

UN Global Compact

Ninth VS Communication on Progress
June 2018

UN Global Compact

Ninth VS Communication on Progress (COP)

Vereinigte Spezialmöbelfabriken GmbH & Co. KG

Tauberbischofsheim, Germany

June 2018

Table of contents

1.	VS Vereinigte Spezialmöbelfabriken GmbH & Co. KG	8	4.	Environmental protection	14
1.1	Brief presentation of the company	8	4.1	Aims	14
1.2	Changes in sales and workforce at VS	8	4.2	Environmental policy	14
			4.2.1	New standard for wood materials in the USA	14
			4.2.2	Other sustainability certificates at VS: femb, C2C	14
2.	Human rights and VS	8	4.3	Energy policy	15
2.1	Aims	8	4.3.1	Energy monitoring at VS	15
2.2	Measures and results	8	4.4	Developments in the management systems	16
3.	Social standards and employment standards	9	4.5	Energy consumption and CO ₂ emissions	16
3.1	Aims	9	4.6	Solvent consumption and proportion of VOC	16
3.2	Measures and results	9	5.	Certificates	18
3.2.1	Employment of women	9	5.1	Company-related certificates	18
3.2.2	Combining family and professional life	10	5.2	Product-related certificates	19
3.2.3	Employment of refugees	10	6.	Fight against corruption	20
3.2.4	Employment of people with disabilities	11	6.1	Aims	20
3.2.5	Cooperation with workshops for disabled people	12	6.2	Measures	20
3.2.6	Occupational health and safety	12	7.	Social responsibility	20
3.2.7	Length of service	13	7.1	Promotion of culture	20
3.2.8	Personnel development – basic and further training	13	7.2	Support for charities	21
			7.3	Promotion of sport	22
			7.4	Promotion of training	22
			8.	Annex	22
			8.1	VS corporate policy – short version	22
			8.2	Supplier Guideline – Code of Conduct	24



Statement of support for the UN Global Compact

Dear VS employees and all persons interested in VS Vereinigte Spezialmöbelfabriken GmbH & Co KG,

VS is happy to publish its ninth annual Communication on Progress since becoming a member of the United Nations Global Compact on 22nd September 2008.

2017 was once again a year full of many events. Simply due to the fact that we broke our sales records for the second year in a row, it is well worth while taking a look back over the last twelve months.

Thanks also to an important "local event" – the Didacta trade fair in Stuttgart – we were able to make an outstanding start to the year in the German school furniture market and booked a large number of orders very early in the year. Although we fully expect this trend to continue, it will be very important to monitor developments at the political level, in particular.

In the international school furniture market, we were also able to exceed expectations. VS Middle East confirmed its important position in a changing market, while VS America continued its outstanding development. Mobilier VS was able to win over the French capital Paris as a new customer. While VS continues to be rooted in Tauberbischofsheim, we are simultaneously developing ever more as an international company.

In the office furniture market, we were exposed to intense price competition from the start of the year. In addition, our customers are increasingly looking for services such as planning, relocation and storage. Our marketing department has faced up to these challenges and was able to win extensive orders from both existing and new customers at the end of the year. What is more, as of this year, VS has been represented by a member on the board of directors of the IBA office and working world industry association. This election of a board member again shows the respect office furniture from Tauberbischofsheim has gained from customers and competitors alike.

In our plants, the full order books resulted in high load levels that we were able to cope with thanks to the great commitment of the entire workforce. We at management level are fully aware of the great amount of work this involves and this is why we introduced improvement measures as early as the first half of the year. On the one hand, we are increasing the capacity of our plants; for example, in the form of a new pipe laser, a new robotic welding system and a new bending machine which will be available to us for the 2018 season.

We have also acquired a new machining centre and a new throughfeed drilling machine. Plant 3.2, which acted as the venue for our wonderful October festival, is now integrated in our network of plants and also provides additional capacity. In addition, a survey conducted in our production departments allowed us to identify how we can further improve our workflows and collaborative processes. The positive market environment



therefore currently gives us considerable reason for optimism and we hope to repeat last year's results again in 2018. At the same time, we will make use of this period of growth to make ourselves fit for the future in order to protect ourselves against the possibility of more troubled market conditions in the future.

During the year under review, we set out the VS corporate policy in greater detail in a guideline (see Annex 1 to the present report). This defines not only the quality policy but also the environmental and energy policies as key elements in the corporate strategy of Vereinigte Spezialmöbelfabriken.

With the introduction of an energy management system in accordance with DIN EN ISO 50001, we have created the conditions necessary for the conscious control of our energy consumption and the ongoing improvement of our energy performance. The strategic aim in the energy field is to continuously reduce our CO₂ emissions. To achieve this, we will do entirely without any trading in emissions certificates. Instead, we shall achieve this aim – as in the past – through responsible business activity. Despite upcoming acquisitions of plant, machinery and buildings, energy use will remain constant. In the case of new buildings, the primary energy requirements will be maintained below permitted levels thanks to building insulation. In addition, renewable energies and energy from cogeneration systems will be used to meet heating requirements.

I am delighted that the coalition pact of the new German federal government is committed to "the consistent implementation of the National Action Plan (NAP) for the economy and human rights". What is particularly welcome is that the government is itself setting a good example by stating that the NAP should, most importantly, also be used for procurements by public bodies.

The international impact of the National Action Plan will be greatly boosted by the fact that companies are obliged to integrate their suppliers in business policies that are focused

on human rights. In this respect, we decided, as early as 2013, to issue guidelines for our suppliers based on the criteria of the UN Global Compact and which therefore go beyond the scope of the National Action Plan. We will be ever more vigilant in ensuring that the supplier guideline is adhered to.

It is very pleasing that it has been possible to increase the number of employees as well as the proportion of apprentices in the workforce. Alongside 23 refugees on short-term contracts, we also have three refugees working as apprentices.

The proportion of disabled persons working at VS has remained at the same high level. At nearly ten percent, we are well over the four percent achieved by the German private economy overall.

Finally, I should once again like to emphasize the multifaceted social and cultural commitment shown by VS's employees. Some examples of this can also be found in this report.

VS will continue to support the principles of the UN Global Compact and implement them in its field of activity.

Philipp Müller
Chairman of the Managing Board

The 10 principles of the UN Global Compact

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights, within the scope of their influence.

Principle 2

Businesses should make sure that they are not complicit in human rights abuses.

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5

Businesses should uphold the effective abolition of child labour.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Principle 7

Businesses should support a precautionary approach to environmental challenges.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

The United Global Compact is based on ten universally-recognized principles. These principles pertain to four areas: human rights, working standards, environmental protection and the fight against corruption.



On the basis of these principles, the UN Global Compact pursues the vision of an inclusive and sustainable global economy as a strategic initiative for companies.

In signing the UN Global Compact, the VS Vereinigte Spezialmöbelfabriken company has voluntarily committed to align its own business activities with these ten principles, which are reflected as social, ecological and economic aspects in the cross-sectional areas of the company – human rights aspects in supply chain and value chain management. These, for example, are just as important as delivery reliability, product quality, the fight against corruption and greenhouse gas emissions.

1. VS Vereinigte Spezialmöbelfabriken GmbH & Co. KG

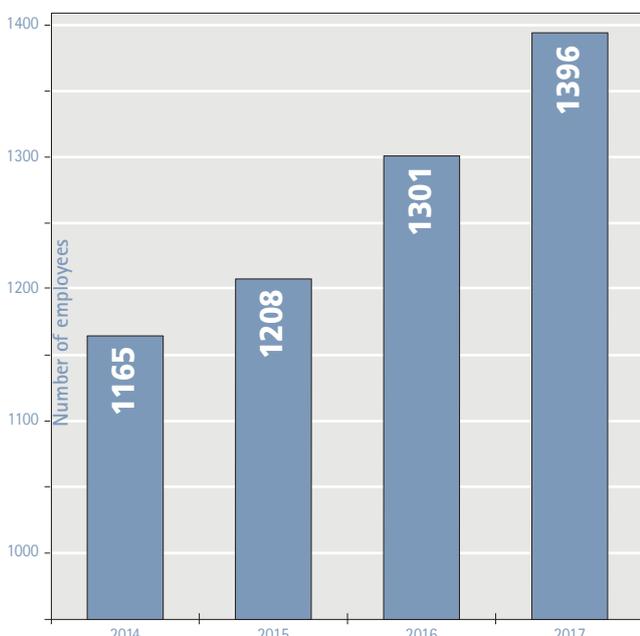
1.1 Brief presentation of the company

VS Vereinigte Spezialmöbelfabriken GmbH & Co. KG is Germany's leading manufacturer of school furniture and is present worldwide. The family-run company is also successful as a supplier of fittings for office buildings and construction projects.

