

COMMUNICATION ON PROGRESS 2013



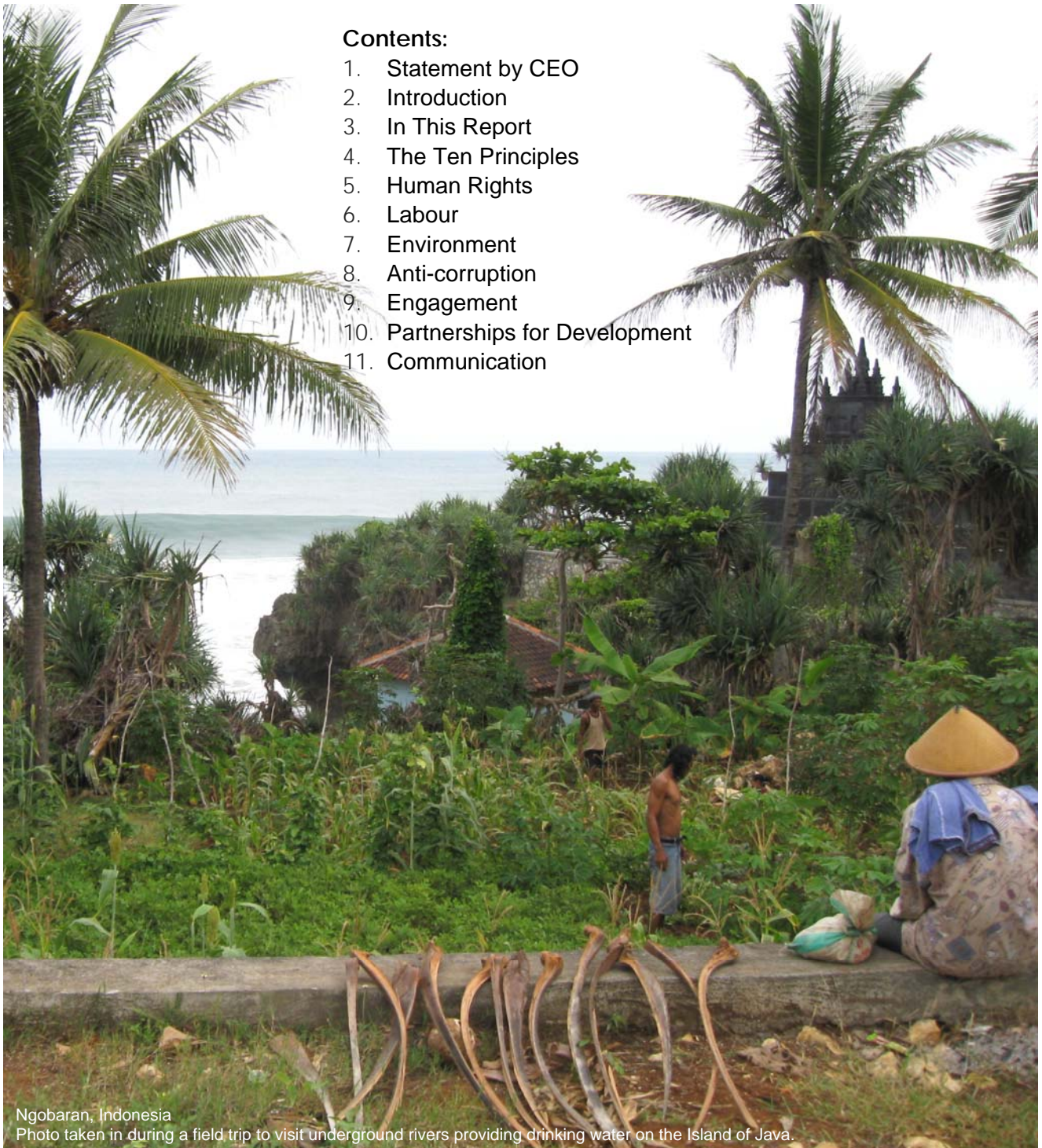
**EURO MEC**

# COMMUNICATION ON PROGRESS 2013

Prepared by Euro Mec Srl for the United Nations Global Compact

## Contents:

1. Statement by CEO
2. Introduction
3. In This Report
4. The Ten Principles
5. Human Rights
6. Labour
7. Environment
8. Anti-corruption
9. Engagement
10. Partnerships for Development
11. Communication



Ngobaran, Indonesia  
Photo taken in during a field trip to visit underground rivers providing drinking water on the Island of Java.

