

Framework agreement between Hochtief and IFBWW

Geneva-Berlin, 15 March 2000 - HOCHTIEF, one of the world's biggest construction groups, today signs an agreement committing it to observe - in its building activities anywhere in the world - the social standards of the International Labour Organization (ILO). The agreement imposes the same obligation on all HOCHTIEF's subcontractors, whose combined workforce total many times the group's own 37,000 employees. The signatories are the HOCHTIEF Executive Board and the company's General Works Council together with the German Construction Workers' Union, IG BAU, and the International Federation of Building and Wood Workers (IFBWW).

HOCHTIEF is the first international construction company to conclude an agreement of this kind with the international labour union movement. It lays down that in future, HOCHTIEF and its contractual partners will comply with what is called a social charter that imposes certain minimum standards in the world of work. These include freedom of employment, ban on child labour, freedom of association and collective bargaining, adequate wages, working time and working conditions (see the Code on Conduct, below).

At the signing ceremony, Friedel Abel, Member of the Executive Board and human resources director at HOCHTIEF: "By signing this document here today, we seek to do more than just set the standards for our own behaviour. As one of the world's leading construction companies, we want to play a part in the long-term process of improving the rules that govern conduct in our industry." Abel appeals to public-sector and private clients to focus in their future contracts more on quality and not make the lowest bid the only yardstick. "Here, a process of rethinking is urgently needed. Then, the Code of Conduct being signed here today will have an impact that goes far beyond the boundaries of HOCHTIEF."

The President of IG BAU, Klaus WieseHügel, welcomes the step that HOCHTIEF is taking: "I hope and anticipate that this step will have a positive impact for all concerned. And I expect other global players in the construction sector to follow suit instead of continuing to pursue a policy of 'doing it on the cheap' - at literally any cost; a policy that is damaging to all. From the German government and the international organizations, I expect the efforts of HOCHTIEF - and of other companies that act in similar fashion - to be acknowledged and not counteracted by their contracting practices." Describing the effect of the agreed social charter, WieseHügel adds: "Of course, most of the stipulations do not represent anything fundamentally new for Germany. But to really appreciate the value of this agreement, it must be remembered that in many countries around the world, compliance with these seemingly so basic social standards is very much the exception rather than the rule."

The General Secretary of the International Federation of Building and Wood Workers, Ulf Asp, says: "HOCHTIEF is leading the way. Globalization of the construction industry calls for global rules, which take account of social and ecological standards. The agreement with HOCHTIEF is a major contribution to improving working and living conditions for many building workers and thus a contribution to sustained development."

HOCHTIEF Code of Conduct

in respect of the rights of its own employees
and the employees of contractual partners

1 HOCHTIEF acknowledges that it not only bears responsibility for the conditions under which its own employees work but also shares responsibility for the conditions under which the employees of its contractual partners do their work.

2 HOCHTIEF therefore requires of its contractual partners that they observe the conditions and standards of the following agreements of the International Labour Organization (ILO) and advocates that

- a) employment must be freely chosen,
- b) there is no discrimination in employment,
- c) no use is made of child labour,
- d) the right to freedom of association and free collective bargaining is respected,
- e) adequate wages and salaries must be paid,
- f) working time must not be unreasonable,
- g) working conditions must be decent,

h) conditions of employment must be established.

3 The International Federation of Building and Wood Workers (IFBWW) and the Industriegewerkschaft Bauen-Agrar-Umwelt (German Construction Workers' Union, IG BAU) and the employees' representations within HOCHTIEF support HOCHTIEF in the implementation of this Code of Conduct. Should the IFBWW, the IG BAU or the employees' representations within HOCHTIEF or the companies with contractual ties with HOCHTIEF become aware of any contravention of the spirit or the letter of this Code of Conduct, they will report this contravention to the Executive Board of HOCHTIEF. This body will examine and introduce suitable measures to remedy the issue. To this end, HOCHTIEF appoints an Officer for the application of this Code of Conduct.

4 The employees of HOCHTIEF will be informed orally or in writing of all the stipulations of this Code of Conduct.

HOCHTIEF requires that its contractual partners shall support this Code of Conduct and shall also ensure that it is adhered to by any of their contractual partners who are in any way active in connection with the business activity of HOCHTIEF.

5 Questions of interpretation, e.g. with regard to the content and/or the meaning of this Code in respect of its application to any individual case will be clarified jointly between HOCHTIEF and the IFBWW and the IG BAU.

6 The IFBWW and the IG BAU acknowledge that this Code of Conduct is a self-imposed obligation on the part of HOCHTIEF. They undertake to actively support HOCHTIEF in the implementation of this self-imposed obligation and state their readiness to cooperate actively in remedying any contravention of this agreement and in preventing any future contravention.

IFBWW and IG BAU will attest HOCHTIEF vis-à-vis state and international institutions and major private clients a particularly positive role as setting a good example of responsible corporate management, the yardstick of which is the implementation of this Code of Conduct.

Berlin, 15 March 2000