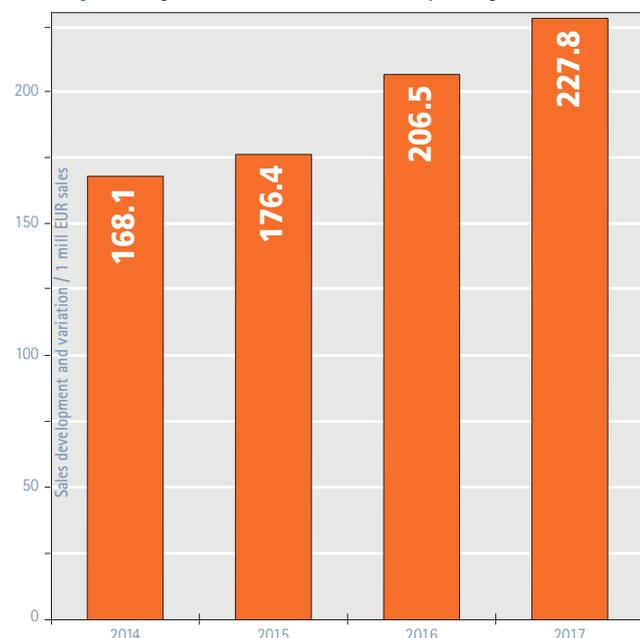
VS has been developing, manufacturing and marketing furniture and media solutions for the knowledge society for nearly 120 years: for schools and universities, administrations and ministries, companies and corporations.

Its head office and sole production site is located in Tauberbischofsheim in Baden-Württemberg, Germany. It also has branches and subsidiaries in Europe, the USA and the Near East.

1.2 Changes in sales and workforce at VS



► Fig. 1: Changes in the workforce in the VS Group (average annual values)



► Fig. 2: Changes in sales in the VS Group in millions of €

2. Human rights and VS

Principles of the UN Global Compact

Principle 1: Companies should support and respect international human rights in their area of influence, and

Principle 2: ensure that their own company is not complicit in human rights abuses.

2.1 Aims

The protection and promotion of human rights within our sphere of influence are part of the VS corporate strategy. This is the result of the International Charter of Human Rights, consisting of the "General Declaration of Human Rights" of 1948 and the International Civil and Social Pacts of 1966. These human rights standards are enshrined in binding legislation in Germany. As set out in the Charter, we recognize the universality and indivisibility of human rights.

Our sphere of influence includes not only our core business, including principally our production site at Tauberbischofsheim in Germany, our German branches and our subsidiaries in the USA, France and the United Arab Emirates, but also our supply chain.

We refuse to be directly or indirectly involved in the violation of human rights, in particularly by states in which we have business relations.

2.2 Measures and results

We at VS can further be certain that human rights standards are strictly adhered to in our direct sphere of influence. On the one hand, a large proportion of total value added is generated through manufacturing activities at our production site in Tauberbischofsheim. On the other, a large proportion of supplies are sourced from companies in Germany or central Europe.

These areas are subject to strict legal requirements which are monitored and adhered to.

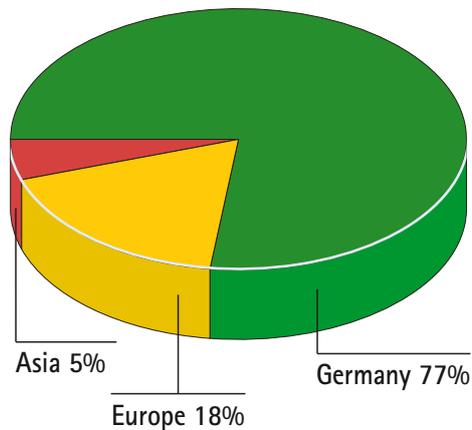
Supplier guideline

In 2013, the senior management of VS decided on a guideline for suppliers based on the principles of the UN Global Compact¹. This has been implemented as of 2014 and has been applied every year in its most recent version. It has now been incorporated in the General Terms and Conditions of Purchasing (<http://www.vs.de/en/business-conditions/>).

The hundred suppliers with the highest turnover, the manufacturers of machines and equipment specially designed for VS, and our energy suppliers have been written to. They must confirm their commitment to the VS supplier guideline.

¹ The text of the supplier guideline can be found in the Annex to the present report.

VS places orders with approximately 1,200 suppliers and the supplier database contains some 6,000 suppliers.



► Fig. 3: Distribution of the location of VS suppliers (2017)

3. Social standards and employment standards

Principles of the UN Global Compact

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

Principle 4: eliminate all forms of forced and compulsory labour,

Principle 5: abolish child labour, and

Principle 6: eliminate discrimination in respect of employment and occupation.

3.1 Aims

One self-evident component of VS's corporate policy is the acknowledgment of each employee's right to participate in the company's business policies. Participation is a prerequisite enabling employees to identify with the company's objectives, to commit to the company's success and to share responsibility for the company in both good and in difficult times. Participation cannot work without freedom of association.

Independently of any existing legal requirements, VS considers the right to engage in collective bargaining and the rejection of forced and child labour and of conscious discrimination to be essential. VS also expects the same behaviour of its suppliers (see also 2.2).

When it comes to discrimination, even Germany suffers from some weak points and certain learning processes are required. What in the past was taboo has now become the legal standard or is the subject of public debate. These subjects include, in particular, gender equality and the refusal of discrimination due to religious beliefs, origin (employees with an immigrant background), culture, age or sexual orientation.

VS is in all respects open to such changes and participates in furthering them. For VS, physical or mental disability is not necessarily a bar to employment. Instead, VS attempts to integrate as many people with disabilities as possible within the company.

3.2 Measures and results

The supplier guideline requires our supplier companies to adhere to social and employment standards. These standards include adherence to the ILO core labour standard, and in particular the rejection of child labour, the free choice of occupation, the freedom of association and the right of employees to form an employee representative body and conduct collective bargaining, as well as the prohibition of discrimination.

In addition, the wages and welfare contributions paid by supplier companies should allow employees to live a dignified life and workplaces should meet internationally acknowledged health and safety standards. People with disabilities should be given special support.

The principles of the VS business policy are reflected in the social structures to be found within the company itself, as described below.

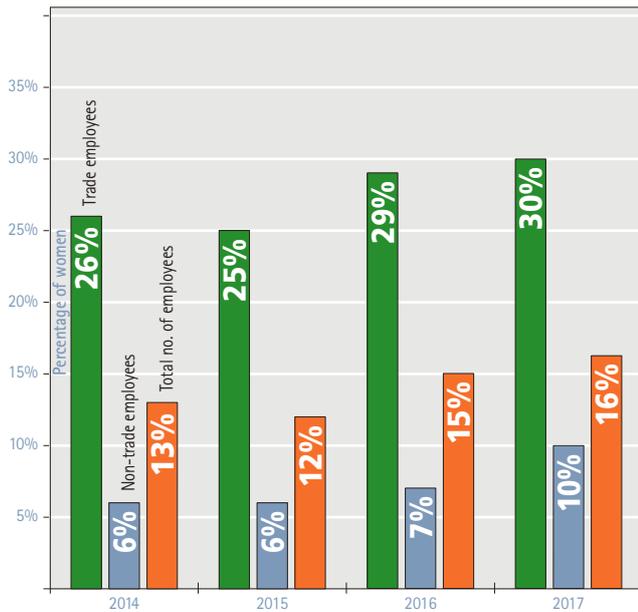
3.2.1 Employment of women

VS is making efforts to increase the proportion of female employees. However, the reasons explaining the relatively low proportion of female employees persist. VS's employees come primarily from rural areas. Here, families in which women run the household and look after the children and men work to earn the money predominate.

As a result, the number of male job applicants exceeds that of female job applicants by more than ten to one. The proportion of female employees at VS overall, and in particular in the industrial sector, in which shift work predominates, is therefore comparatively low. However, the number of women as a proportion of the total workforce increased again in 2017.

Av. values 2017	Gender	Part time	Full time	Total
Office staff	m	5	321	326
	f	45	93	138
	all	50	414	464
Industrial	m	31	809	840
	f	18	73	92
	all	49	883	932
Total		99	1,297	1,396

► Tab. 1 Breakdown of employees in the VS Group by gender



► Fig. 4: Proportion of women at VS

3.2.2 Combining family and professional life

One important aim for VS is to help ensure the successful balance of family and professional life. Since 2012, we have organized an educationally oriented full-day childcare facility for our employees' children on the company site for a period of three weeks during the summer holidays.

We offer our employees a very wide range of part-time working models to meet their own individual needs. The choice includes home office as well as part-time working during or after the period of parental leave.

Other options such as a company kindergarten or reserved places in the local preschool facilities are under discussion but are not currently considered necessary by the company's staff.

3.2.3 Employment of refugees

Although the flow of refugees coming to Europe to seek protection against political persecution and the effects of conflict slowed during 2017, it has nevertheless not come to a halt. This continues to confront our society with major humanitarian challenges.

Given that it has been recognized that the majority of refugees will not return to their countries of origin in the foreseeable future, the issue is not only to ensure that they can live in dignified conditions but also to integrate them in our society. In particular, this means that they must find work in order to earn their own living and establish social contact with their work colleagues.

