

COMMUNICATION ON PROGRESS 2012



**EURO MEC**

# COMMUNICATION ON PROGRESS 2012

Prepared by Euro Mec Srl for the United Nations Global Compact

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## STATEMENT BY CEO

It is with pleasure that I renew my commitment to the ten principles of the Global Compact through our Communication on Progress 2012.

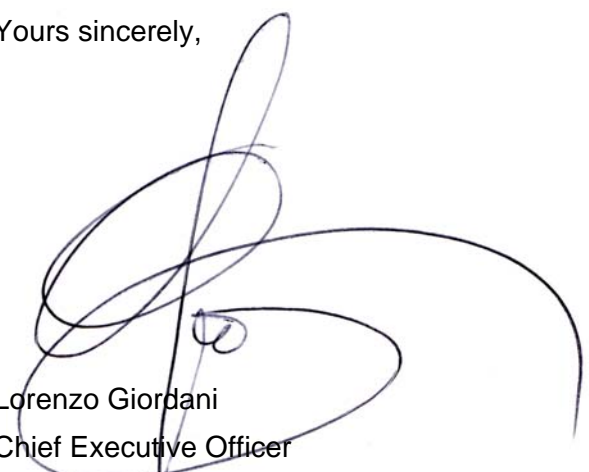
Euro Mec has changed over the past twelve months and it was my wish that this report outlined those changes and how they represent progress for Euro Mec and progress, we believe, for the ten principles of the UN Global Compact.

With this communication, we renew our commitment to advancing those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations. In particular the Millennium Development Goals which we are currently studying more closely with a view to better understanding how our actions may affect their achievement.

Through this statement I also hereby reiterate my support for the CEO Water Mandate. As an operator in the water sector Euro Mec has a long list of projects that are positively contributing to the responsible use, disposal and reuse of water. Now, thanks to our involvement in the UN Global Compact and endorsement of the CEO Water Mandate, we are also looking more closely at what we are doing with water in-house, not only for our clients. Data collection has started and while it will be a little while until we have a significant body of information, awareness is growing and it is my intention for that awareness to quickly become progress.

With these words of support for the UN Global Compact I leave you to study Euro Mec's second Communication on Progress.

Yours sincerely,



Lorenzo Giordani  
Chief Executive Officer  
**EURO MEC S.r.l.**



Lorenzo Giordani  
CEO, Euro Mec S.r.l.

# INTRODUCTION

This Communication on Progress (COP) focuses on Euro Mec's activities relevant to the ten principles in the last twelve months and highlights initiatives of particular interest.

This report will also be permanently available through our website [www.euromec.net](http://www.euromec.net) where we have a section dedicated to our participation in the UN Global Compact: [www.euromec.net](http://www.euromec.net), Global Compact.

EURO MEC works on a national and an international scale designing, constructing and managing water treatment plants, equipment and technologies, according to the highest standards of quality and safety. These systems are employed around the world for the production of drinking water, the collection and treatment of civil and industrial waste water and the collection and treatment of meteoric water, in particular:

- large waste water treatment plants
- prefabricated waste water treatment plants
- plants and equipment for the treatment of meteoric water
- desalination and primary drinking water treatment plants
- mobile drinking water treatment units
- containerized water treatment plants for field installations
- industrial plants and special works
- water treatment plants for environmental restoration
- vacuum sewage systems
- filtration systems for the oil & gas industry

Euro Mec also provides technical support for plant installation, operator training and plant management - critical elements to the long term sustainability of any project.

Euro Mec is proud to have a certified Quality Management System (QMS) in place (UNI EN ISO 9001:2008) along with an approved Environmental Management System (UNI EN ISO 14001:2004) and a certified Occupational Health and Safety Management System (BS OSHAS 18001:2007).

Euro Mec is also a registered supplier to the United Nations and is proud to be actively supporting UN missions and projects around the world through various supply and service contracts.

## IN THIS REPORT

Euro Mec's first COP last year set the scene by offering an overview of the company under the headings of HUMAN RIGHTS, LABOUR, ENVIRONMENT, ANTI-CORRUPTION and PARTNERSHIPS. This report aims to build on that base but offer more specific examples of achievements in the last twelve months.

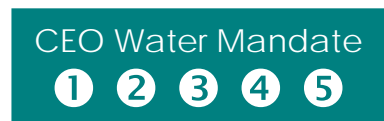
This COP is Euro Mec's second and as such it is important to acknowledge and report on what we said we would do in the last report and what has been done. In order to do this the following, self explanatory, table has been included at various points in this report:

Said	Done	Planned
What was said in the last COP...	What was done about it...	What future actions are planned in this area.

