

CORPORATE SOCIAL RESPONSIBILITY UND COMPLIANCE STATEMENT

Preamble

The GRASS Group sets great store by responsible business dealings in the whole supply chain and by trustworthy collaboration with its suppliers, consultants, brokers, commercial representatives, distributors, contractors, agents and other goods and service providers worldwide ("stakeholders"). As a subsidiary within the Würth Group, GRASS always proceeds in accordance with the corporate philosophy, business culture and business ethics of the parent company.

Accordingly, the GRASS Group strictly observes the national laws in all countries, and is committed to the principles of a free and democratic civil society and of the social market economy. Our company culture is hallmarked by endeavour and reliability. Gratitude, appreciation and respect for the achievements of employees are naturally fundamental prerequisites for the advancement of our enterprise.

Sociological and psychological topics are noticeably gaining in importance and significance. The observance of social, economic and ecological principles constitutes for the GRASS Group the basis for responsible and sustainable business conduct. The GRASS Group therefore requires its business partners to observe the legal regulations on working conditions, health, environmental protection, on combating corruption and on occupational safety, and to notify their employees and subcontractors of this code of conduct in a national language they understand.

The GRASS Group expects its business partners, as well as itself, to observe the conditions specified below. A serious infringement of the specified principles will basically be regarded as a violation of a material contractual obligation.

Principle of sustainability

Sustainability as a long-term business concept.

The GRASS Group is committed to meeting its social responsibility and participating in the shaping of civil society. From this, the Group derives the obligation to share commercial success with society, particularly by becoming involved in cultural, economic, scientific and social activities.

As a responsible development partner and system provider for the furniture industry, GRASS has been creating products and services that have delighted our clients for more than 65 years. GRASS slide and drawer systems, hinge, flap and corner cabinet systems are branded products, which move the furniture of renowned furniture brands.

Constant outstanding quality is the basis for high customer satisfaction, in the case of both fabricators and consumers. Our clients in the furniture industry and in the exclusive handcrafted furniture sector know that we always face up to this responsibility. Tens of thousands of movement systems are produced in our plants every day.

In order for them to meet the high demands of our quality management, each product line is put through its paces on site. In this, internal standards as well as testing methods and tests by independent institutes in accordance with DIN ISO provide for systematic quality assurance. Besides quality, we grapple with social responsibility and sustainable corporate governance, as well as with the conservation of resources and the environment.

What do we understand by sustainability?

We understand it as our challenge to be reliable in meeting the manifold requirements of our clients. The responsibility towards future generations is of particular significance for us. This is why we gear our activities in such a way that as many positive effects as possible are obtained and adverse effects are largely avoided. This applies just as much to people and social cohesion, as to the regional economy, the environment and the sensible use of all resources. That is what we understand by sustainability. And we bear the responsibility for it!

Corporate Social Responsibility (CSR) in detail

The European Commission defines Corporate Social Responsibility (CSR) as “the responsibility of companies for their effects on society”. In order for companies to do justice to their social responsibility to the full extent, they should be able to fall back on a procedure in which social, ecological, ethical, human rights, and consumer issues are integrated into their business operations and core strategy in close collaboration with the stakeholders. (European Commission, 2011) Companies are therefore part of the society in which they are active.

For the GRASS Group, CSR means making a voluntary contribution to sustainable development. In doing so, CSR concentrates on the three areas of society, ecology and economy. All corporate activities are to be reviewed and optimised for their appropriate effects on these areas. We understand sustainable development to be a continual process that extends throughout all company units and demands clear objectives. The GRASS Group recognises that putting CSR (Corporate Social Responsibility) into practice is a strategic challenge, which represents a benefit for all concerned.

Our enterprise maintains contact with the most diverse stakeholders, who are directly or indirectly affected by our actions. We want to be a dependable partner for them. The principles of sustainable development and accountability affect all areas of operations and are thus embedded into all hierarchical levels.

We are therefore committed to a responsible company culture. The owners and the concern management accept corporate responsibility and promote this sense of responsibility among all employees at all hierarchical levels. As an innovative enterprise, we regard our employees as our most valuable asset and invest accordingly in advanced training and skills development. By safeguarding jobs, we make a valuable contribution to social cohesion.

Motivated and well-trained staff constitutes the most important factor in achieving our objectives. The GRASS Group therefore always aims to provide attractive jobs for its existing and potential employees. Besides discussions with employees, the intranet and our internal channels are available as means of communication.

