

Faber-Castell

AGREEMENT between A.W. Faber-Castell Unternehmensverwaltung GmbH & Co, 90546 Stein and Industriegewerkschaft Metall/Bau- und Holzarbeiter Internationale, BHI

1. Introduction:

Faber-Castell based in Stein/Nuremberg in Germany is one of the world's leading manufacturers of writing, drawing, creative design and superior decorative cosmetic products. Faber-Castell is present in more than 100 countries in all continents. 16 production and 20 sales companies (see annex 1) belong to the Faber-Castell group world-wide.

The trade union "Bau- und Holzarbeiter Internationale – BHI", a global confederation of trade unions, consists of free and democratic trade unions with members from the building and building materials industry, the timber industry, forestry and other related industries world-wide. The competent trade union for Faber Castell is the "IG Metall", a member of BHI, based at the head office of the company in Germany.

Faber-Castell's development from a medium sized enterprise to a world-wide company reflects the growing globalization and the internationalization of the commerce in manufactured goods. The core values of the company are competence and tradition, outstanding quality, innovation and creativity as well as social and ecological commitment.

Faber-Castell has faced the social and ethical responsibilities, which result from the globalization of the company and its markets. For this reason, Faber-Castell undertakes to guarantee in its production and sales companies employment and working conditions which at least comply with the corresponding agreements and recommendations of the International Labour Organization, ILO which apply to Faber-Castell's business activities.

2. The Faber-Castell Social Charter:

Faber-Castell undertakes to observe the following standards and recommendations:

2.1 Employment is voluntary and can be chosen freely

Forced labor or compulsory labor must not be practiced. (ILO Conventions nos. 29 and 105). No employees must be forced to furnish a "deposit" or to hand in his/her identity papers with their employer.

2.2 No discrimination in employment

Equal opportunities and equal treatment regardless of the ethnic origin, color, gender, religion, political opinion, nationality, social background or any other special characteristics shall be provided (ILO Conventions nos. 100 and 111). All employees shall receive the same pay for an activity ranking on the same level. Physical abuse, threats of physical abuses, unusual

punishments or disciplinary measures, sexual or other forms of harassment and intimidations by the employer are strictly prohibited.

2.3 No Child Labor

Child labor must not be practiced. Only employees aged over 15, or over the age of compulsory education, may be employed (ILO Convention no. 138). Children under 18 years are not permitted to execute a job that might endanger their health, safety or moral principles (ILO Convention no. 182) because of its nature or the conditions under which it is performed.

2.4 Respect for the right to freedom of association and free collective bargaining

The right of all employees to form and join trade unions shall be recognized (ILO Conventions nos. 87 and 98).

Employees' representatives must not be discriminated against and must be granted access to all the work places as required for exercising their duties as trade union representatives (ILO Convention 135 and Recommendation 143). The employers shall have a positive attitude towards the activities of the trade unions and be open to their employees being organized in a trade union.

2.5 Decent wages

Wages and benefits for a standard working week must at least meet the legal standards or the minimum standards valid for the industry. Wage deductions without the express consent of the employees concerned are not permitted, except when they are founded by national laws. All employees shall be handed out written, understandable information on their wages in their own language before taking up work and they shall receive a detailed break-down of their wage upon every payment.

2.6 No excessive working hours

The working time is to be defined in line with the valid laws or national collective bargaining agreements for every trade. All employers must be granted at least one day off per week for their own recreation.

2.7 Safety at work and decent working conditions

A safe and hygienic working environment shall be guaranteed and implemented by an in-house work protection organization („Health and Safety Committee“). Optimum health and safety measures are supported in consideration of the current state of knowledge of the industry and of any given specific dangers.

2.8 Conditions of employment are defined

The obligations of the employer towards the employees regarding the national Labor Laws and the regulations on social protection based on a regular employment relationship are observed.

The employment relationship is to be fixed in a written agreement.

3 Contractors, subcontractors and suppliers

It is the objective of Faber-Castell to only co-operate with contractors, sub-contractors and suppliers who themselves recognize and implement the standards and recommendations (no. 2) quoted above. When drawing up a contract with a supplier, Faber-Castell shall include a self-assessment made up by the supplier in the supplier rating. In addition, the responsible staff of the purchasing department shall undergo further advanced training in this respect. On a long-term basis, it is our intention to also apply our internal, multistage monitoring procedure to the suppliers.

4 Implementation

4.1 Communication:

The agreement („Faber-Castell Social Charter“) shall be made accessible to all employees in their respective languages. The implementation results shall be published internally and externally by means of appropriate means of communication (e.g. Faber-Castell Newsletter, Homepage).

4.2 Multistage monitoring procedure:

The multistage monitoring procedure comprises a self-assessment of every company, internal and external audits.

- **Self assessment:**

Every company shall fill in a “questionnaire on the self-assessment” every two years (see annex 2) which covers all items detailed in the Social Charter.

- **Internal audits:**

Internal “Management Representatives” shall monitor on an annual basis if the Social Charter is adhered to. Their audit results are included in the integrated Management System (FABIQUS) of Faber-Castell.

- **External Audits:**

A Monitoring Committee equally composed by representatives of Faber-Castell and representatives of IG Metall/BHI shall monitor the implementation of the agreement. The committee will meet at least every 2 years and hold its meetings at the premises of the production and sales companies. BHI can make it possible for the local trade unions to participate in the meetings of the Monitoring Committee on the spot. The participants shall receive any and all information required for the exercise of their mandate. Faber-Castell shall bear the costs for the external audit.

4.3 Settlement of Disputes:

Every production and sales company is responsible for the adherence to the agreement. Any and

all disputes which cannot be settled on the spot shall be transferred to the monitoring committee who will review the facts and propose corresponding measures.

4.4 Term and Validity

This agreement shall remain valid until notice is given by one of the contracting parties by informing the other parties in writing with a time limit of three calendar months at the end of the month. The German version of this agreement shall be binding.

The agreement dated March 3, 2000 shall be replaced by the foregoing agreement.

Stein, dated October 1, 2008

A.W. Faber-Castell Unternehmensverwaltung GmbH & Co

Industriegewerkschaft Metall, Vorstand

Bau- und Holzarbeiter Internationale, BHI