

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

- **29 December 2014**

To our stakeholders

I am pleased to confirm, once again, that CAT-COLACEM reaffirms its support of the 10 Principles of the UN Global Compact

In this second annual communication on progress, we describe our actions to continually improve the integration of the global compact and its principle into our business strategy, daily operations and culture. During the year 2014, the CAT-COLACEM participated as a founding member, to the creation of the Tunisian Institute of Corporate Social Responsibility (IRSET)

We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely Yours

Giuseppe Colaiacovo
Managing Director

HUMAN RIGHTS :

Assessment, policy and goals

Again, we reaffirm our support for the Universal declaration of human rights and we are committed to educate our leaders and our people to respect human dignity and strive continuously to build a society in which everyone is treated with dignity and respect.

Our suppliers are aware of the importance of respect for human rights within their organization and the importance that the CAT- COLACEM gives this factor for the development of its relationships with its suppliers and partners . One of our goals for 2015 is to ensure that our suppliers, local and international, respect human rights. Any business partners who do not effectively manage and improve when necessary will be placed on probation. Each time our company has confirmed that one of its suppliers systematically violates the human rights it will be replaced by another provider.

Implementation

We will begin consultation with all business partners providing them with a framework and policy to ensure they understand what is required in terms of human rights policies.

Measurement of outcomes

Any contravention of human rights will be documented and the responsible partner will be placed on probation and given a timeframe to address and resolve the issue. Continued non compliance will result in the partner relationship being terminated. Senior management will audit suppliers annually without any warning to ensure that they are working within the defined guidelines of human rights.

LABOUR:

Assessment, policy and goals

In accordance with Tunisian Employment Law employees of our company are free to subscribe to labor unions as well as collective bargaining. Yet as the Employment law specifies, collective bargaining must be engaged in

prior to a company strike. Also, CAT-COLACEM acknowledges that when an individual chooses to accept employment at this company it is with his or her own volition and in no way is coerced.

Our company policy follows the rules set out by the Tunisian Employment code, which among other right states that Tunisian workers have the right to unionize or join existing labor unions, there is a nominal hours workweek, and the amount of overtime that employers may request is limited. We supersede these laws because CAT-COLACEM also provides non-wage benefits such as transportation and meals or compensation for these.

Additionally, our company frequently negotiates merger and acquisition deals with foreign companies. Since CAT-COLACEM is firmly against the idea of child labor, we require all companies we deal with, to respect the Employment law to prohibiting child labor. In compliance with the Tunisian labor legislation, we have established a Corporate Advisory Committee (CAC) and a Health and Safety Committee (HSC) who are responsible for implementing and monitoring programs aimed preserving the health and safety of all employees.

CAT-COLACEM still supports with the strongest possible Article 7 of the Universal Declaration of Human Rights which states, "All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.

Implementation

The manner in which our company ensures the application of the policies in the desired form is by company-provided sensitivity and diversity education, workshops outlining labor rights, new employee orientation programs that inform the employee at the time of their hire of labor rights.

Periodic meetings are held to discuss the problems encountered during the work. These meetings are an opportunity for workers to address their grievances. Awareness sessions and training for employees on labor rights, health and safety are assured.

The CAT-COLACEM plant accepted 40 trainees during the year of 2014. 30% of these trainees where women .In addition, those trainees was composed of graduate school students and professionals training centers students.

In order to improve protection of health and safety of people working in the factory, our company has set up a management system that has been certified OHSAS 18001 in February 2014.

Measurement of outcomes

At CAT-COLACEM monitoring performance on the issue of labor rights is very important to the company because of the relationship between a content workforce and high productivity. The mangers of the company tries to mitigate all issues with a proactive stance. As of the time of application there were no incidents of violations of the Global Compact Labor principals. The managers feel that the lack of an issue is demonstrative of the company's high regard for labor rights and its continuing attempts to educate company employees about their rights.

ENVIRONMENT:

Assesement, policy and goals

Our company is committed for several years to preserve the environment in order to minimize the impact of its activities on its neighborhood. As a company which could very easily see its livelihood destroyed by the effects of climate change, CAT-COLACEM is on the very forefront of supporting programs that encourage environmental

protection. One of our priorities is to protect the natural environment in Tunisia and before choosing a new subcontractor is required of him signing a commitment to respect the environment.