**Addressing THE CEO WATER MANDATE:** As an operator in the water sector Euro Mec is well positioned to engage stakeholders in issues regarding the responsible water management and use. In this report there are examples of initiatives undertaken by the company that relate both to the ten principles of the UN Global Compact and to the CEO Water Mandate.

Rather than separating the topics in this report we have incorporated the indicator below on the right to show where we believe good work is being done in relation to the five principles in the publication "Guide to Responsible Business Engagement":

- Principle ① : Advance sustainable water management
- Principle ② : Respect public and private roles
- Principle ③ : Strive for inclusiveness and partnership
- Principle ④ : Be pragmatic and consider integrated engagement
- Principle ⑤ : Be accountable and transparent



It is important to note that Euro Mec has started to examine not only how our projects realized on behalf of clients help "to make a positive impact with respect to the emerging global water crisis" but what we are doing with water inside the company and along our supply and therefore how we can also contribute positively on this level.

Data collection started at the beginning of 2011 but it will be a little while until we have enough information to analyze trends but we anticipate being able to include an informative statistical report in our next COP.

## THE TEN PRINCIPLES

Euro Mec supports the United Nations Global Compact which is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with the following ten principles:

- |                        |   |
|------------------------|---|
| <b>HUMAN RIGHTS</b>    | 1. Businesses should support and respect the protection of internationally proclaimed human rights; and                     |
|                        | 2. make sure that they are not complicit in human rights abuses.  |
| <b>LABOUR</b>          | 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; |
|                        | 4. the elimination of all forms of forced and compulsory labour;  |
|                        | 5. the effective abolition of child labour; and   |
|                        | 6. the elimination of discrimination in respect of employment and occupation.   |
| <b>ENVIRONMENT</b>     | 7. Businesses should support a precautionary approach to environmental challenges;  |
|                        | 8. undertake initiatives to promote greater environmental responsibility; and   |
|                        | 9. encourage the development and diffusion of environmentally friendly technologies.  |
| <b>ANTI-CORRUPTION</b> | 10. Businesses should work against corruption in all its forms, including extortion and bribery.                            |

Euro Mec embraces and supports these principles and strives to integrate them into policy, strategy and practice.

## HUMAN RIGHTS

Euro Mec continues to support academic institutions and, most importantly, students aiming to fulfill a range of industrial and professional roles in the near future.

On the morning of Friday April 27th Euro Mec spoke to classes attending Mantova's E. FERMI Institute of Technology and Industry (ITIS), on the importance of "occupational health and safety and quality management systems".

The presentation is part of a series of events in the institute's programme "TRANSITION FROM SCHOOL TO WORK". The lesson was attended by level 4 classes studying mechanics and electronics and touched on themes on worker health and safety including: the legal framework in Italy, responsibilities of employers and workers and management systems for quality, the environment and for occupational health and safety.

Mr Carlo Adinolfi, Quality, Environment and Safety Manager in Euro Mec, presented various examples demonstrating the way in which Euro Mec continues to maintain the company's commitment to reaching highest possible occupational health and safety standards for employees and collaborators working with the company.

In introducing Mr Adinolfi, Euro Mec also took the opportunity to promote the ten principles of the UN Global Compact and how many correlate with the industry standards being discussed.





On the 20th of March 2012 Euro Mec presented a lecture to students studying for a Masters of International Communication at the Carlo Cattaneo University (LIUC) in Milan. The lecture was a collaboration between Italy's Association of Industries (Confindustria), Euro Mec and LIUC.

With the objective of giving future business leaders confidence in international markets the lecture presented Euro Mec as a case study of international communication, highlighting experience and learning from fourteen years of business and seven as an active supplier to the United Nations.

Euro Mec presenter, Wendy Blechynden, took the opportunity to promote the UN Global Compact.

Said	Done	Planned
In the 2011 COP it was said that Euro Mec would to make sure all stakeholders are aware of commitment against forced labour.	Not all stakeholders have been reached but internal and external promotion of the ten principles at meeting, in public speaking engagements and at events like the recent Aid & International Forum in Washington D.C. are all part of the effort.	In addition to recently revised employment regulations including conduct directives the company is examining possible Code of Ethics which will clearly incorporate articles directly linked to the UN Global Compact's ten principles.

Euro Mec continues to support Confindustria and on the 25th of November 2011 the company opened its doors to local technical college students as part of the second National Day for small and medium size business organized by Confindustria's SME Association, "SME DAY".

