

PFLEIDERER AG SOCIAL CHARTA (PASOC)

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International Framework Agreement

between

Pfleiderer AG
(hereinafter "Pfleiderer"),

and

**IG Metall Germany, Building and Wood Workers International (BWI) and the
European Works Council of Pfleiderer AG**

Preamble

The Pfleiderer group has wide-ranging responsibility – for the country and society in which it is operating, for the environment and naturally for its employees. Its outstanding position as one of the world's leading manufacturers of wood materials is due primarily to the dedication and the performance of its staff.

Pfleiderer is acutely aware of its social responsibility towards its employees and wishes to document this in this Agreement. Its promotion of human dignity and compliance with internationally recognised human rights on the basis of ILO core labour standards have hitherto been a central principle in corporate policy and will continue to be so.

Pfleiderer therefore recognises the goal of continuing to guarantee decent working conditions and secure jobs at all times.

The parties are, however, also aware that maintaining the commercial and technological competitiveness of the company is also absolutely essential if this social responsibility can be maintained into the future. This principle will therefore be taken into account when this social charter is being implemented.

1. Observance of freedom of association and the right to collective negotiation

The right of all employees to form or join a trades union of their choice and the exercise of the resulting functions (e.g. the right to collective bargaining) are fully recognised (see ILO Conventions 87 and 98). Pfeleiderer follows the most efficient procedure in the country when a member organisation of BWI demands union recognition. Pfeleiderer shall under these conditions adopt a neutral position towards trade union organisation efforts.

Securing the future of Pfeleiderer and employment can best be ensured through an open, cooperative and constructive cooperation between the company and employee representatives. Pfeleiderer maintains an open and positive attitude towards collective negotiations, taking account of the competitive situation. Pfeleiderer sees participation and co-determination rights of employees, especially at the operational level, as representing an important competitive advantage for the group and a central sustainability factor.

The company shall never instigate any measure aimed at undermining wages agreement structures or co-determination rights. Measures that are commercially justified and that serve to strengthen the company's competitive position are not subject to this principle.

Employee representatives will not suffer any discrimination due to their status or activities as employee/union representatives and shall receive access to company premises and workplaces insofar as this is necessary for them exercising their function (see ILO convention No. 135 and recommendation No. 143).

Unions are also entitled to use the media provided at the workplace (e.g. bulletin board, any available Intranet etc.) as platforms for communicating information to staff.

2. Voluntary employment

Every form of forced labour or debt bondage is forbidden. Employees must not be ordered to deposit their passports, personal documents or valuables with the employer (see ILO Conventions 29 and 105).

3. No discrimination in employment

Esteem, trustful and respectful dealings with all colleagues are essential elements characterising the corporate culture at Pfeleiderer. A corporate culture characterised by recognition of the dignity of all people and a sense of partnership at the workplace, and that forms the basis for a positive working atmosphere within the company. This also fulfils an important condition for the commercial success of the company. Every colleague deserves to be encountered and treated with every respect and appreciation. Only in this way can our different strengths and resources be combined and we can move forward together and successfully. All employees therefore enjoy always equal opportunities and equal treatment, irrespective of race, ethnic or social background, religion or world view, political opinion, national origin, gender, physical handicap, age or sexual identity.

On the basis of the said principle of equal treatment, employees shall receive the same remuneration for equal work (see ILO convention No. 100 and No. 111) and shall in this regard also not receive any unfair advantage or disadvantage in the form of their employment contract (e.g. temporary contract). Pfeleiderer always endeavours in this sense to harmonise any unfair differences.

The parties agree that discrimination, unfair treatment, harassment of any kind (e.g. Physical abuse, threats of physical abuse, unusual punishments or disciplinary measures, sexual and other harassment), hostility and humiliation, intimidation and insults will not be tolerated, irrespective of whether attempted by executive, staff members, trainee or temporary workers. The parties therefore also agree that any infringement against the prohibition on discrimination will also have disciplinary consequences.

