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Lyreco Sustainability Involvement Programme for our Directly Imported Products



In October 2010, we made official our **"Socially Responsible Procurement Policy for our Directly Imported Products"**.

It was based on the SA8000 (Social Accountability) standard, including an assessment of our Asian vendors in seven areas: Child Labour, Forced Labour, Health and Safety, Discrimination, Disciplinary Practices, Working Hours and Compensation.

With a continuous improvement perspective, we reviewed our methodology to move from a **"Socially Responsible Procurement Policy"** to a **"Sustainability Involvement Programme"**.

The scope and outline of our requirements are now wider as - in addition to the social accountability aspects - we now check **"Environmental"**, **"Management Systems"** and **"Ethical"** elements.

What does Sustainability mean?

Principles of sustainability and Corporate Social Responsibility (CSR) are aimed at ensuring business practices are fair, responsible and sensitive to the needs of a diverse range of stakeholders.

Sustainability requires identification and management of environmental, social, human rights and management risks.

This usually involves the implementation of policies, processes and systems to mitigate these risks.

Reporting to an organisation's stakeholders on their sustainability performance is a fundamental part of the process.



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Key objectives

1. Implement Supplier Sustainability Principles.
2. Monitor compliance to Supplier Sustainability Principles.
3. Support of Supplier Sustainability performance.

1. Implement Supplier Sustainability Principles

These principles specify expectations in relation to the following areas:

- LABOUR
- HEALTH & SAFETY
- ENVIRONMENT
- MANAGEMENT SYSTEMS
- ETHICS
- COMPLIANCY with the LAW

Suppliers should review the Lyreco Supplier Sustainability Involvement Programme and ensure they have the necessary policies, processes and systems to meet these requirements.

2. Monitor Compliance to Supplier Sustainability Principles

Establishing a set of minimum requirements is critical to managing sustainability risks within the supply chain. However, to ensure these principles are being implemented effectively, Lyreco audits supplier compliance with these principles once a year.

The suppliers of our Directly Imported Products should ensure that they provide all relevant policies and associated evidence required to demonstrate their compliance. Following the successful completion of the compliance audit Lyreco can provide the supplier with feedback on their sustainability performance.

3. Support of Supplier Sustainability Performance

Lyreco understands that real improvement in supplier sustainability is driven by a genuine partnership with our suppliers. Therefore, Lyreco provides its support whether suppliers need guidelines or recommendations.

Why does Lyreco care about the sustainability practices of its supply chain?

Lyreco recognises that as a large purchaser of office supplies across the World, our sustainability performance also extends to the management of our supply chain. The business conduct of our suppliers can have a significant impact on Lyreco's sustainability performance and our reputation within the communities in which we operate. Therefore, Lyreco has implemented a Supplier Sustainability Programme for our Directly Imported Products to manage these risks within our supply chain. The objective of the programme is to educate, influence and support our supply chain to improve their overall sustainability performance.



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Management of the audits

Audit content, process and tool

The Supplier Sustainability Involvement Programme includes an audit cycle in order to provide both Lyreco and Suppliers with a regular status overview of conformance. The audit is an evaluation process conducted by our Lyreco Import entity in order to determine the Supplier's level of conformance and possible areas for improvement.

Audits are based on a dedicated audit tool / checklist.

Non-conformances (gap with the Lyreco requirements) are split in 2 categories denoting different levels of severity and urgency.

Major Non Conformances:

A Major Non Conformance indicates either:

- ⇒ a failure that is noticed on a large scope (e.g. all the employees do not have a proper Personal Protective Equipment);
- ⇒ a failure that is viewed as not acceptable to work with Lyreco (e.g. young children at work);
- ⇒ a minor Non Conformance that has not been solved after a second audit.

Minor Non Conformance:

By definition, a Minor Non Conformance is a failure that is not viewed as a major one (see above).