During the half day "open house" Euro Mec staff and management presented the company's history and core business activities and numerous case studies with the aim of showing students that there are no limits for SME's with the right attitude and organization.

Once again the UN Global Compact was highlighted in presentations as a recent and import step taken by the company towards being more socially responsible and active in the community.



## LABOUR

With over 50 full time employees Euro Mec is now classified as a medium size enterprise. Over the years it has become increasingly important to restructure the company in order to continue serving clients well in ever changing market dynamics and more recently to engage staff, the local community and stakeholders along our supply chain.

We still have some way to go however on the 4th of November 2011, after months of analysis and planning, a new operational organizational structure was launched.

The launch took the form of a company meeting which presented both the new structure and the thinking behind it and gave staff and key collaborators the chance to ask questions.

One of the most important points that was made by Euro Mec CEO was that the new structure had been designed to open up new career paths for all staff. For this reason, and in the name of flexibility, it was noted that the structure was likely to evolve, or rather continue its evolution in time.

To date the new structure has cleared communication channels as responsibility has been spread across key pillars of the company instead of being borne principally by senior management.

The pillars of the organization:



Another important change in Euro Mec was the appointment of Maria Cristina Bertellini as head of Human Resources. This appointment heralds a more proactive approach to the management of personnel which started with all being reminded of their rights and responsibilities including those associated with being a UN Registered Vendor abiding by the UN Supplier Code of Conduct.

# ENVIRONMENT

Euro Mec continues to support and promote clients' environmental compliance and environmental restoration initiatives and in the past year has taken an important step in doing this at home in Mantova, Italy.

Mantova is in the heart of the North of Italy where pollution is the price being paid for decades of industrial activity.

In April 2012 an important partnership agreement was announced between the Province and the City of Mantova, Confindustria, SME Association, Politecnico di Milano (scientific-technological university) and companies operating in Mantova, including Euro Mec.

CEO Water Mandate

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Euro Mec sustains that this is a very important initiative for the area of Mantova and one which will give the company access to industrial research tools and information including experimental research and design projects and educational initiatives lead by the Lombardy Region, the Ministry of Education, Universities and research institutes.

Euro Mec CEO Lorenzo Giordani participated in a televised debate (on the local network Tele Mantova) during which the initiative "Technological District for Energy and the Environmental Restoration in the Province of Mantova" ("Distretto Tecnologico per l' Energia e la Riquilificazione Territoriale Ambientale della Provincia di Mantova") was announced.

The idea is to establish a pilot research centre in or close to Mantova's petrochemical industries which, lead by a public body but supported by private companies, will carry out environmental research and experimental environmental recovery. It is the intention that the results of these activities will then enable companies to develop new environmental restoration solutions and technologies thus encouraging them to expand and/or refine their capabilities while actively contributing to environmental restoration in Mantova.



The project is still in its early stages however the first works are expected to start in mid 2014.

The initiative was also featured in local papers (image from the Mantova Gazette, 12 Feb. 2012).

Another important project undertaken by Euro Mec in the last twelve months was the research and development of a treatment plant specified for the reduction of nitrogen in slurry from pig farms before its safe reuse on arable land.

While Nitrogen is a vital nutrient that helps crops to grow, high concentrations are harmful to people and the natural environment. In agriculture the use of fertilizers high in Nitrogen has been a major source of water pollution in Europe. Responding to this situation, the EU Nitrates Directive forms part of a comprehensive framework of EU legislation to protect the environment and is being translated into legislation and action in Italy.

In the farming areas in Northern Italy animal breeders have spread nitrogen rich slurry on their fields and in immediate response to the EU Nitrates Directive local authorities in Mantova restricted slurry spreading to areas where the soil had been analyzed and proved capable of assimilating the element correctly. However, on the 1st of January 2012 the practice was banned except in cases where the nitrogen content of the slurry has been dramatically reduced.

Euro Mec was ready for this change. In 2010 and 2011 the company carried out extensive testing on a manure processing plant in collaboration with a local agricultural company. After a year of operation and analysis the system has proven to reduce nitrogen in slurry by 80% though results showing a 90% reduction were also recorded.



CEO Water Mandate

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Said	Done	Planned
In the 2011 COP it was said that in the next 24 months Euro Mec aimed to make their full range of mobile and containerised water treatment plants capable of operating partially or completely through their own integrated solar energy systems.	In 2011 development of the "Lamella Twins Solar" drinking water treatment plant was completed and two (2) units were supplied to Angola where they were successfully installed by the engineer who also developed the systems.	Furthering research into new solar energy solutions Euro Mec has also recently signed an agreement with a producer of lightweight flexible solar panels. These panels can potentially be integrated with Euro Mec systems as energy collectors AND protective covers for the water treatment plants.