## STATEMENT BY CEO

It is again with pleasure that I renew my commitment to the ten principles of the Global Compact and reiterate my support for the CEO Water Mandate through this report, Euro Mec's Communication on Progress 2013.

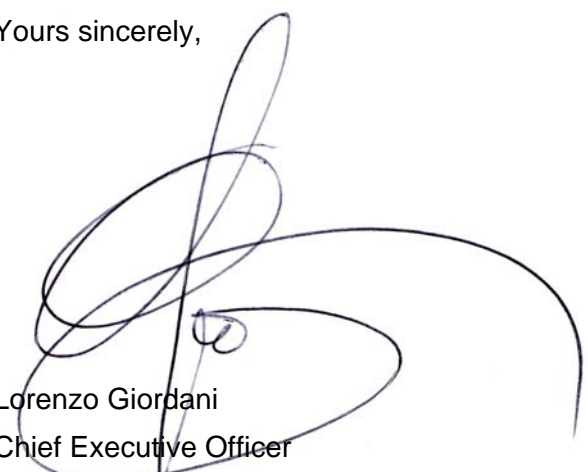
Like so many small and medium enterprises Euro Mec has been busy navigating the rough seas of economic crisis and political change in the past year. This involves taking care of employees and internal operations while looking out for external stakeholders and new opportunities which fortunately have come along for us in recent months. Some of those opportunities include public-private initiatives at home in Mantova such as the "cassette d'acqua" featured herein. Other initiatives fall under the banner of "business as usual" but I am pleased to inform you that my participation in the UN Global Compact has added a new and positive dimension to the way in which my team and I evaluate opportunities and make decisions.

Naturally it is my intention that the opportunities taken will positively contribute to Euro Mec's progress in the shortest time possible, and therefore, as an endorser of the ten principles, also to the advancement of the UN Global Compact as a whole.

With this communication, we renew our commitment to promoting 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.

With these words of support for the UN Global Compact I leave you to read Euro Mec's 2013 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 developments 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).

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 and current 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 COP 2013 offers an snapshot of the company under the headings of HUMAN RIGHTS, LABOUR, ENVIRONMENT, ANTI-CORRUPTION and PARTNERSHIPS, with some specific examples of achievements in the last twelve months.

This COP is Euro Mec's third 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 we have again applied at various points in this report this model used last year:

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 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

CEO Water Mandate

① ② ③ ④ ⑤

Euro Mec continues 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 also what we are doing with water inside the company and therefore how we can also contribute positively on this level.

Data collection started at the beginning of 2011 so we are still building up a useful body of data in order to be able to analyze trends but we have included for the first time in this COP under the section LABOUR some statistics from our primary place of business.

# 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:

## HUMAN RIGHTS

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.

## LABOUR

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.

## ENVIRONMENT

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.

## ANTI-CORRUPTION

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

On 28 July 2010, 122 countries acknowledged the "right to water" in a UN General Assembly (GA) resolution (A/64/292, draft resolution A/64/L.63/Rev.1). Then on September 24 the same year the UN Human Rights Council adopted a binding resolution recognizing that the human right to water and sanitation are a part of the right to an adequate standard of living. The resolution:

"Affirms that the human right to safe drinking water and sanitation is derived from the right to an adequate standard of living and inextricably related to the right to the highest attainable standard of physical and mental health, as well as the right to life and human dignity"

Given that Euro Mec's core business is grounded in the water sector we have various examples from around the world of how our projects are defending the human right to water. However in this COP we would like to specifically highlight a public-private initiative at home in Mantova, Italy, that uses smartcard technology to cost effectively distribute water in urban Italy.

