercises and at an executive management conference from summer 2008 to summer 2009. These revised Guiding Principles were communicated worldwide to the employees until the end of March 2010. Here you will find the revised vision for the coming decade, our mission and our key values and success factors. In this new document, particular focus is put on the Global Compact principles as minimum standards and the meaning of sustainable business.

Human rights

Principle 1

We implement the respect of human rights in our sphere of influence worldwide. This is fixed in our Guiding Principles. Monitoring of subsidiaries is carried out through so-called steering interviews with the Executive Board and Management in the Sto Group, employee interviews and HR reporting. To the best of our knowledge, there is no breach of human rights within our companies.

Principle 2

Operative and personal contact between the highest hierarchical level in the corporate group and management teams in all business units, management meetings, budget and closing meetings all provide us with an insight into these activities and therefore offer a guarantee that our company is not involved in human rights abuse.

Key regulations are the Guiding Principles, our principles of cooperation and management and the internal rules of procedure. Personal management contact, appraisal interviews, information from employee representations and a global employee questionnaire in 2007 assist us in guaranteeing that this principle is being applied.

Principle 3

Freedom of association and effective recognition of the right to collective bargaining are aspects of the principles anchored in the Guiding Principles and internalized by our management. Employees are represented by unions in some of our subsidiaries or have voted for employee representation, which, depending on the national legislation in force, enables them to exercise their rights to information and co-determination.

Employees are also represented on the Sto Group Supervisory Board by elected union delegates, works councils and employees. We maintain a dialogue with our workforce through regular works council meetings and employee meetings.

Principle 4

Our management systems enable us to ensure that none of our corporate units employ forced labour. Additional measures are not required.

Principle 5

There is no child labour within our corporate group. Management and senior management of our corporate units are aware of the Guiding Principles and the company's social orientation. Any infringement of this minimum standard would entail disciplinary consequences for the person(s) involved. Comprehensive HR reporting aims to ensure that this principle cannot be breached by any country we may do business with in the future.

Principle 6

Neither our works councils nor representatives of physically handicapped employees nor any other company officer are aware of any case of discrimination. Mutual trust, non-discrimination and compliance with intellectual property rights are contained within the Guiding Principles, are implemented in a practical way within our corporate culture and are, for example, a component of new employee training and dealt with in appraisal interviews when required.

Environmental protection

Principle 7

Support for a preventive approach to environmental issues, the principle of sustainability and climate protection are part of our core business. Wall insulation to increase building's energy efficiency levels, acoustic applications to reduce noise pollution, retaining a building's value etc. are all seen as part of our mission. We are constantly working on continuous improvements to reduce our impact on the environment, whether in the research and development department, the manufacture of our products or the distribution of our goods. This is an integral part of our Guiding Principles. Incentives come through our membership of DGNB, IBV and NaturPlus, for example. Our environmental management is audited externally through EN 14001.

Principle 8

The principles of environmental awareness and living space design have long been implemented in the company's Guiding Principles and put into practice in our corporate culture. We raise awareness of ecological themes right from the apprenticeship stage and run practical projects including this year's federation for the environment and nature for the conservation of a natural habitat. The environmental department also runs training courses for new employees during their integration period.

Relevant regulations include REACH, GHS, EG - Biozid-, Bauprodukt- and decorative paint guidelines including GISBAU. We observe all safety procedures, featured in our safety data sheets in the form of practical measures.

Additional specific measures include an on-site fire fighting department, a waste water treatment works and continuous product improvements to enhance environmental and health-related aspects.

Principle 9

We demand environmentally-friendly technologies for our production processes in particular, but also for the logistics processes, for both ecological and cost-based reasons, and therefore work towards the development and proliferation of environmentally-friendly machines and equipment. In our own product development, we create a competitive advantage through environmentally-friendly systems and applications including our external wall insulation systems, for example, harnessing solar energy, photocatalysis and the Lotus-Effect. Research is currently being done into optimising transport routes.

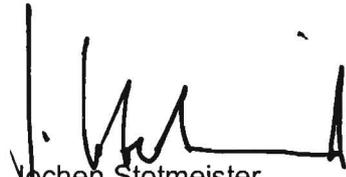
Anti-corruption

Principle 10

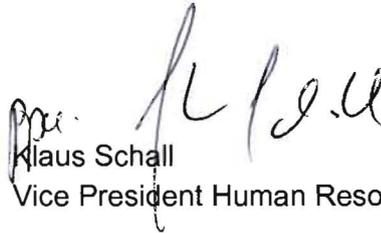
One of our Guiding Principles states that we totally reject all forms of corruption including extortion and bribery. As a corporate group we do not want to be involved in this kind of dealings. The management teams and employees in all our corporate units are aware of the attitude of the highest level of corporate management towards this matter. Through careful budgeting and negotiating from our financial department and a close personal contact between the Executive Board and managers, we endeavour to eliminate such risks. Senior management have signed an anti-corruption agreement, purchasers and sales employees have received the relevant training.

Our Guiding Principles and our management practice far exceed the minimum standards of Global Compact. Sustainability is also a topic which has been a tradition within our corporate group for several years. Nevertheless, we are continuously striving to improve our systems, tools as well as to raise the awareness and skill levels of all our employees.

Stühlingen, March 2010



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