CAT-COLACEM is very innovative in its application of environmentally friendly policies. To reduce the consumption of fossil energies, and reduce CO2 emissions CAT-COLACEM began using waste as fuel for the production of clinker. The project "Partial substitution of fossil fuels with biomass" has been approved by the CDM DNA for Tunisia and was registered as a CDM project. This project has reduced CO2 emissions significantly. Our company has set up an environmental management system complies with ISO 14001.

Written company policy on environmental issues, including prevention and management of environmental risks
Policy requiring business partners and suppliers to respect the environmental principles and describe specific goals in the area of environmental protection for the upcoming year.

Implementation

CAT-COLACEM is implementing the aforementioned policies by working with employee in the area of education, acquiring assistance from the local organizations CITET, ANPE, ANGED and ANME, as well as investing in new energy-saving technology and recycling programs. Several actions are taken:

- Distribution of responsibilities for environmental protection within the company
- Awareness improving and training of employees on environmental protection
- Initiatives and programmes to reduce waste materials (e.g. recycling) and consumption of resources (energy, fossil fuels, water, electricity, paper, packaging, etc.)
- Establishment of several conventions to manage the waste produced by CAT
- Use of waste as alternative energy to replace fossil fuels
- Redevelopment of old quarries after the exhaustion of reserves of raw materials.
- Use of new technologies in order to reduce greenhouse gases emission
- Activities aimed at improving the energy efficiency of products, services and processes
Development and diffusion of environmentally friendly technologies
- Educate providers and outsourcing companies asking them to sign a pledge to respect
- In 2014, CAT-COLACEM has contributed to the national program of removal of demolition waste from anarchic deposits by providing in the quarry of Kharrouba.
- Contribution of CAT-COLACEM in the rehabilitation of the south cost of Tunis Lake in front of the CAT-COLACEM cement plant
- Establishment of a system of environmental management to identify, monitor and control the environmental performance of the company

Measurement of outcomes

- Identification of environmental aspects and periodic measurement of environmental impacts
- Surveys neighbors and complaints
- Monitoring the level of atmospheric emissions for greenhouse gases
- Specific progress made in the area of the environmental protection during the last reporting period
- Periodic review of results by senior management
- Internal audits of environmental performance

ANTI-CORRUPTION

Assesment, policy and goals

- STATEMENT AFFIRMING ANTI-CORRUPTION

The CAT-COLACEM is committed to furthering the UN global Compact in the area of Anti-Corruption. The country of Tunisia is a party to the UN convention against corruption and both CAT-COLACEM and its employees are sensitized against the anti-corruption. It must be said that CAT-COLACEM has a zero-tolerance policy for corruption, bribery and extortion. The following company policy according to bylaws can be evidence of this: "It is the policy of CAT-COLACEM to pursue all of its business transactions in an honest and ethical manner. In doing business,CAT-COLACEM punishes any person associated with the company may offer, pay, promise, authorize or receive any bribe, kickback or other illicit payment.

In order to promote the culture of anti-corruption, the parent company (COLACEM) established a guide "**Codice Etico delle Partecipate estere COLACEM**" in which defined the vision of the company as well as the means to fight against corruption. This guide will be translated and distributed to all companies controlled by COLACEM

Our 2015 goals are to continue to provide education for all level of employees up to management about corruption as well as what to do if one should encounter it.

Implementation

- Control of all business transactions and purchases through a centralized management system (SAP)
- Awareness raising or training of employees about the company's policies regarding anti-corruption and extortion (e.g. mailings, internet, internal communication, etc.)
- Participation in industry initiative or other collective action on anti-corruption

Measurement of outcomes

CAT-COLACEM is pleased to report that there have been no incidents of corruption alleged at the company from either internal or external agencies. Because of the company's zero-tolerance policy, it is obvious that there is a great deal of social and legal pressure not to participate in such acts.

Information about how the company deals with incidents of corruption

Specific progress made in the area of anti-corruption during the last reporting period.

Investigations, legal cases, rulings, fines and other relevant events related to corruption and bribery

External audits to ensure consistency with anti-corruption commitment, including annual review by senior management.