Businesses should support and respect the protection of internationally proclaimed human rights

Through the ages water fountains have featured not only as sources of an essential resource but also as community meeting points often becoming architectural and cultural monuments. Industrial and technological development have lessened the importance of public water fountains but, it could be argued, at the expense of the environment and community.

Now the public water is back but with a difference. Italy's "cassette d'acqua" (water houses) improve the municipal supply and offer a very cost effective alternative to citizens. Where a person pays around 20¢ per litre for bottled water in an Italian supermarket the cost from a self-service "cassetta d'acqua" is around 2¢ per litre.



In 2012 Euro Mec installed two "cassette d'acqua" water distributors (photo right) in Virgilio and Porto Mantovano in the Province of Mantova.

Generally Italy doesn't have serious water distribution problems however it is very common for households to purchase bottled water, in fact in 2010 Italy was the second biggest consumer of bottled water in the world<sup>1</sup> and the biggest in the European Union in 2011<sup>2</sup>.

For the first time last year, thanks to this PUBLIC-PRIVATE COOPERATION between Euro Mec and the Lombardy Regional Council, this service is facilitated through citizens' Health Care Card based on Smartcard technology. Besides the convenience, the use of the Health Care Card reinforces the role of the local council. Consumers also develop an awareness of the value of water not only due to the price but also due to an annual limit on how much water they can collect.

An added benefit of using Smartcards is that the system automatically collects data useful to both local councils and to Euro Mec. We can see consumption figures and see key demographic information on users. For example, we know that so far there are 3293 subscribers covering an age range of 30 – 70 years. It should be noted however that a subscriber will represent a household of more than one person. It has also been noted that senior citizens represent a larger percentage of users.

In striving to promote the initiative and sustain this new community service Euro Mec has also made presentations to schools in the receiving communities.



There are benefits for all involved in this simple system, including ENVIRONMENTAL BENEFITS as less plastic bottles are purchased and more are reused at the "casa d'acqua". Please see the section ENVIRONMENT for more details.

Said	Done	Planned
<p>In the 2012 COP it was said that it was the company was aiming for agreement on a possible Code of Ethics which will clearly incorporate articles directly linked to the UN Global Compact's ten principles and then incorporation of this code in other documentation.</p>	<p>Euro Mec is in the process of buying into another water treatment company that already has a code of Ethics so time is being taken to evaluate that code and other company documents with a view to possibly integrating them with ours.</p>	<p>Evaluation continues, in the meantime Euro Mec continues to cite the ten principles and the UN Supplier's Code of Conduct as primary references for our ethical conduct.</p>

<sup>1&2</sup> Respective sources: [www.worldwater.org/datav7/data\\_table\\_19\\_per\\_capita\\_bottled\\_water\\_by\\_country.pdf](http://www.worldwater.org/datav7/data_table_19_per_capita_bottled_water_by_country.pdf) and [www.efbw.eu/bwf.php?classement=07](http://www.efbw.eu/bwf.php?classement=07), last accessed 03.06.2013.



## LABOUR

In May 2013 Euro Mec's quality, safety and environmental management systems were again approved according to the standards UNI EN ISO 9001, 14001 and BS OSHAS 18001.

Among other things, the certifying body requires Euro Mec to present the statistics below in order to accurately identify problems and risks and to plan and show improvement.

These statistics have been included in this section because they relate to Euro Mec's primary place of business, our sales office in Porto Mantovano, Italy, and project sites – they are particularly relevant to staff actions and safety.