In addition to the Non Conformances, Lyreco may raise **Opportunities for Improvement.**

An opportunity for improvement can be:

- ⇒ **Enhancement** suggested by Lyreco so that the social level of the supplier can improve (e.g. to stick to the good practices existing in the Market / Country).
- ⇒ **Preventive Actions** that are suggested by Lyreco in order to prevent the arising of Non Conformances.

The rules regarding the Non Conformances (NC°) management are as follows:

- ⇒ A Minor NC should be fixed for the next Lyreco audit. When this is not the case, the Minor NC becomes a Major NC (*).
- ⇒ A supplier having a Major NC should fix it within 6 months.
- ⇒ If a Major NC is not sorted out within 6 months, Lyreco will have to check / analyze immediately the different options in terms of sourcing.

(* In case of "overtime work", as long as this is a volunteer wish of the employees, such issue can't be viewed / become a major non conformance.

Audit preparation

The Supplier is encouraged to use the audit checklist to prepare for audits. This allows the Supplier to organise the audit properly, to have the necessary documentation and relevant information available, and to take corrective action where necessary before the actual audit takes place.

Audit procedure

Each audit includes the following standard elements:

- Introductory meeting
- Management interviews
- Evaluation of documentation
- Factory tour
- Worker interviews (if needed)
- Feedback session.

This feedback session provides the Supplier with the basis for the Corrective Action Plan (CAP) should any non-conformances be identified. For the purpose of confidentiality, results of audits performed by Lyreco auditors are shared with the Supplier but are not disclosed to the public.

Announced versus unannounced audits

In general, audits are announced to the relevant Suppliers beforehand. However, Lyreco reserves the right to conduct unannounced audits, or have such audits conducted on its behalf.





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“ A few examples of checks ”

LABOUR

- ⇒ There are no workers below the minimum age working at the facility.
- ⇒ Does the facility have a programme for hiring, training, and promoting workers?
- ⇒ Does the facility provide social insurance scheme as required by local law?

HEALTH & SAFETY

- ⇒ Are fire detection and suppression systems adequate for the nature of the facility's operations?
- ⇒ Are emergency exits, aisles and stairways adequate in number and location, readily accessible, and properly maintained?
- ⇒ Do maintenance records verify that safety devices are included in a routine preventative maintenance programme?

ENVIRONMENT

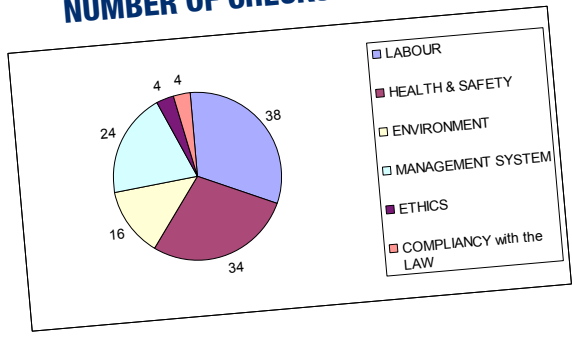
- ⇒ The facility has obtained all the legally-required environmental permits, approvals, licenses and registrations.
- ⇒ Has the facility made progress in reducing or eliminating pollution, waste and conserving resources?
- ⇒ Are copies of analytical reports, supplier declarations and other required documents available for review?



MANAGEMENT SYSTEM

- ⇒ The company has established an environmental and health & safety policy statement that is endorsed by executive management.
- ⇒ Does senior management assess the status of the environmental, health & safety management system in order to identify improvement opportunities on a regular basis?
- ⇒ Does the facility provide appropriate training for managers / workers on how to implement its environmental and health & safety policies, procedures and improvement objectives, and to meet applicable legal and regulatory training requirements?

NUMBER OF CHECKS PER AREA



ETHICS

- ⇒ Management understands the Lyreco Supplier Code of Ethics requirements and has applied the related requirements to their operations at this facility.
- ⇒ Has the facility implemented an effective process to ensure that their next tier suppliers implement the Code?

Lyreco CEO
Steve Law