As innovator and technological leader, we set great store by responsible interaction with the environment. We have therefore set ourselves the target of making our production environmentally friendly and resource-efficient, as well as manufacturing high-quality and long-lasting products. We meet the normative standards for this by means of certified management systems according to ISO 9001, ISO 14001 and ISO 50001.

We are proud that we are rooted to our sites. By making investments in our sites and securing highly skilled jobs, we are contributing to value creation on a regional and national scale. We regard it as our duty to share our success with society and, in doing so, make our contribution to a spirit of solidarity in communities. We therefore support social initiatives and aid organisations which contribute to social equilibrium in our society.

Integration into core business

In the medium term, it appears to be indispensable for a credible CSR to achieve actual strategic incorporation of the concept into core business and a corresponding alignment of the business model, rather than undertaking isolated activities.

Possible starting points here are a Code of Conduct with social standards, a ban on child labour, adherence to minimum wages and things of this nature. This can also be passed on to subcontractors via sustainable supply chain management.

Implementation along the supply chain

The supply chain management approach is thus applied increasingly to fortify CSR. An audit of products and suppliers must therefore take place, but this audit must also involve the suppliers of the suppliers. In addition, transparency must be increased along the whole supply chain, where smart technologies offer new potential for achieving this aim. Finally, CSR can be improved by cooperation with local partners, with other companies in the industry and with colleges.

Furthermore, the introduction of obligatory design standards for the reduction of material and energy requirements, as well as for avoiding waste and emissions, can improve the environmental balance.

In order to strengthen the competitiveness of our products, we foster long-term relationships with suppliers. In this regard, we attach importance to the incorporation of ecological and social topics such as anticorruption and the exclusion of child labour, so that the quality of supplier relations will be increased. This goal is supported by quality assurance contracts and specially worded agreements, which are to be signed by all principal and future suppliers. Non-payment risks can thus be recognised early and reduced. Regular controls and targeted integration make a powerful contribution to sustainability and increase awareness of the significance of corporate responsibility.

Stakeholder dialogue creates trust

Stakeholder groups observe and evaluate companies based on their actions. Among other things, transparent integration of various interests plays a central role in this. Sustainability thus signifies for us responsible communication and learning together with our stakeholders. In this context, the goal is to define joint priorities and essential aspects of topics relevant to sustainability, and to engage in continuous strategy-oriented dialogue.

For this purpose, we conduct regular surveys with our stakeholders. Included in these are first and foremost our employees, clients, shareholders, suppliers, and representatives of public interests as well as residents at our locations. The better we know our stakeholders, the more sustainably relationships can be fostered with them, corporate opportunities realised, and at the same time risks minimised.

THE GRASS GROUP CODE OF CONDUCT

1. Observance of laws and guidelines in due consideration of cultural values

We expect applicable laws and regulations to be observed and followed.

This obligation naturally also holds for applicable guidelines and directives, as well as recognised rules of action in the cultural groups and countries in which our business partners and the GRASS Group are active. The GRASS Group expects its business partners, as well as itself, to establish and maintain a system for monitoring the observance of these laws, rules and statutory provisions.

As an attractive employer in the respective regions, the GRASS Group shows itself to be a responsible and reliable partner through its economic activity and social involvement, and makes a contribution to social development.

2. Respect for human dignity / Treatment and working conditions

Our employees should be able to introduce their creativity and their potential for joint success in the best way possible. For this purpose, we expect fair, respectful and friendly treatment of colleagues and third parties; discrimination and harassment of any kind will not be tolerated. The GRASS Group respects freedom of association and safeguarding of the collective interests of male and female employees.

2.1 Non-discrimination rules

By conviction, the GRASS Group engages staff of varying origin and experience.

The GRASS Group therefore expects its business partners, as well as itself, to impede or eliminate discrimination in connection with employment, engagement or access to further training opportunities on the basis of race, colour of skin, pregnancy, religion, gender, sexual orientation, age, physical or mental disability, state of health, political attitude, nationality, social or ethnic origin, membership of a trade union or material status.

2.2 Health and safety

The GRASS Group provides for safety in many respects: safety for its employees in the workplace and in working conditions, safety for its clients in the handling of products and safety in the quality of its products. The GRASS Group would like to be perceived as a reliable and responsible partner.

The GRASS Group expects its business partners, as well as itself, to ensure a safe and healthy working environment. This includes in particular appropriate sanitary conditions, health and safety guidelines and procedures.

We expect all employees to be provided with suitable protective equipment free of charge. Employees must be provided with information relevant to safety with respect to hazardous substances when there is a legitimate need for such.