During the year under review, up to 23 refugees were employed on short-term contracts at VS. The number fluctuated depending on the season. In addition, three refugees are receiving training (1st or 2nd year of apprenticeship). A training officer is responsible for these refugees.

Refugees undergoing training at VS

Since 2017, Christian Grösslein has been working as an additional training officer in VS's woodwork training workshop. One of his tasks is to look after the refugees who are completing their training as woodworking technicians. He himself trained as a woodworking technician at VS before qualifying as a master craftsman.

Mr Grösslein, how are things going with apprentices who are refugees from Syria?

All three are very skilled, above all manually. The theoretical side is more difficult, mostly due to their language knowledge. This is particularly true in the first year of the apprenticeship when training takes place full-time in vocational college and, alongside practical aspects, there is a lot of theoretical material to be learned. But things are going really well. One of the two first-year apprentices is a candidate for top grade and gets annoyed whenever he doesn't get full marks. The second, who is doing fairly well, has just withdrawn for family reasons in order to work at VS. However, he is planning to resume his training later. The third apprentice is already in his second year and is very well supported by his training group. So I have less to do.

What is your task?

The first-year apprentices come to VS for two or three hours after college – even if they sometimes moan about the additional effort. During this time, we look at what they have learned in more detail or sometimes anticipate what's coming next, which doesn't always entirely please the teachers. I prepare items for them to practice on or provide illustrative material. It is important to me to let them talk a lot. Understanding the language is key. And that's the most common stumbling block for them.

You spend about ten hours a week working in this support role. Is the investment worthwhile?

Absolutely. The lack of specialist workers is a major issue for businesses and refugees can help us solve the problem – if they're good, but to be good they have to be well supported. Refugees naturally benefit from this additional support. So, as things look at present, I have no doubt that our apprentices will pass their exams. But our other apprentices also benefit from the support, which is also available to them. For example, some individuals in the first year come to the training workshop for additional practice in their manual skills.

What does the future hold?

This year, we have once again received applications from refugees that we are currently looking at. Because we naturally apply the same criteria of suitability to them as we do to all other applicants.

3.2.4 Employment of people with disabilities

One of VS's long-standing social aims has been to support the participation and equal opportunities of people with disabilities in the labour market. This is demonstrated by the continuing high proportion of VS employees with disabilities. On average, across the year 2017, 111 disabled persons were employed on a fair and equal basis at VS. At 31.12.2017, 73 of the company's employees were severely disabled with a degree of disability (DD) of 50 percent or more. Due to the severity of the disability, four of these can be attributed to multiple mandatory positions. Three others cannot be assigned to the compensation contribution because they are employed on a part-time basis and work less than 18 hours a week. 33 employees are considered equivalent to a disabled person, that is to say that they have a DD of at least 30 percent.

The number of disabled persons as a proportion of the total workforce grew continuously from 2006 to 2015. Only in 2016 and now also in 2017 did the proportion fall to slightly below 10 percent. This fall is directly related to the constant increase in the workforce over the last two years.

Despite this, the proportion of severely disabled persons working at VS is well above the minimum legal requirement of 5 percent² and the German national average of 4.69 percent². The continued above-average proportion of disabled people in the workforce was achieved by means of the following measures:

- On 20.12.2000, an integration agreement was signed between the company management, the representative for the severely disabled, the VS severe disability officer and the Works' Council.
- Working together with the specialist integration service (IFD), the Baden-Württemberg association of local authorities for youth and social affairs (KVJS) and the German federal employment agency, work experience positions were offered for disabled persons at VS. As far as possible, work experience opportunities are offered to young people with serious conditions.
- When positions become vacant, their suitability for possible occupation by a disabled person is checked before the post is assigned. If, when a position that can be occupied by a disabled person becomes vacant, there is no suitable person with a severe disability in the workforce then we work together with the employment agency and the specialist integration service to check whether the corresponding post can be filled by an external person with a severe disability.
- The Works' Council and the representative for the severely disabled are informed and contribute as required by law whenever applications are received from severely disabled persons. Severely disabled job applicants with the necessary technical abilities are invited for interview.

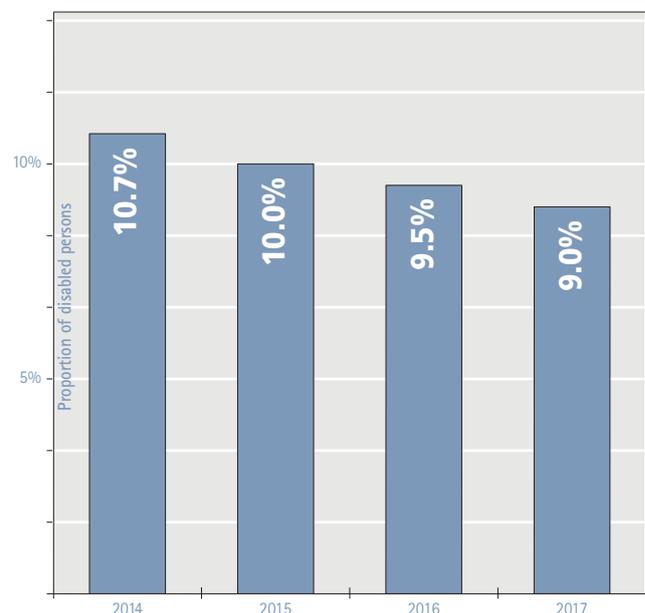
² Source: Inklusionsbarometer Arbeit 2017 der Aktion Mensch e.V.

- Accident and disease prevention discussions (§ 84 if the German Welfare Code IX) and company integration management in the event of absences of more than six weeks per year are conducted.
- The representative for the severely disabled and the company doctor work particularly closely together.
- VS bases its activities on the core regulation, namely the German Social Code IX (rehabilitation and participation of disabled persons), and, if necessary, takes advantage of the various grants available for the adaptation of workplaces and the working environment to permit the employment of disabled persons through the use of appropriate professional operating equipment or technical aids. These financial and personal aids for professional life are intended to help persons with a disability or who are threatened by an impending disability search for employment, enter into employment and be accorded a workplace.
- VS attaches great importance to training departmental managers in their proper and informed conduct with regard to disabled colleagues and obtains regular feedback from them via the HR department or the integration officer.

The Schwäbisch-Hall - Tauberbischofsheim employment agency singled out VS as a "pioneer in inclusion" for showing a level of commitment to people with a disability that is unusually high for a manufacturing company.

Av. values 2017	Gender	Without DD	Eq. as of 30%	DD SD as of 50%	Total
Office staff	m	311	6	9	326
	f	132	0	6	138
	all	443	6	15	458
Industrial	m	755	28	54	840
	f	84	1	7	92
	all	842	29	61	843
Total		1,285	35	76	1,396

► Tab. 2 Breakdown of employed disabled persons by sector



► Fig. 5: Number of employees with a disability as a proportion of the total VS workforce

3.2.5 Cooperation with workshops for disabled people

Despite the high level of employment of people with disabilities, VS also attempts to award as many orders as possible to workshops for disabled people. The volume of orders placed by VS with workshops for the severely disabled increased nearly four-fold between 2000 and 2017, rising from € 98,000 to nearly € 374,300 (see Table 3).

Year	Turnover
2007	€ 125,036
2008	€ 124,613
2009	€ 168,757
2010	€ 310,126
2011	€ 299,390
2012	€ 258,959
2013	€ 282,908
2014	€ 228,470
2015	€ 262,588
2016	€ 366,457
2017	€ 374,300

► Tab. 3 VS order volumes placed with workshops for disabled persons

3.2.6 Occupational health and safety

We do all we can to ensure the health and wellbeing of our employees. We offer all our employees a free annual preventive check-up by the company doctor. This is performed confidentially and in compliance with data protection regulations. A flu injection is also available every year.

A new addition to the health offering in 2017 was the Ergo Balance Gym (EGB) programme developed by the AOK health insurance fund and introduced by VS (see boxed text: Gymnastics to end the shift).

Once again, we offered back check measurements and health days, which were conducted by the AOK at VS's premises.

Workstation design is always oriented around safety-related and ergonomic considerations. And we go far beyond legal requirements. For example, all administrative employees can change their seating arrangements as the situation requires throughout the working day. Naturally, height-adjustable work-places are available.

Our company restaurant offers employees and visitors top-quality catering for breakfast and lunch. The canteen sources organically grown fruit and vegetables from the company's own kitchen garden.

Gymnastics to end the shift

Five minutes before the break in plant 6. Just as every day, the employees from the team at the loading bay of the shift in question meet to stretch. Calves, thighs, body, forearms – there is a special exercise for every muscle group that it is put under particular strain during work. The whole thing takes only five minutes, but the time is well-used. EBG, Ergo Balance Gym is the name of the programme that was developed by the AOK health insurance fund and introduced by VS in mid-May.

