

# Social Standards for Suppliers

## Social Compliance



Storch - Ciret Group

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## Background

In addition to our own employees, the staff at our suppliers' factories also play an important role in our production processes. For this reason, we have developed our own Social Standards for our procurement chain, based on the amfori BSCI standards, which, together with the social framework conditions, should also ensure the occupational health and safety of the employees. These Social Standards formulate basic rights for the employees of suppliers and are a binding specification which our suppliers and their pre-suppliers must observe and comply with in business transactions with Storch-Ciret.

The Social Standards for Suppliers build on the Storch-Ciret Social Compliance guidelines which form part of our CSR (Corporate Social Responsibility) and are based on our Code of Conduct. They represent a minimum standard. If they and national legal provisions follow the same goal, the regulation which offers the greatest protection for the employees is applied.

To check compliance, we have set up a multi-stage monitoring process which includes an assessment of our suppliers. The results are provided to our Procurement department and influence the decision whether and to what extent the business relationship with a supplier is continued.

### 1 General obligations of the supplier

The Social Standards define the expectations of Storch-Ciret with regard to its suppliers. They are valid for all employees of the supplier, irrespective of whether they are permanent employees, work at home or have a status comparable with an employment relationship.

The supplier must inform his employees in an appropriate manner about their rights resulting from the Social Standards. The Storch-Ciret Social Standards must also be translated at least into the local language and displayed openly in the companies or communicated to all employees in another suitable way. The supplier shall appoint an employee who is responsible for implementation of the Social Standards. The name of this employee must be communicated to Storch-Ciret as a contact person. The supplier shall set up an independent complaints office for employees.

The supplier is also obliged to inform his subcontractors and pre-suppliers about the Storch-Ciret Social Standards and to agree and monitor compliance with them in a suitable manner (Social Compliance in the Supply Chain).

The supplier shall document his basic activities on the implementation and compliance of the Social Standards. Storch-Ciret reserves the right to modify the Social Standards for Suppliers.

## **2 Specific obligations of the supplier**

The supplier is obliged to comply with the following Social Standards in dealings with Storch-Ciret:

### **2.1 Ban on child labour**

The supplier must not employ any children. The minimum age for acceptance of employment is 14 years, however employment is not permitted before the end of compulsory education. This applies subject to exceptions approved by the ILO or national legislation. Furthermore, the supplier must ensure that employees under 18 years of age do not undertake any hazardous work, specifically work that is detrimental to the education of the employee or which endangers their health or physical, mental, spiritual, moral or social development.

### **2.2 Freedom of employment / ban on forced labour**

The supplier must ensure that no-one is employed against his will or forced to work. Specifically suppliers must not, in any way, employ forced labourers, bondsmen, slaves or prisoners. Restrictions to freedom of movement of the employees are not permitted, irrespective of whether within or outside of the working hours.

The employees must only store such documents with the supplier that are required in law for justification or retention of the employment relationship. The supplier is prohibited from demanding that identification papers are lodged or a deposit demanded from employees. The employees must be able to terminate the employment relationship at any time with the specified notice period.

### **2.3 Humane working conditions**

The supplier shall respect the personal dignity, privacy and personal rights of each employee. Any form of physical, psychological, sexual or verbal harassment or physical abuse and any form of intimidation or exploitation is prohibited. Disciplinary measures must remain within the framework of the national employment legislation and internationally recognised human rights.

### **2.4 Ban on discrimination**

The supplier guarantees equal treatment and equal opportunities for all employees, regardless of their race, skin colour, gender, age, their social, ethnic or national origin, their beliefs, membership of employee associations (including

unions), their political opinion, sexual orientation, marital status, pregnancy, any disability or any other personal characteristics.

## **2.5 Remuneration / minimum wage**

The supplier must pay his employees a wage in the form of cash or other benefits as chosen by the employee. This should be sufficient for subsistence of the employees and their families; however, it should correspond at least to the statutory minimum wage for the country in which production is located. Salaries and wages are to be paid at least once per month.

Employment contracts must be concluded in writing with the employee before the start of the employment relationship, even for a temporary contract. The employment contract must include the remuneration regulation and the wage must be communicated to the employee by the start of the employment relationship. The employees shall receive payslips in a written or comparable form. If employees cannot read, there must be evidence that they have been informed using a suitable method.

The remuneration should include an appropriate fixed component and not be exclusively tied to completed units. Without the explicit agreement of the employees, deductions from remuneration that exceed the deductions prescribed in law are not permitted, specifically not for punishment or disciplinary reasons.

Legally prescribed supplements must be paid for overtime. If there is no statutory regulation, appropriate supplements must be paid.