In case of fire or other emergencies, there must be a sufficient number of clearly marked emergency exits. Escape routes must be described clearly and explicitly, kept free of obstacles and marked. Smoke detectors and fire extinguishers must be installed on every floor and in sufficient quantities. All applicable laws on work and safety protection, hygiene, fire and risk protection must be observed and regularly instructed.

All necessary permits, licences and registrations must be complied with, maintained and kept up to date. The strict observance of safety regulations is an indispensable prerequisite. Possible deficiencies are to be rectified immediately.

2.3 Working hours

The GRASS Group expects its business partners, as well as itself, not to exceed the legally determined maximum number of hours. Exceptions are emergencies and extraordinary circumstances. Workers are entitled to one day off in a seven-day week as well as adequate annual holidays.

2.4 Wages

The GRASS Group expects its business partners, as well as itself, to pay their employees an adequate reimbursement and to compensate mandated overtime according to statutory requirements. Wages must be paid regularly and in legal tender. Deductions from wages as a disciplinary measure are not permissible.

2.5 Ban on child labour

The GRASS Group categorically rejects child labour as well as any kind of exploitation of children and juveniles. The term “child” applies to all persons under 15 years old (or under 14 years old depending on national laws) or to persons of school age or persons who have not yet attained the minimum age of employment applicable to the respective country. The highest age limit applies in each case. Accredited training programmes, which comply with all laws and regulations, are approved. Workers under 18 years of age may not perform any work which could endanger the health and safety of young people.

The GRASS Group expects its business partners, as well as itself, to observe the ban on child labour.

2.6 Repudiation of forced labour

All forms of forced labour are repudiated by GRASS. The GRASS Group expects its business partners, as well as itself, to ensure that no employee be compelled into employment by force or intimidation, either directly or indirectly.

2.7. Trade union

The GRASS Group expects its business partners, as well as itself, to respect the right of employees to freedom of association and freedom of assembly as well as to collective bargaining and pay negotiations, inasmuch as this is legally permissible and possible in the respective country.

3. Environmental protection / Ecology

Active environmental protection in the industrial context signifies avoiding negative influences on the environment, or keeping such to a minimum, as well as being resourcefully active in protecting the environment. Efficiency in production, climate protection and conservation of resources are therefore important guidelines over the entire product life cycle. We expect energy, water and raw material resources to be handled sparingly and efficiently. The use of renewable raw materials, the avoidance of harmful substances and the development of environmentally friendly packaging should be supported by each individual partner.

Consequently, the GRASS Group expects its business partners, as well as itself, to ensure that the applicable provisions and standards for environmental protection pertaining to its operations in the respective locations be observed, and that environmental impacts be continuously reduced in accordance with ISO 14001.

3.1 Environmental permits and reporting system

The GRASS Group expects its business partners, as well as itself, to obtain all necessary environmental permits, approvals and registrations and to keep them up to date. All requirements relating to notification and reporting are to be followed. Furthermore, there should be a procedural guideline for informing the authorities or the community in case of an accidental discharge or release of hazardous substances into the environment, or in case of an ecological disaster.

3.2 Avoidance of pollution and reduction of resources used

All forms of waste, including water and energy, are to be avoided or reduced. This is to be done either directly at the point of origin, or by procedures and measures, such as modifying the production and maintenance processes, or the procedures within the company, the use of alternative materials, economisation, recycling and reutilisation of materials. Effective waste management should be an integral part of the enterprise, monitored by means of strict internal standards.

3.3 Hazardous substances

The GRASS Group expects its business partners, as well as itself, to identify chemicals or other materials which pose a threat when released into the environment, and to treat them in such a way that handling, transportation, storage, utilisation, recycling, reutilisation and disposal are organised safely.

3.4 Waste water and solid waste

The GRASS Group expects its business partners, as well as itself, to ensure that waste water and solid wastes from operating procedures, production processes and sanitary facilities be characterised, monitored and subjected to the necessary treatment before they are discharged or disposed of.

3.5 Emissions

The GRASS Group expects its business partners, as well as itself, to ensure that emissions from volatile organic chemicals, aerosols, corrosives, particles, chemicals which destroy the ozone layer, or by-products arising from combustion during operating procedures be characterised, monitored and subjected to the necessary treatment.

3.6 Restrictions on product materials

The GRASS Group expects its business partners, as well as itself, to ensure that all applicable laws, regulations and customer specifications be observed with respect to a ban or restriction on specific substances. This includes the obligation to label for recycling and disposal.