Hired employees from third parties must enjoy conditions at least equivalent to those enjoyed by local staff. Such workers must also be provided with any additional expenses incurred through this transfer.

4. No child labour

Pfeleiderer does not tolerate any form of child labour. Children under 15 years of age or of compulsory school age if this is higher, are not employed (see ILO convention No. 138). Children and young people under 18 years may not be assigned tasks that by their nature or the particular circumstances under which they have to be performed are likely to be detrimental to the health, safety or morals of young people. (see ILO convention No. 182). Any relevant local laws in this regard must also be observed.

5. Appropriate remuneration

Employees receive wages and additional benefits as remuneration that do not fall below the minimum levels established by law or by agreement and that, for work within normal working hours for the location, allow them and their families enjoy at least the minimum standard of living. All employees are provided with clearly formulated oral and written information in the relevant language of the country regarding wage terms and the time framework for their remuneration. Wage deductions are admissible only when required in accordance with the statutory provisions applicable in the relevant country. Employees are informed along with each wage payment regarding the amount of remuneration due and any wage deductions. Otherwise wage payment modalities pursuant to ILO convention No. 95 shall be followed, taking account of the relevant local statutory regulations.

By agreement between employee representatives and Pfeleiderer, established employee incentive systems, such as bonus wages or employee suggestion system (KNIFF), can also be introduced at the international locations/plants in order to promote direct involvement of workers in productivity increases and their motivation.

6. No excessive working hours

Working hours must always be in accordance with the relevant national laws, national agreements and the standards of the particular industrial sector. Working hours and working time models are to be oriented to the relevant statutory and agreed provisions and must be in line with the latest standards and knowledge of occupational medicine. Employees working night shifts must in particular be supported by suitable measures. In the context of conservation of staff performance and promotion of staff health, overtime will not be worked regularly and at most within the scope of statutory and collectively agreed provisions and in accordance with the relevant regulations in effect. All employees are entitled to at least one free day per week.

7. Health and safety of staff

Pfleiderer guarantees a hygienic, healthy and safe working environment on the basis of the established findings from occupational medicine, the specific state of knowledge in the industrial sector and in the light of any specific risks in the job.

Health and safety practices are promoted with a view to avoiding injuries and sickness at the workplace (in compliance with the ILO convention No. 155) All employees receive free personal safety equipment according to the safety regulations applicable to the workplace in question, as well as suitable training regarding vocational risks and their avoidance. The parties agree that effective and permanent work protection can be ensured only when the employee is directly involved (e.g. health and safety committees).

8. Employee welfare

The company provides at every workplace sufficient drinking water, sanitation and washing facilities, changing rooms, lockers and opportunities to dry wet clothing, as well as shelters and rooms in which meals can be taken.

If employees are offered accommodation (on site apartments), this must be planned, installed and maintained so that decent living conditions are provided.

9. Environment protection

Pfleiderer is of the firm opinion that profitable business and responsible dealing with resources are in no way incompatible, but are in fact mutually interdependent. It is therefore a matter of course for Pfeleiderer that energy and raw materials are to be conserved, emissions reduced and sustainable products manufactured wherever possible. Environment protection is in this sense more than just a voluntary commitment for Pfeleiderer. Environment protection is rather an essential element based on Pfeleiderer's corporate strategy. This sustainable approach has a positive effect on cost control, the reduction of risks as well as making a significant contribution to long-term competitiveness.

The objective here is to have all operation plants certified on the basis of ISO 14001.

10. In-company and further vocational training

Pfeiderer provides effective opportunity for in-house and further vocational training, in which all employees can take part in accordance with their individual skills and career plans. In this way, Pfeiderer reinforces the capacities and performance of its management team and employees by promoting in a targeted and individual way their competence and development in the company.

This also includes training in working with new technologies and equipment according to requirements. Employees are to be informed in some suitable way of the relevant training opportunities available.