Andreas Herbst, Team Manager:

The exercises really seem to do my colleagues good, as they themselves report. And I, too, have the feeling that they have become fitter and can cope with stress better. One incentive to join in is, of course, the fact that the exercises are performed during working time and the five minutes are not lost from the employees' free time. Unfortunately, I am almost never able to work out with the team – the timing just doesn't allow it. However, I do exercises at home.

Timo Knüttel:

I join in with the exercises every day because it's good for the whole body and makes a change from the strains of the working day. It has made me fitter, more agile, more versatile. So I sometimes also exercise at home.

Hans-Jürgen Götzelmann:

I have been joining in every day for three months. It really does me good. Since I started, I've felt a lot better, for example in the back. It gives me a lot and I also do it at home.

Hubert Rudolf:

People really don't do enough sport and move enough. In a group like this, it's much easier to stick with it. And it's really worthwhile! When I bend forward, my fingers now reach my feet. Previously, it was only just a little bit past my knees. I have discovered that it is an effective way of countering the strains that the working day places on you.

Andreas Giese:

I've only been doing it for four weeks so I can't really say very much. But I hope that in the long term, it will do me some good, especially in the shoulders, where I sometimes have problems. What's more, you have to do something to look after yourself – after all, we're all getting older.

Heiko Keller:

The exercises help develop strength and flexibility. They loosen you up. For a long time, I've been feeling a lot less stiff than before. I also notice it when I'm working in the volunteer fire service. I find it easier to wear my 20-kilogram pack and make my way through narrow passages.

Wolfgang Imhof:

I join in because I think it's a great thing to have available and it counteracts the everyday stresses and strains. Here, I move other muscles and joints than I otherwise would. It always does me good. Although I don't have any problems, I notice that I am more agile.

Caren Mohnke, AOK:

We provide the initial incentive and get things moving and then come back two or three times to see how things are going. Ultimately, the programme should run by itself without external responsibility. And that works very well here at VS.

JobBike

VS is one of the first businesses in the Main-Tauber district to offer its employees a company bicycle. The project was launched in June 2017 and by the end of the year more than 100 employees already had a JobBike.

"The company bike is an outstanding complement to our health management programme which has the aim of protecting and improving the health of all our employees. Other advantages: Cycling is friendly to the environment, and to the climate in particular. The problem of parking space availability resulting from higher staff levels is reduced and employees can ride right onto the company site.

Employees can choose between a mechanical bike driven by pedal power or an e-bike. Since 2012, company bikes have been treated in the same way as company cars for tax purposes. The monetary equivalent of using the job bike is subject to tax in the same way as the use of a company car. As a result, the bikes can also be used for leisure activities. A further advantage: VS pays the costs of fully comprehensive insurance. And the bicycle stands contain charging stations for e-bikes.

3.2.7 Length of service

At 14 years, the average length of service continues to be very high. This emphasizes how closely employees identify with the company.

Av. in year 2017	Number of emps	Av. age	Av. length of service
Office staff	464	44,00	16,98
Industrial	932	43,21	12,21
Total	1.396	43,47	13,80

► Tab. 4 Average age and average length of service

3.2.8 Personnel development – basic and further training

Vereinigte Spezialmöbelfabriken GmbH&Co. KG attaches great importance to personnel development. Basic and further training are oriented around VS's goal of "challenging and encouraging its employees".

At VS, training is continuously offered in industrial, technical and commercial professions. In addition to cooperative vocational training, VS has been successfully working together with the Baden-Württemberg Cooperative State University as cooperative partner for over 30 years. Training is provided in the light of individual requirements. The aim is to offer jobs to graduates from the cooperative training schemes and graduates from the Cooperative State University when they complete their training and studies.

In addition to this in-house training, VS also cooperates in training partnerships with regional academies. The aims include providing support for students when they move from school to training, study and the professional world as well as to improve their maturity and ability to train and study.

In 2017, VS employed an average of 48 apprentices and students from the Cooperative State University. The number of commercial apprentices and Cooperative State University students as a proportion of all office staff is 6.62% and the number of industrial and technical apprentices as a proportion of industrial employees on unlimited contracts is 4.60%. VS provides training and courses of study in the following professional areas:

- Woodworking technician
- Industrial technician
- Specialist in warehouse logistics
- Business administration
- Business administration with additional qualifications
- Technical product designer
- IT specialist for system integration
- Woodworking technology (Cooperative State University)
- IT (Cooperative State University)
- International Business (Cooperative State University)
- Industry (Cooperative State University)
- Mechanical engineering (Cooperative State University)
- Industrial engineering (Cooperative State University, as of 2018)

Various in-house further training activities were conducted in 2017. VS supports apprentices and students who wish to benefit from additional possibilities offered by the vocational colleges and cooperative universities, for example for language-learning visits abroad, qualifying to act as a trainer or basic REFA training. What is more, a number of employees work as examiners on the Chamber of Trade and Industry's examination boards.

4. Environmental protection

Principles of the UN Global Compact

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

4.1 Aims

Senior management at VS is convinced that the preservation of resources and climate protection are compatible with business activity.

One of the main aims of the environmental policy at VS is to minimize environmental impacts in the supply chain and at the production site in Tauberbischofsheim and to be able to offer our customers products that are manufactured in a way that do as little harm to the environment as possible. When it comes to disposal, VS is again committed to minimizing the environmental impacts.

Environmental policy is therefore a vital element in VS's corporate strategy. Environmental protection at the corporate level is therefore an issue that affects all areas of the company and its processes. We want to take specific, down-to-earth measures to achieve all-embracing results that are sustainable in the long term – often in contradiction of our purely economic interests.

For VS, the commitment to the natural environment means:

- protecting the environment, our employees and our customers by avoiding harmful influences during the manufacture, use and disposal of our products,
- preventing or minimizing emissions and waste,
- minimizing our consumption of the natural resources water, ground and air,
- being economical in our consumption of energy and materials in all manufacturing sectors (recirculation),
- encouraging the use of renewable energies,
- ensuring that VS products are particularly durable, selecting materials on the basis of environmental criteria and designing VS's products to ensure they are modular and recyclable.

When joining the UN Global Compact, VS set itself a climate target. By 2015, the company wanted to reduce CO₂ emissions by 30 percent in comparison to sales. However, this approach of linking CO₂ reductions to sales did not take account of the significant changes at the Tauberbischofsheim production site resulting from the company's continuing expansion in recent years

The focus has therefore been placed more clearly on extending the integrative corporate policy. This includes not only the quality policy but also the environmental policy and the energy policy, following the introduction of an energy management system that has been certified in accordance with DIN EN ISO 50001:2011.

4.2 Environmental policy

Being responsible in the use of the natural resources in the environment is an important corporate principle at VS. One of the main aims of our environmental policy is to minimize environmental impacts at the production site and to be able to offer our customers products that are manufactured in a way that does as little harm to the environment as possible. We consider our obligation to the natural environment to include:

- protecting the environment, our employees and our customers by avoiding harmful influences during the manufacture, use and disposal of our products.
- preventing or minimizing emissions and waste,
- minimizing our consumption of the natural resources water, ground and air,
- being economical in our consumption of materials in all manufacturing sectors (recirculation), ensuring that VS products are particularly durable, selecting materials on the basis of environmental criteria and designing VS's products to ensure they are modular and recyclable.

4.2.1 New standard for wood materials in the USA

As a globally active enterprise, VS must comply with various legal requirements in the different countries in which it is present. Thus, the US government has issued new legal regulations for various wood materials. The regulations pursuant to TSCA title VI strictly regulate formaldehyde as a component present in wood.

VS has decided to apply this standard for wood materials not only for the US-American market but also for all its products in the other markets – representing another step in our attempt to improve the contents of our products overall.

4.2.2 Other sustainability certificates at VS: femb, C2C

The sustainability of our products as well as of the processes used by VS to manufacture these products at the Tauberbischofsheim site has been confirmed by further certificates issued by neutral bodies.

VS is the first company to undergo an audit to ensure compliance with the forthcoming sustainability standard of the European Federation of Office Furniture (femb). In a very intensive session with the TÜV Rheinland inspection authority and the German national accreditation body DAkkS, the relevant points concerning the products, manufacturing site and organization

were audited. The results confirmed the correctness of our actions and approach.

As was already the case for auditing for the US-American Bifma level standard, our products once again achieved the highest certification level. The corresponding certificates are expected in 2018.

What is more, in cooperation with EPEA Internationale Umweltforschung GmbH, we have submitted two of our products to a cradle-to-cradle (C2C) certification. The aim here is to define the raw materials circuits at the technical and biological levels and to maintain these. The first certificate was issued in early March: Bronze for the Euroline table. The PantoSwing student's chair achieved Silver level.

In both areas, we have drawn up environmental product information for a large number of our products. As a result, we will, in the future, be able to inform our customers concerning environmental impacts, such as CO₂ emissions, recycling ratios and recycling capability.