## **2.6 Maximum working time and minimum leave**

The supplier shall comply with the applicable national working time provisions, including break, rest periods and leave, together with maternity and paternity leave. If the national legislation does not include provisions for permitted maximum working times, the supplier cannot demand a weekly working time in excess of 60 hours. The employees must have at least one free day following six sequential working days. Overtime must be performed voluntarily and remunerated with a wage supplement.

Each employee is entitled to paid leave. The employees are entitled to at least two weeks or 12 workdays of paid leave per calendar year.

## **2.7 Health and safety**

The supplier is responsible for the health and safety of his employees. He must ensure a safe and hygienic working environment and the best possible welfare measure to protect against accidents and occupational illnesses. These welfare measures specifically include regular health and safety training. The employees must receive appropriate information and training on this and evidence provided thereof.

Particular attention must be paid to safe handling of machines and hazardous materials as well as fire protection. Emergency exits must be clearly identified on all floors and they must be well-lit and the entire escape route must be accessible and free of obstructions. Evacuation plans must be available and, in accordance with the locally applicable statutory regulations, the supplier must carry out evacuation exercises for all employees regularly, however at least once per year. Similarly, fire-fighting equipment must be available and the necessary appropriate protective equipment for handling machines or hazardous materials made available to the employees.

The supplier shall appoint an employee from Senior Management to be responsible for compliance with health and safety measures.

These provisions also apply to social areas and employee accommodation, if this is provided by the supplier.

## **2.8 Freedom of association and right to collective bargaining negotiations**

The supplier should grant his employees the right to freedom of association and collective bargaining in accordance with the valid legislation and regulations. Employees must not be discriminated against, intimidated or penalised in any other way by the supplier if they legitimately exercise their right to join organisations or hold negotiations as a group.

## **2.9 Environment and climate protection**

The supplier must comply with the environmental legislation and provisions of the production country. Specifically, processes and standards for the disposal of waste, handling of and disposal of chemicals and other hazardous substances, and the treatment of emissions and waste water must at least meet the statutory provisions. The supplier is required to continuously work on the avoidance and reduction of environmental pollution and to use natural resources as efficiently as possible.

### **3 Monitoring rights**

The supplier agrees that Storch-Ciret can at any time, even without prior announcement, but within standard working hours, check, or have checked by one or more persons or organisations specified by Storch-Ciret, compliance of social standards at his premises or those of a subsidiary that carries out production activities for Storch-Ciret. Storch-Ciret is free to name these inspectors. The inspectors must be able to provide evidence of the authority granted by Storch-Ciret at the time of access. The supplier is, in principle, responsible for the costs of the audit. If the result of an audit classifies a supplier as "risky" or "insufficient", the supplier must pay the costs of the follow-up audit. The supplier shall permit Storch-Ciret or commissioned inspectors to hold confidential interviews with employees, to make copies of documents and photos from the production site and to document the results of the audit.

### **4 Social Compliance Statement**

The supplier should submit a Social Compliance Statement at least every 24 months. The Social Compliance Statement is a written declaration by the supplier in which he confirms in writing compliance with the social standards prescribed by Storch-Ciret, if applicable, identifies any deficiencies and problem areas and reports about its own initiatives for improving the working conditions of employees.

### **5 Sanctions**

If Storch-Ciret establishes that the supplier has violated one of the above provisions, Storch-Ciret will inform the supplier of the violation and, in principle, allow an appropriate grace period for resolution of the complaint. This grace period is basically dependent on the type of measure necessary. Depending on the severity of the violation, an immediate order stop will be imposed. If the complaint is not resolved in spite of an appropriate grace period being set, Storch-Ciret can immediately end the contractual relationship without further notice and remove all materials that have been made available for processing.

Storch-Ciret also reserves the right to immediately terminate the business relationship if there is a serious violation of these standards or in the event of repeated violations against these provisions. Specifically a serious violation may relate to child labour, forced labour or the unreasonable obstruction of an audit.

Storch-Ciret reserves the right in all case to refuse the acceptance of goods and to exercise a claim against the supplier for any damage resulting from the violation, including from the business relationship with customers.

## 6 Declaration of commitment by supplier

*We confirm that we have received and taken note of the Storch-Ciret Social Standards, that we meet the requirements without amendments or cancellations, that we will inform our employees and suppliers about the content and will ensure that they also comply with the provisions contained therein and that we will inform Storch-Ciret of any relevant suspicious cases of violations against the Social Standards.*

*We authorise Storch-Ciret, or organisations which can be proven to be active on behalf of Storch-Ciret, to conduct suitable audits at our premises during standard working hours, with or without prior announcement, in order to check compliance with the Storch-Ciret Social Standards.*

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*Name of company / signature / stamp*