11. Job security, innovation and investment

Through its innovation policy and a balanced investment activity, Pfeiderer is pursuing a consistent strategy of safeguarding the locations of all company segments. Sustained company development has in principle always priority over short-term profit goals.

12. Employment relationship and direct employment

Pfeiderer accepts its social responsibility towards all employees and always operates fully in accordance with labour law and the relevant social security statutes and the rules based on the regular employment relationship.

Staff reductions through redundancy notice will always be seen as a last resort and are to be avoided by some suitable means (e.g. short time work, voluntary redundancy).

Direct employment relationships (normal employment) will always have priority at Pfeiderer over employment through third parties.

Limitations to contracts shall be employed only according to law and when absolutely necessary.

Service providers must ensure that their workers are not treated as freelancers when they have been directly employed (bogus self-employment).

All employees receive a document of the essential terms and conditions of their employment in accordance with the relevant national statutory regulations.

13. VALIDITY AND SCOPE

This agreement relates to all business segments of the Pfeiderer group.

The present agreement shall in no way restrict or undermine any practices of existing social partnerships, agreements or mechanisms already in place regarding trades union rights of a BWI member union, a group of member organisations or other trades union within the Pfeiderer group.

14. Contract partners, sub-contractors, suppliers

Pfeiderer attempts to work only with contractors, sub-contractors and suppliers who recognise the above principles and implement them in their own works. Pfeiderer shall in this regard inform contract partners regarding the agreement hereby concluded. Voluntary information provided by suppliers in this regard will in future be included in our supplier assessment.

15. PRACTICAL IMPLEMENTATION

- a) Pfeiderer informs the company staff regarding this agreement in the relevant national language.
- b) Pfeiderer shall ensure implementation of the agreement at the different locations by taking suitable internal measures. These include specifically:
 - information and explanation
 - integration in management systems and controlling
 - assigning responsibilities on site
 - inclusion in any applicable manuals and directives
 - inclusion in purchasing instructions and agreements with suppliers, wherever possible
 - establishing obligation to report to executive board and local management
 - inclusion in the internal international audit plan; audits will in this regard take place in cooperation with local employee representatives/unions
- c) A PASOC-Monitoring-Committee (PMC) will be set up, consisting of 3 representatives of the Pfeiderer group, one representative of the relevant member unions of the BWI in the home country of the company (currently IG Metall), one BWI coordinator and an employee representative designated by the European Works Council of Pfeiderer AG from the home country of the

company (Germany). PMC will meet once each year at the domicile of the company to review reports on compliance with the agreement and its practical implementation. All members of PMC shall be provided with the information necessary for carrying out their assignment (monitoring and audit reports).

Pfleiderer shall bear the costs arising in the context of carrying out tasks related to PMC.

PMC shall issue a biennial report on the present agreement which shall be incorporated in the management report and the sustainability report of the Pfeiderer group with the consent of the undersigned parties to the agreement.

16. CONFLICT RESOLUTION

In the event of some complaint or breach of this agreement, the following procedure will be followed:

- a) The complaint is first discussed between the local employee representatives and the local management.
- b) If the matter cannot be rectified within the company in this way, it will be referred to the relevant trades union, which shall then discuss the matter with the company.
- c) If no solution is found, the PASOC-Monitoring Committee will investigate the matter and propose suitable remedial action.
- d) If the conflict also cannot be resolved within the PMC and breaches of the agreement continue, cancellation of the agreement will be considered the final option.
- e) The undersigned parties to the agreement agree that any differences that may arise from interpretation or implementation of this agreement will be examined jointly with a view to obtaining clarity in the matter.

17. OTHER

No third party can infer rights from this declaration.

18. TERM OF APPLICATION

This agreement shall continue to be valid until one of the signing parties serves notice to cancel, by providing written notification to the respective other party with a notice period of three calendar months to the end of the month. Cancellation is, however, possible as of 1 January 2015 at the earliest.

Only the German version of this agreement is authoritative.

Frankfurt, 30 November 2010

The Management of Pfeiderer Aktiengesellschaft

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