4.3 Energy policy

Environmental protection and the associated need to use energy economically have been guiding principles in the company for many years. With the introduction of an energy management system in accordance with DIN EN ISO 50001, we are creating the conditions necessary for the conscious control of our energy consumption and the ongoing improvement of our energy performance. This will be achieved by

- optimizing energy provision and generation
- taking account of the energy efficiency of the production equipment at the time of procurement,
- being economical in our consumption of energy in all manufacturing sectors,
- encouraging the use of renewable energies, and
- reducing CO₂ emissions.

The strategic energy objectives are:

- The companies in the VS Group continuously strive to reduce their CO₂ emissions. To achieve this, we will do entirely without any trading in emissions certificates. Instead, we shall achieve this aim – as in the past – through responsible business activity. Despite upcoming acquisitions of plant, machinery and buildings, energy use will remain constant.
- In the case of new buildings, the primary energy requirements will be maintained below permitted levels (as set out in the Energy Saving Ordinance (EnEv) and the Renewable Energy Heat Act (EEWärmeG)) thanks to building insulation.
- In addition, renewable energies and energy from cogeneration systems will be used to meet heating requirements.

4.3.1 Energy monitoring at VS

With the introduction of an energy management system in accordance with DIN EN ISO 50001 in 2016, VS was able to intensify the acquisition of energy-related data. This supervision of energy consumption is known as energy monitoring and is a key standard element in the management system. The ascertained data is intended to make it possible to identify potentials for energy savings and assess the energy-related aspects of the implemented projects.

The values recorded at VS are the so-called final energies. In 2016, these were as follows:

Final energy source	Cons. final usage [kWh/year]	Proportion of consumption
Electricity	7.420.000	16%
Natural gas	20.000.000	42%
Fuel oil	1.440.000	3%
Wood chips	15.520.000	33%
Diesel fuel	3.290.000	7%
Total	47.670.000	

► Tab. 5 Energy consumption by final energy usage

These final energies are converted (for example in the cogeneration plant, in the boiler systems and the electricity subdistributors) and are made available as useful energy to the energy consumers in the form of electricity, heat (building and process heat) or fuel.

Useful energy source	Cons. final usage [kWh/year]	Proportion of consumption
Electricity	12.640.000	27%
Heat	31.740.000	66%
Diesel fuel	3.290.000	7%
Total	47.670.000	

► Tab. 6 Energy consumption by useful energy source

At VS, there are currently 139 meters that are able to record final and useful energies. Because electricity is far and away the most expensive energy source, particular importance was attached to the measurement and analysis of electricity consumption. As a result, a large number of electricity metering points can now be digitally consulted via the building control system. This means that it is possible to identify the consumption in each VS building and call up current connection values online, including in real time (see figures).

It has been possible to derive the first (sometimes significant) information from these detailed measurements.

Proportion of total electricity consumption	Consumer	Reason
50%	Plant 1	high level of technical facilities and intensive extraction
16%	Steel tube production	despite the high level of technical facilities, the level as a proportion of total consumption is low
10%	Lighting	a tenth of total electricity is due to lighting

► Tab. 7 Energy consumption by area of usage

Energy management measures are derived from this information. One example measure is the installation of LED lighting – which uses less electricity than conventional lighting – in plant 3.2 in order to reduce the amount of electricity used for lighting as a proportion of total electricity consumption.

4.4 Developments in the management systems

The revision of the management standards DIN EN ISO 9001 and 14001 issued in 2015 led to further requirements in the fields of risk management, knowledge management and stakeholder participation.

We have taken advantage of recertification in accordance with these two standards to examine the relevance of these issues for VS, as well as to define or optimize and document existing processes.

4.5 Energy consumption and CO₂ emissions

As part of the introduction of energy management, the existing data acquisition capabilities were optimized in the following areas:

- Development of a metering concept
- Modernization of the measurement technology through the increased use of digitally readable meters
- Check of the procedure used to determine energy consumption and elimination of errors
- Enterprise- and site-specific recording of current energy consumption values
- Historic energy consumption values are determined for the last five years
- Consumption data adjusted to take account of weather conditions in accordance with VDI 3807
- Introduction of new CO₂ equivalents in accordance with the GEMIS database (Global Emissions Model for Integrated Systems) developed by the International Institute for Sustainability Analysis and Strategy (IINAS)
- Addition of diesel fuel as an energy source.

Earlier calculations and determinations of consumption are therefore no longer valid.

The following charts show:

- Absolute energy consumption (final energy in kWh)
- Energy consumption adjusted for weather conditions (as per VDI 3807 sheet 1 (2013) and the Energy Saving Ordinance 2007)
- Energy consumption for buildings and manufacture (final energy in kWh)
- Absolute CO₂ emissions
- CO₂ emissions adjusted for weather conditions (as per VDI 3807 sheet 1 (2013) and the Energy Saving Ordinance 2007)

The new CO₂ equivalents were adopted in accordance with the GEMIS database (Global Emissions Model for Integrated Systems) developed by the International Institute for Sustainability Analysis and Strategy (IINAS)

The increase in consumption is due to increased value added at the site and building extensions (2015: commissioning of plant 6; 2016: commissioning of hall 5) and the effects of VS's in-house cogeneration plant.

A comparative basis for the absolute energy consumption values still has to be defined internally. The necessary reference values still have to be clarified and will not be available until next year.

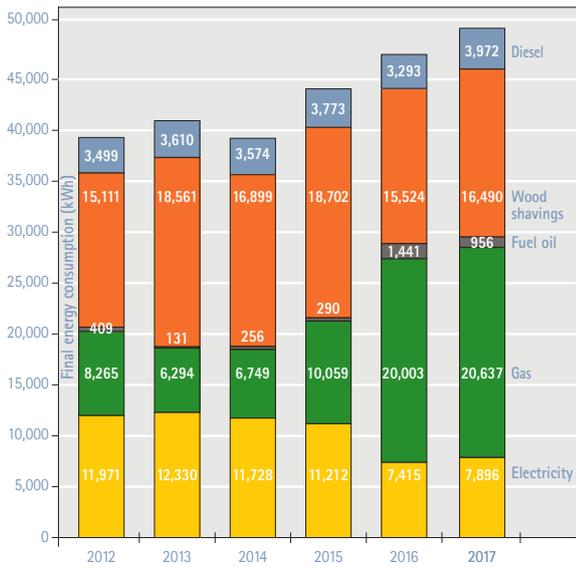
Year	Plant cap. totalled	Annual yield totalled	Hours of sunlight	CO ₂ savings
2001	486 KWp	416 MWh	1.672 h	181 t/a
2011	935 KWp	881 MWh	1.926 h	463 t/a
2012	935 KWp	872 MWh	1.874 h	458 t/a
2013	935 KWp	730 MWh	1.511 h	383 t/a
2014	935 KWp	808 MWh	1.613 h	424 t/a
2015	935 KWp	836 MWh	1.722 h	439 t/a
2016	935 KWp	792 MWh	1.587 h	416 t/a
2017	935 KWp	806 MWh	1.752 h	423 t/a

► Tab. 8 CO₂ savings due to photovoltaic systems

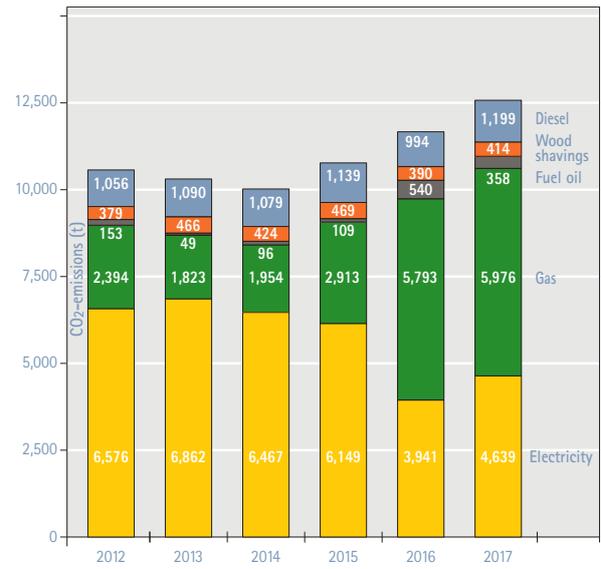
4.6 Solvent consumption and proportion of VOC

VS uses environmentally-friendly water-based paint systems VS's paint systems are covered by the 31st German Federal Clean Air Act (Ordinance on Solvents). The aim of this Act is to restrict the use of volatile organic compounds (VOCs). VS has been using water-based paint systems for more than 15 years, making it one of the first furniture manufacturers to do so. Unlike conventional (solvent-based) systems, these systems contain only 6% instead of 70% volatile organic compounds (VOCs). As a result, VS is significantly below the legally required limit values.