In 2011 Euro Mec developed and installed a solar power driven version of their compact water treatment plant "Lamella Twins". Two of these plants were then supplied to and installed for the Comune of Quisque Lulovo in the Province of Uige, Angola (photos below).

The supply of these two solar powered drinking water units comes after Angola's new government announced a policy to promote and favour systems utilizing alternative energy.

Two villages approximately 1km apart received the units which are now regularly producing 4 m3 of safe drinking water hourly. The receiving communities are small and organised in a way that means that there was little risk of the systems of being vandalised or damaged due to the local communities not taking ownership of them and therefore not taking care of them.

The systems are low maintenance and don't require fuel or other electricity sources so they are both user and environmentally friendly.



Five out of eight standard drinking water units now include optional photovoltaic systems.



UPDATE: Water is Euro Mec's core business and the company is proud to be actively implementing and supporting projects providing safe drinking water and improved sanitation facilities around the world.

In Euro Mec's first COP last year an example of the company's active and continuing interaction with local water managers was given, introducing the proposal made in 2008 for the environmental recovery of the historic lakes in Mantova (photo below).

The proposal is for the environmentally friendly and sustainable use of fitopurification (living plants as natural water filters) using plant species already thriving in the lakes along with an improved water circulation system in the lakes. The project aims to not only improve the waters exploited by the variety of birdlife in the nearby Mincio Nature Reserve but to also provide the picturesque city of Mantova with a swimming beach for its 50,000 residents and local and international tourists.

Due to external factors, of which the global financial crisis is one, the project is still awaiting funding however Euro Mec CEO Lorenzo Giordani continues to keep the initiative on the agenda of local water managers by keeping the project up to date and talking about it in both public and private meetings.

CEO Water Mandate

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## ANTI-CORRUPTION

As previously mentioned an important change in Euro Mec was the appointment of Maria Cristina Bertellini as head of Human Resources and the communication to all personnel of their rights and responsibilities and the company's standards of conduct.

For clarity Euro Mec would like to reiterate that according to law Italian companies and their Principals are required to undergo investigation when they register to ensure conformity to Italy's anti-mafia legislation, specifically: article 10 of legislation no. 575 of May 31 1965 and successive modifications by Art. 38 of Legislative Decree 163/2006.

This law obliges Euro Mec, its directors, technical directors and attorneys, as indicated on the certificate of registration to prove to have no criminal convictions or have been involved in criminal proceedings for acts such as extortion, bribery and association with the mafia, and to have no links with companies with convictions for the same.

In turn all Euro Mec employees and contractors, are bound by individual contracts requiring conformity to the same.

With regard to Euro Mec's international business dealings, these require particular prudence and the adoption of a clear anti-corruption stand point and zero tolerance which the company is well aware, if not observed, could lead to the termination or suspension of a contract or vendor registration due to charges being made.

Another important reference for Euro Mec is the UN Supplier's Code of Conduct (UN Supplier Code of Conduct Rev.04 - January 2011) and similar agreements that we have with individual UN clients (not only). Euro Mec respects this code and continues to bring it to the attention of stakeholders in the company and along the supply chain.

The company is examining the possibility of creating a Euro Mec Code of Ethics which will clearly incorporate articles that recall directly or indirectly the ten principles of the UN Global Compact.

## PARTNERSHIPS FOR DEVELOPMENT

A large proportion of Italy's economic activity is generated by over 5 million small and medium sized enterprises (SMEs) of which Euro Mec is one. Recognising that individual SMEs don't have a loud voice on the international stage, and that in the current financial climate many are seeking new markets to survive, Euro Mec has been a leader in supporting Italy's SME Association and Confindustria, the country's leading industrial organisation supporting the manufacturing and service sectors in Italy.

CEO Water Mandate

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Confindustria actively encourages companies to reach international markets including through strategic partnerships with other Italian companies.

UPDATE: As mentioned in Euro Mec's COP 2011, in 2010 the company was invited to participate in the Russian Federation's PURE WATER FORUM in Moscow, but rather than attending alone it led a group of thirteen partner companies active in Italy and around the world. Euro Mec and partners presented to the public in Moscow the impressive collective capabilities of Italian companies and partnerships.

That group of companies, formed under the collective tile of AQUAE ITALIANA has become a consortium and a formal cooperation agreement is in the process of being signed by all member companies. Furthermore Aquae Italiana is representing Italian expertise in the international water sector at the International Water Technology Trade Show in Moscow in the first week of June 2012.