4. Social involvement / Society

A successful global company like the GRASS Group is committed to social responsibility towards its employees, clients, shareholders, suppliers, representatives of public interests, and last but not least, towards the public at large. The GRASS Group is an attractive employer, offering its employees further training, a career, health protection and security. This naturally includes trusting, transparent dialogue with our stakeholders as well as our involvement in bodies for the creation of an ecologically and economically sustainable future for the coming generations.

The GRASS Group expects its business partners, as well as itself, to contribute to the social and economic development of the country and the region in which they are active, and to promote corresponding voluntary activities of its male and female employees.

5. Data protection

The GRASS Group expects its business partners, as well as itself, to protect the personal data of clients and employees, and to observe both national and international data protection regulations. The GRASS Group expects its business partners, as well as itself, to protect personal data from access and wrongful use by unauthorised persons.

6. Secrecy / Protection of our edge in know-how

We develop products and procedures for our clients and make a point of promoting the establishment and extension of the occupational skills of our employees by means of providing appropriate training and further education. Patents, inventions and other know-how are of particular significance for the success and future of our company.

The GRASS Group expects its employees and business partners to treat confidentially all information as well as trade and business secrets.

7. Competition and cartel law

7.1 Corruption, bribery and corruptibility / Integrity in business dealings / Acceptance and offering of advantages

The GRASS Group tolerates no form of corruption, bribery, corruptibility or any other unlawful granting of undue advantage. Gifts are tolerated within legal and normal business limits. They must not, however, be suitable for inciting persons to infringe their duties or to effect a conflict of interests. We understand clients who rule out gifts or contributions of any kind. Irrespective of this, we welcome donations to social institutions or for cultural purposes in the region.

Business partners, as well as the GRASS Group itself, must make sure that no personal dependency or obligation to clients, suppliers or business partners develops due to bribes, backhanders, kickbacks or any other illegal payments. Care must be taken to ensure that no gifts or invitations are accepted or offered, from which it might reasonably be assumed that they could influence business decisions.

7.2 Cartel law

Business partners, as well as the GRASS Group itself, commit themselves to fair competition. It is imperative that laws against unfair competition be observed, particularly cartel law (antitrust law), as well as other laws regulating competition.

Impermissible agreements over prices or other conditions, sales territories or clients, as well as abuse of market power or boycott (e.g. non-delivery to a client) contradict our principles.

8. Responsible raw materials procurement

Suppliers should develop measures to ensure that to the best of their knowledge and belief, the tantalum, tin, tungsten, cassiterite, coltan and gold used in the products they manufacture do not serve to finance or support, either directly or indirectly, armed groups which are guilty of severe human rights violations in crisis regions according to the Dodd-Frank Act. Partners should exercise due care with respect to the origin and surveillance chain of these minerals, and they should disclose these precautionary measures to their clients on request.

9. Import and export regulations

Business partners, as well as the GRASS Group itself, must adhere to all applicable import and export laws, in particular all sanctions, embargoes and other laws, provisions, government acts and guidelines with respect to the transportation or shipment of goods and technologies.

10. Communication and obligation to produce supporting documents

The business partners of the GRASS Group communicate openly on the requirements of this Code of Conduct and on its implementation to employees, clients, suppliers, subcontractors and other interest groups and stakeholders. All documents and records are produced as in duty bound; they are not dishonestly altered or destroyed but properly retained.

The GRASS Group reserves the right to carry out inspections, even unannounced. For this purpose, the auditor is to be granted admittance and access to the relevant locations.

In addition, the GRASS Group reserves the right to have its business partners monitored by an independent specialist organisation for observance of this Code of Conduct. The GRASS Group must notify its business partners of the results of such an inspection.

Although the GRASS Group intends to maintain the Code of Conduct in force for an indefinite period, it reserves the right to modify or terminate this Code of Conduct at any time and in any way, with or without giving reasons.

11. Consequences

We expect our business partners and their employees also to respect the above mentioned principles and to monitor their observance, and we reserve the right to demand an audit to be conducted of business partners, for whom there is reasonable suspicion that an infringement of one of these principles exists. In such a case, we expect our business partners to cooperate fully in the investigation.

The GRASS Group will not sever the business relationship immediately on every infringement of this Code of Conduct, provided there is the will to improve the situation according to an agreed plan. If, however, on repeated infringement, no acceptable improvement in the situation can be recognised, the GRASS Group is entitled to end the business relationship by termination for cause.