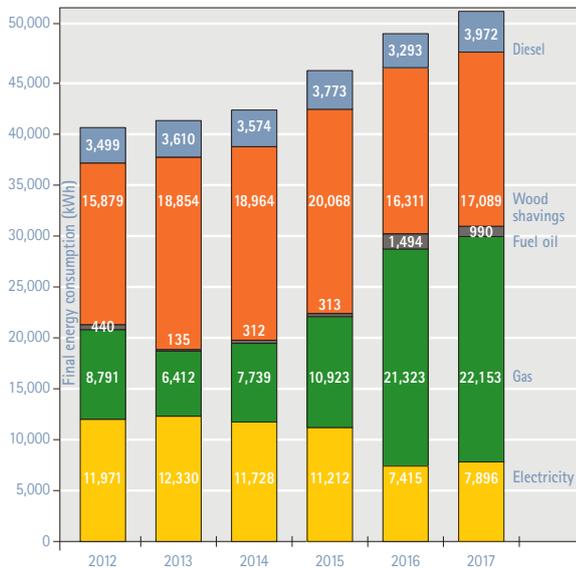
The blue bar in the chart below indicates the solvent emissions that would be calculated for each year in the case of conventional systems based on the total amount of paint used. The actual solvent emissions at VS (red bar) are very much lower. In 2016, actual VOC emissions at VS were 77% below the legal target values.



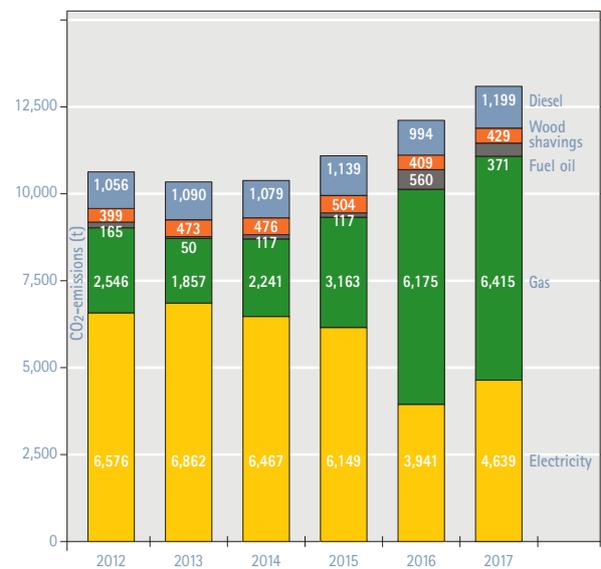
► Fig. 6: Energy consumption by energy source



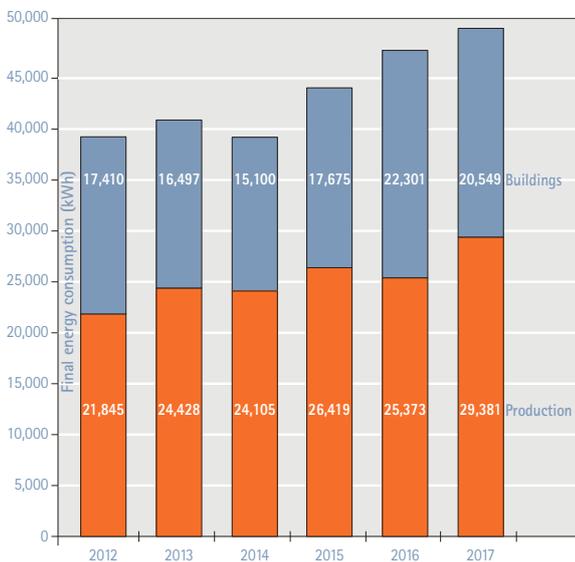
► Fig. 9: CO2 emissions by energy source



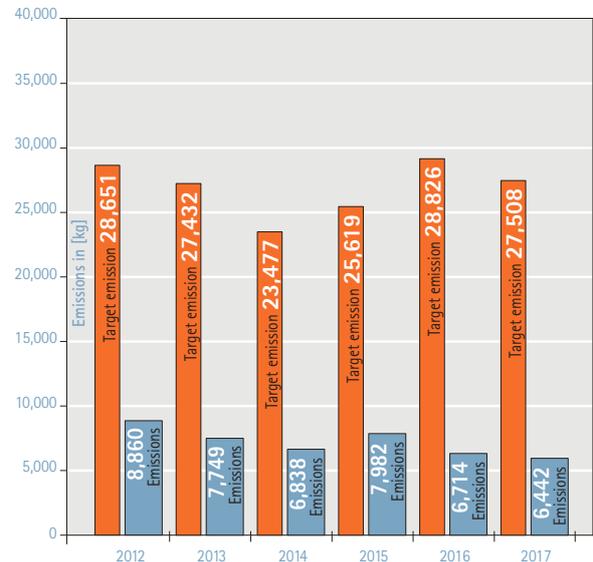
► Fig. 7: Energy consumption by energy source, adjusted for weather conditions



► Fig. 10: CO2 emissions by energy source, adjusted for weather conditions



► Fig. 8: Energy consumption by usage



► Fig. 11: Solvent consumption for wood paints

5. Certificates

VS Vereinigte Spezialmöbelfabriken has long been committed to a sustainable approach to business. For us, this means always acting responsibly towards people, the environment and society and marketing outstanding products under economically sensible conditions. We therefore regularly have ourselves certified as a company and subject our products to independent inspections regarding their quality, safety and environmental responsibility.

5.1 Company-related certificates



DIN EN ISO 9001

Certification in accordance with ISO 9001 forms the basis for the continuous improvement of the company's internal quality management system (QMS).



DIN EN ISO 14001

The globally accepted and applied standard places requirements on environmental management systems that allow companies to develop and implement an environmental policy and the corresponding targets.



DIN EN ISO 50001

The standard refers to the factors that enterprises are able to influence and can be adapted to meet individual requirements. Thanks to this standard, businesses can systematically and continuously improve their energy efficiency.



PEFC

Since September 2014, VS has been entitled to use the PEFC logo for its furniture containing wooden components manufactured at the Tauberbischofsheim site. PEFC stands for "Schemes for the Endorsement of Forest Certification Schemes".

European Timber Regulation (EUTR)

As of 3rd March 2013, it has been necessary to adhere to the European Timber Regulation (EUTR), which is based on the regulation on the marketing of timber and timber products, no. 995/2010. The aim of the regulation is to ensure that only timber from safe sources enters the EU market. The placing on the market of illegally harvested timber is prohibited. Importers of timber or timber products must implement and apply a due diligence system and, in Germany, register with the Federal Office for Agriculture and Food (Bundesanstalt für Landwirtschaft und Ernährung (BLE)). VS defined the due diligence system in a work instruction and has been registered with the BLE since 28.8.2013.



Authorized Economic Operator (AEO F)

Since July 2011, VS has possessed the status of Authorized Economic Operator (AEO), type C. This status is awarded to businesses that meet certain requirements for reliable global trade. The C stands for the simplification of customs procedures.



PQ-VOL

Companies that are prequalified (PQ) in accordance with the Regulation on Procurement and contract procedures for Supplies and Services (VOL) are entered in the nationwide German PQ-VOL database. It is then considered that the proof of performance required under VOL for public contracts is present. VS is currently the only company in the Main-Tauber district that is prequalified in accordance with VOL.



PQ-VOB

Building companies that are prequalified (PQ) in accordance with the regulations set out in the Construction Tendering and Contract Regulations (VOB) are entered in the nationwide German PQ-VOB database. It is then considered that the proof of performance required under VOB for public contracts is present.



Dualis label

The Dualis certificate issued by the Heilbronn-Franconia Chamber of Trade and Industry for "Companies offering outstanding training" is awarded based on an external audit in which all phases of training are examined and must be given the rating "good" or higher. VS was certified with the Dualis label in 2015 and the label is initially valid until 2018.

5.2 Product-related certificates



GS "tested safety" label

Products with the GS "tested safety" label – and these include all VS's standard products – are tested by an accredited laboratory on the basis of German product safety legislation. Testing is performed at the manufacturer's request and is free-of-charge.



LGA pollutant-tested

All the materials used at VS have the "LGA pollutant-tested" label. This guarantees that the pollutant limit values correspond to or are well within the legal requirements. Given the current state of the art and knowledge, use of the products is therefore not expected to represent any risk to health.



level® – The BIFMA Sustainability Standard

Since October 2013, many of VS's products have been certified in accordance with the sustainability standard of the American BIFMA (Business and Institutional Furniture Manufacturers Association). During the recertification in 2016, all the products received the highest level of the applicable BIFMA certification, i.e. Platinum.



Greenguard – Low Chemical Emissions

This certificate is the US-American equivalent to the LGA pollutant-tested certificate. It confirms that products comply with the upper limits for chemical emissions for use in office and other indoor spaces. Gold level GREENGUARD certification defines more stringent criteria for products that are used in schools, child day care centres or other environments in which children are present for extended periods. The majority of VS's furniture products have the "Greenguard" or "Greenguard Gold" certificate.