Euro Mec management has a strong spirit of association as can be seen by the direct and pivotal involvement of director Maria Cristina Bertellini in Confindustria's association for small and medium enterprise, recently nominated for Confindustria's Board of Directors advising the President.



## EURO MEC & the Millennium Development Goals

In addition to the principles addressed in the preceding pages Euro Mec would like to briefly present an ongoing exploration exercise lead by the question:

How can improving access to clean water and good sanitation can help achieve the Millennium Development Goals (MDGs)?

After lots of thinking, reading and brainstorming the graphic on the following page was developed to help communicate the link between WATER and each of the MDGs.

As a producer and provider of goods and services in the water sector Euro Mec has used its own logo in the form of a water fall at the top of the graphic to illustrate how water directly impacts on several of the MDGs and has a flow on effect which means it reaches and promotes all of the objectives.

Tomboco Angola immediately after the installation of a Euro Mec Compact Unit treating river water to produce safe drinking water.



The motivation behind this exploration is to be more aware as a company of the wide ranging benefits that a successful water project and good water management can bring to communities around the world. Euro Mec is seeking to share this awareness which deepens the company's commitment to water and the projects realized.

CEO Water Mandate

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# WATER

## & the Millennium Development Goals

How can improving access to clean water and good sanitation help achieve the Millennium Development Goals (MDGs)?

"The Millennium Development Goals set time bound targets, by which progress in reducing income poverty, hunger, disease, lack of adequate shelter and exclusion - while promoting gender equality, health, education and environmental sustainability - can be measured. They also embody basic human rights - the rights of each person on the planet to health, education, shelter and security." United Nations Secretary-General BAN Ki-moon, as quoted on the website:

[www.un.org/millenniumgoals/bkqd.shtml](http://www.un.org/millenniumgoals/bkqd.shtml)

The positive effects of clean water and good sanitation flow through all the MDGs, directly affecting some while indirectly helping to achieve others.

For example, if water is more accessible then **WOMEN** and children who would otherwise occupy hours searching and collecting water for their families, are free to pursue other activities including **EDUCATION**. Plus, the World Water Development Report 2012 notes that "in many societies, women have unique climate change related skills, experiences and capacities that have been acquired over centuries of active participation in water management activities." Therefore, as infrastructure and access to water is improved, women needn't disengage from community water management issues but rather be empowered to take central roles in the management of the new facilities serving their homes and communities.

**Water and HEALTH:** by providing safe and secure community water supply and sanitation facilities the risk of water related disease can be reduced along with child mortality and expecting mothers have a better chance of staying in good health before, during and after pregnancy. Plus water infrastructure can become a meeting point to be exploited for the dissemination of health and hygiene information.

**ENVIRONMENT** In Towards a Green Economy UNEP writes "the provision of freshwater, of sufficient quality and quantities needed is a basic ecosystem service. The management of, and investment in, ecosystems is therefore essential to address water security for both people and ecosystems".

With improved, safe and secure water sources and sound sanitation practices households and communities have a better possibility of becoming more self sufficient, and hopefully thriving, thereby **ELIMINATING EXTREME POVERTY AND HUNGER**.

And all this can be achieved more efficiently and effectively with strong **PARTNERSHIPS** and long term commitments.



# COMMUNICATION

Euro Mec actively promotes our participation in the United Nations Global Compact and the importance of the ten principles to stakeholders and the general public.

Euro Mec's Global Compact communication initiatives continue to include:

1. Active support of the UN Global Compact Network in Italy;
2. UN Global Compact flyer included as standard with marketing material;
3. Specific presentations at meetings and events in Italy;
4. Section of company website [www.euromec.net](http://www.euromec.net) dedicated to the UN Global Compact;
5. Inclusion of the WE SUPPORT logo on company letterhead and drawing blocks;
6. UN Global Compact posters displayed in offices and at trade events such as the display banners below from the Aid & International Development Forum, 6-7 June 2012;
7. General promotion of UN Global Compact participation at meeting and events.



Said	Done	Planned
In the 2011 COP it was said that it was the company's aim to promote the UN Global Compact and the ten principles with a clause in our standard contracts such as: employment contracts and sales, subcontracting and agency agreements.	The company restructuring is continuing with the standardization of procedures and documents such as those indicated however discussion is ongoing as to the inclusion of the suggested clause.	Agreement on a possible Code of Ethics which will clearly incorporate articles directly linked to the UN Global Compact's ten principles within the next twelve months and then incorporation of this code in other documentation such as that indicated.



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