AGR quality label

The AGR Healthy Back Campaign (Aktion gesunder Rücken e.V.) awards the AGR label to products that are certified as having a design that contributes to back health by an independent inspection committee consisting of experts from various areas of medicine. The quality label has been awarded to selected VS chairs and tables that meet particularly stringent ergonomic requirements.

6. Fight against corruption

Principles of the UN Global Compact

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

6.1 Aims

VS considers the standards on the fight against corruption set out in the United Nations Convention against Corruption, the Organization for Economic Co-operation and Development's (OECD) Anti-Bribery Convention and promoted by the non-governmental organization "Transparency International" to be definitive and binding.

6.2 Measures

In 2004, senior management at VS decided on regulations according to which employees in the Purchasing department could only charge small amounts as expenses for customer support. Individual contractual dealers of VS furniture are also not permitted to obtain contracts through bribery. However, VS is not able to check whether any bribery is practiced by contractual dealers within the scope of their commercial margin. If such cases are identified then the business relations are examined jointly with a view to ending such practices. No complaints were reported during the period under review.

The guidelines for supplier companies also demand that these show no tolerance for corruption. In particular, suppliers must ensure that VS employees are offered no inducements with a view to acquiring an order or other business advantage. Accordingly, invitations and gifts may only be offered to VS employees if they are appropriate both for the occasion and in scope, i.e. if they are of low value and considered to be the expression of normal, locally recognized business practices.

VS also expects its suppliers to act fairly with regard to the competition and to respect applicable anti-trust legislation. They may neither engage in agreements with competitors that are against anti-trust regulations nor unfairly abuse any existing dominant market position.

VS also expects its suppliers to respect the applicable legal obligations on the prevention of money laundering and not to be party to any financial transactions that directly or indirectly support money laundering.

7. Social responsibility

Responsibility should not stop at the factory gates. As a part of society, we want to contribute beyond our immediate sphere of action and help promote a good quality of life in the community.

7.1 Promotion of culture

With our school museum in Tauberbischofsheim, we have extended the diversity of the region's museums through the addition of an original exhibition and training space. Visitors experience a unique journey through the history of school institutions and architecture at the national and international levels from the start of the 20th century through to the present day. Entrance to the museum is free. We support the Bronnbach society for the promotion of classical music, the Music Academy in Schloss Weikersheim as well as the German branch of Jeunesses Musicales International, recognized by UNESCO as the world's largest cultural organization for young people.

Seven doors into the school world

New exhibits, large-size photos, a completely redesigned department – in 2017, a lot happened in the VS school museum. It reopened in September, since when it has been possible to visit it by appointment. What has changed and why? An interview with Romana Schneider, who was responsible for the redesign together with Managing Director Dr. Thomas Müller.

Ms Schneider, what inspired you to redesign the museum?

Romana Schneider: If it is to stay bright and lively, a museum has to change from time to time. It must keep up with new discoveries and developments and remain interesting for visitors who already know it.

For us, there were a number of tasks to do at the same time. On the one hand, all the new objects had to be integrated into the existing exhibition, and in particular newly acquired historic school furniture that also allowed us to place a new focus on the history of design. Consequently it was also necessary to get hold of new photos and group together existing ones in new ways. In particular, the last department, "The school of today" had to be updated to point the way forwards.

And last but not least, the wishes of VS's own employees had to be respected, for example in the form of the creation of a historic classroom or the presentation of characteristic VS products in a way that visitors can take in immediately.

What is now different from before?

Behind the new entrance wall in the foyer, there is now a fully equipped classroom with two-seater Rettig school benches. The painted windows depict a view of Tauber-

bischofsheim which has been superbly executed by Mr. Bogenreiter, the company painter at VS. In combination with a new company chronicle, a plinth has been installed, again in the foyer, on which the most important items of seating furniture ever produced by VS are displayed.

Thanks to seven new differently coloured entrance doors, the layout of the museum has been more sharply emphasized than in the past. Alongside new furniture exhibits, there are now also many large-format photos. Another new feature is the integration of film material. The seventh department, which is concerned with the present day, has been completely redesigned to give expression to the most recent debates on ideal school construction and better teaching concepts.

You developed the museum concept together with VS's Managing Director Dr. Thomas Müller and the exhibition designer Ad van der Kouwe. What were the tasks of the different participants?

It was the task of Dr. Müller and myself to decide on the contents, that is to say what was to be exhibited and in what context. Dr. Müller, in particular, was responsible for acquiring the new furniture, the highlights of the museum. I was responsible for the corresponding image material that is on display. A lot of research and organization was needed before the objects were actually available for the museum. The labelling of the furniture and exhibition texts also took us a lot of time.

I was also responsible for cooperation with the participating architects, the producer of the text and photo panels, the image archives and photographer, as well as the translator.

The way the exhibited objects, that is to say the furniture, photos and architectural models, were actually to be shown off to best effect was the task of the exhibition designer. He created highly detailed models of the exhibition which were ultimately used to position and hang the exhibits.

What do you want the museum to do for its visitors?

I want them to be enthused, as we are, to see how very important improving school and education has been to designers that have wanted to bring about reforms – and that includes the company VS. The museum illustrates this with a wealth of examples of impressive school equipment, school architectures and photos from Germany and other countries.

The redesign took two years. In your opinion, what was the most difficult task?

The most difficult thing was to integrate the new exhibits into a situation that we already felt was perfect. Then the decision to remove certain exhibits that had become precious to us. And finally, in the seventh department, the choice of the example schools from an overwhelmingly rich range of school buildings.

What gave you the most pleasure?

The cooperation with Mr. Stöckle [the deputy head of the woodwork training workshop] and his apprentices!

Do you have a favourite department or a favourite exhibit?

No, because truly every object, whether a piece of furniture or a photograph, was searched for with love and passion and sometimes getting them into the museum was a real adventure. The story of how Mr. Freisleben found the classroom cabinet by the famous architect Richard Riemerschmid in a barn is simply wonderful.

The last department is called "Participation at school - the school of today" How will the school of tomorrow develop? And what consequences will this have for the design of learning spaces and furniture?

The museum shows that many ideas that are thought of as new now have actually been around for decades but have either been ignored or not given sufficient attention in the past. In this way, the last department closes the historical loop of what is displayed in the other departments.

Alongside the many different uses of spaces that used to primarily be dedicated to a single class unit, the aim now is for individual groups to be able to leave their class on occasions. For this to be possible, they need the appropriate spaces and mobile furniture. Important, too, are the few examples so far where children have contributed to the design of their learning spaces.

7.2 Support for charities

We make regular contributions to regional charitable and social initiatives. We support international aid projects by donating school furniture and logistics services.

Twelve new classrooms in Kinshasa

VS has long supported the Kongo/Kinshasa Kinderhilfe e.V. in Würzburg. The aim of this association is to give children and young people a solid school education that enables them to lead independent lives. One central aspect is the way the village community and the parents are integrated in the projects.

The construction of a training centre (2009) and a primary school (2011) laid the cornerstone for a solid school education and further training. During the 2017/18 school year, the Groupe Scolaire Maman Vabatu Ngoma was extended by six classrooms and another six will be added in the 2018/19 school year. In 2020, a school year will complete its secondary school education at the school for the first time.

VS has donated all the school furniture for the twelve new classrooms.

7.3 Promotion of sport

We are committed to supporting the athletes of tomorrow. In 2017, we again sponsored the international VS youth fencing cup. On 25th November, fencers aged from 9 to 12 years from both Germany and abroad came to Tauberbischofsheim to measure their skills with the foil, épée and sabre.

7.4 Promotion of training

As equipment supplier to the knowledge society, we have a particularly close relationship to training-related issues. That is why we support various national and international training projects.

Creative Minds students' competition

For the eleventh time, the Creative Minds of the Tauberbischofsheim region were rewarded for their achievements. To take part in this "competition for students with an inventive spirit", young people submit project ideas from the fields of natural history, technology, IT or mathematics that they want to turn into a reality with the help of enterprises.

This year, VS once again promoted the competition. Alongside the financial and conceptual support the company provides, VS's trainers and apprentices accompanied the "Improved Shopping Cart" project and also contributed support to other projects.

The students had three months to work with our experts from the various workshops to put their project ideas into practice – starting with the planning of the engineering design through realization and then on to the presentation to the jury.

8. Annex

8.1 VS corporate policy – short version

Quality, environmental and energy policies as part of the corporate strategy

The quality, environment and energy policies (referred to together as the "corporate policy" below) are vital elements in the corporate strategy of Vereinigte Spezialmöbelfabriken. The principles and objectives of the corporate policy are defined by senior management, which is responsible for them, documents them and communicates them both internally and externally. They are harmonized with all the other corporate principles and corporate aims.

Integrative approach and CIP

VS operates a quality, environment and energy management system which is integrated in company activity. In this way, we ensure a continuous improvement process (CIP) for quality, environmental protection and energy consumption. The targets in terms of quality, environmental protection and energy use are regularly checked and revised.

Corporate image

One main aim of our corporate policy is to safeguard the image of our company as a manufacturer of durable, high-quality products using ecologically responsible materials and production processes.

Quality policy: Principles and objectives

The most important principle underpinning our quality policy is to meet the demands placed by our customers on the quality and reliability of our products and services. We want to excel in the market through a uniform, high, durable product quality as well as through the uniformly high quality of all our services from initial contact with the customer through to customer support after the delivery of our products. When defining the quality requirements placed on our products and services, we always provide our customers with partnership-based advice to the best of our abilities.

The most important aim of our quality policy is therefore to achieve the greatest possible level of customer satisfaction. It is our company's stated aim to manufacture high-quality products that are as environmentally responsible as possible and that meet the needs and expectations of our customers. To this end, we use state-of-the-art processes, methods and production equipment.

Compliance with legal regulations: Environmental protection, product safety and accident prevention

For VS, compliance with the requirements resulting from legal and administrative regulatory and administrative provisions at European, federal, state and local authority level is self-evident and we try to achieve levels significantly below the legal limit values. In the same way, we ensure the safety of our products by working together with neutral, authorized test institutes. Even before we start to develop and design our products, we take account of all relevant technical regulations (e.g. DIN) and other accident prevention requirements. One principle reflection of our conception of quality is that all relevant product sectors must possess an up-to-date GS (safety tested) label. We also arrange for our products to be examined in respect of minimum pollutant emissions.

Environmental policy: Principles and objectives

VS considers the responsible use of the natural resources in the environment to constitute an important corporate principle. One of the main aims of the environmental policy at VS is to minimize environmental impacts at the production site and to be able to offer our customers products that are manufactured in a way that preserve the environment as much as possible. We at VS consider our obligation to the natural environment to include:

- protecting the environment, our employees and our customers by avoiding harmful influences during the manufacture, use and disposal of our products,
- preventing or minimizing emissions and waste,
- minimizing our consumption of the natural resources water, ground and air,
- being economical in our consumption of materials in all manufacturing sectors (recirculation),
- ensuring that VS products are particularly durable,
- selecting materials on the basis of environmental criteria and designing VS's products to ensure they are modular and recyclable.

Energy policy: Principles and objectives

Environmental protection and the associated need to use energy economically have been guiding principles in the company for many years. With the introduction of an energy management system in accordance with DIN EN ISO 50001, we are creating the conditions necessary for the conscious control of our energy consumption and the ongoing improvement of our energy performance. This will be achieved by

- optimizing energy provision and generation,
- taking account of the energy efficiency of the production equipment at the time of procurement,
- being economical in our consumption of energy in all manufacturing sectors,
- encouraging the use of renewable energies - reducing CO₂ emissions.

Responsibility and qualification of all employees

Trained, qualified personnel perform the necessary work in every area of the company. VS's corporate policy, together with its principles and objectives, can be accessed by all employees and is binding and obligatory during the discharge of their responsibilities. In their fields of work, all our employees have quality-related tasks and functions that are defined in corresponding process descriptions and work instructions. Through structures and workflows that are adapted to requirements, as well as through clearly described interfaces, we support our employees and avoid possible errors and wastage of resources as early as the development phase. In addition, all employees are obliged to report process or product errors as well as sources of resource wastage and potential environmental pollution directly to their manager without delay. By qualifying employees in the direct and indirect environmental repercussions of their area of activity, we encourage environmental awareness and action in all sectors

Corporate controlling

Senior management at VS Vereinigte Spezialmöbelfabriken GmbH & Co. KG is convinced that quality and the preservation of resources are compatible with business activity. Through quality, environmental protection and economic efficiency, we will ensure the long-term existence of our company.

Certification

Certification of our management systems in accordance with the specifications of DIN EN ISO 9001, DIN EN ISO 14001 and, in the future, also DIN EN ISO 50001 provides documentary evidence of the effectiveness of our quality demands, environmental measures and energy performance.

8.2 Supplier Guideline – Code of Conduct

For VS Vereinigte Spezialmöbelfabriken GmbH & Co. KG, sustainable development is an important corporate objective. We can show that we have achieved this objective thanks to a certified environmental management system in accordance with DIN EN ISO 14001:2009 and membership of the UN Global Compact. In this context, we place concrete requirements on our suppliers in order to ensure sustainable business relations. Below, you will find the most important of the relevant requirements, adherence to which we ask you to confirm in writing.

I. Human rights and working conditions

Rejection of child labour

Child labour must not be used in any production process. Adherence to the ILO core labour standard is required: according to this, the general minimum age is 15 years, or 14 years in economically less developed countries.

Freedom of association

VS expects its suppliers to respect the right of employees to form an employee representation body and conduct collective bargaining as provided for in national law.

Wages and social security contributions

Employees should be paid at least the minimum national wage or standard negotiated wage. The wage paid should enable employees to live a dignified life. The working hours and vacation or recovery periods must at least comply with national legislation and standards.

Health and safety

Workplaces should comply with internationally recognized health and safety standards. Supplier companies must take measures to reduce the frequency of accidents and prevent the occurrence of health risks. Employees must be trained appropriately and must be equipped with safety clothing if necessary. If the supplier company arranges accommodation for employees then this must be fit for human habitation. If it provides meals then these must comply with acknowledged health and hygiene requirements.

Integration of disabled persons

Persons with disabilities should be particularly well supported by enterprises. The recruitment and training of persons with disabilities should be encouraged.

Non-discrimination

Suppliers to VS must encourage equality of opportunities and equality of treatment and prohibit discrimination when appointing employees, conferring promotions or offering training and further training possibilities.

No employee may be disadvantaged due to his or her gender, age, skin colour, culture, ethnic origin, sexual identity, the presence of a disability, religious faith or other beliefs.

II. Environmental standards

Responsibility

Nationally applicable environmental guidelines and legislation must be adhered to. Suppliers to VS should have set out their environmental objectives in their corporate principles. If no environmental management system is in force then suppliers should strive to introduce such a system.

Environmentally responsible production

For us, the most important points of environmentally responsible production are

- being economical in the consumption of energy and materials in all manufacturing sectors (recirculation)
- encouraging the use of renewable energies
- minimizing the consumption of the natural resources water, ground and air
- preventing or minimizing emissions and waste
- to protect the environment and employees, there must be a regulation governing the handling of hazardous substances
- environmental aspects of the production sites and equipment should be assessed at regular intervals.

Environmentally responsible products

Materials and products supplied to VS must meet certain criteria:

- **Packaging**
Goods should be adequately protected against damage; unnecessary packaging must be avoided. In addition, the employed packaging material should be recyclable and, if possible, should itself be manufactured from recycled materials.

If possible, the use of reusable packaging should be preferred.

- **Harmful contents**

- CMR substances (cancerogenic, mutagenic, toxic to reproduction) belonging to categories 1 or 2 must not be present.
- In addition, the requirements of the Chemicals Prohibition Order must be taken into account
- Substances covered by the REACH Regulation must be registered.

III. Business Ethics

Fight against corruption

Corruption must not be tolerated. The United Nations Convention against Corruption and the Organization for Economic Cooperation and Development's (OECD) Anti-Bribery Convention must be respected. It is necessary to ensure that VS employees are offered no inducements with a view to acquiring an order or other business advantage.

Gifts

Invitations and gifts may only be offered to VS employees if they are appropriate both for the occasion and in scope, i.e. if they are of low value and can be considered to be the expression of normal, locally recognized business practices.

Free competition

VS expects its suppliers to act fairly with regard to the competition and to respect applicable anti-trust legislation. Suppliers will not engage in agreements with competitors that are against anti-trust regulations and will also not unfairly abuse any existing dominant market position.

Money laundering

VS expects its suppliers to respect the applicable legal obligations on the prevention of money laundering and not to be party to any financial transactions that directly or indirectly support money laundering.

IV. Compliance with the Supplier Guideline

Any violation of the principles and requirements set out here will be considered to be a significant breach of the contractual relationship on the part of the supplier. If there is any suspicion of a failure to respect the principles and requirements set out here, VS reserves the right to demand information regarding the corresponding circumstances. In addition, VS has the right to terminate extraordinarily individual or all contractual relationships with suppliers that demonstrably do not comply with the supplier guidelines or do not attempt to develop and implement measures for improvement after having received an appropriate period of notification to do so from VS.

Acknowledgement of "Supplier Guideline – Code of Conduct"

The content of the information present in the "Supplier Guideline – Code of Conduct" forms part of the award of contract.

We hereby acknowledge the Guideline and undertake to respect it.

Date: **Company stamp:**

Name: **Signature:**



www.vs.de | www.vs-furniture.com



VS Vereinigte Spezialmöbelfabriken GmbH & Co. KG
97941 Taubertschheim, Germany | Hochhäuser Straße 8
Tel: 09341-880 | Fax: 09341-88107 | vs@vs-moebel.de
Export: Phone: +49-9341-88888 | Fax: +49-9341-88830 | vsexport@vs-furniture.com