Indicator	Target	Total 2011	Total 2012	
No. of accidents at work	0	0	0	=
No. of accidents at project sites	0	1	1	=
No. of accidents during transfer	0	0	0	=
Energy consumption (kW)	170,000	171,364	170,317	↓ 1%
Water consumption (lt)	500	552	568	↑ 3%
Diesel consumption (lt)	70,000	72,384	73,095	↑ 1%
Gas consumption (heating) (m <sup>3</sup> )	9000	9,422	12,590	↑ 34%
Packaging disposed of (kg) (not recycled)	- 5%	3,962	3,911	↓ 1%

These statistics are young and further monitoring is required to see trends and improvements but our quality certification office is already actively looking into the gas consumption increase for example. It has been determined that the building in question is not heat efficient in winter (with a lot of externally facing glass), the heating system is likely inefficient at times (technical report pending) and also that the winter of 2011-2012 was particularly cold. The situation is being monitored with a view to improving heating efficiency.



With the help of the certifying body, Euro Mec will be collecting similar statistics from our key supply partners in Italy and we look forward to including that new information in our next COP.

Euro Mec is looking into determining the carbon footprint of either a specific product line or the same building indicated above. In 2012 meetings were held with Italy's Ministry of Environment, Land and Sea to better understand the process which would start with the signing of a Voluntary Agreement to analyze, reduce and neutralize Euro Mec's environmental impact. Euro Mec is very interested in signing such agreement, a reallocation of resources will be necessary to ensure its success and this is being evaluated with a view to taking action in 2014.

# ENVIRONMENT

Once again in the past twelve months Euro Mec has actively supported academic institutions and, most importantly, students aiming to fulfill a range of industrial and professional roles in the near future.

Businesses should undertake initiatives to promote greater environmental responsibility

Most recently on April 5<sup>th</sup> 2013 Euro Mec presented a lecture entitled “Environmental Management and Water Treatment” to a class of international Masters of Business Administration (MBA) students studying at the Sacred Heart Catholic University (Università Cattolica del Sacro Cuore) in Milan. The course is part of the university’s Postgraduate School Business & Society (Alta Scuola Impresa e Società) (ALTIS) which strives to ensure course relevance to the business world today.

Euro Mec was asked to deliver examples through case studies of how water treatment relates to environmental management which gave us to present ways in which our work helps clients reduce their environmental and water footprints and at time rehabilitate contaminated waters for the reestablishment of healthy eco systems.



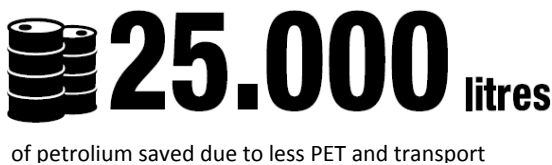
Ms Wendy Blechynden presented various arguments and concluded with discussion on Corporate Social Responsibility including the promotion of the ten principles of the UN Global Compact and how some of the principles related back to the case studies presented.

Returning to the “cassetta d’acqua” introduced in the previous section on HUMAN RIGHTS, Italy’s consumption of bottled water indicates billions of plastic bottles every year. While many are diligently recycled a large number of PET bottles are still discarded into the environment. The “cassetta d’acqua” can reduce this waste.

Businesses should encourage the development and diffusion of environmentally friendly technologies

For example, with the drawing of 1250 litres of water per day from a “cassetta d’acqua” in a community of around 10,000 inhabitants, statistics tell us that the following savings can be made in a year:

CEO Water Mandate  
1 2 3 5



Said	Done	Planned
In the 2012 it was noted that Euro Mec had recently signed an agreement with a producer of lightweight flexible solar panels. To be integrated with Euro Mec systems as energy collectors AND protective covers for the water treatment plants.	In the last twelve months requests for solar powered water treatment plants haven't been sufficient to permit this development.	The development and promotion of environmentally friendly technologies is still a priority and we continue to look for opportunities to realize this particular product improvement.

Euro Mec is looking into determining the carbon footprint of either a specific product line or the same building indicated above. In 2012 meetings were held with Italy's Ministry of Environment, Land and Sea to better understand the process involved following the signing of a Voluntary Agreement to analyze, reduce and neutralize Euro Mec's environmental impact. Euro Mec is very interested in signing such agreement, a reallocation of resources will be necessary to ensure its success which is why the company didn't sign immediately.

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.

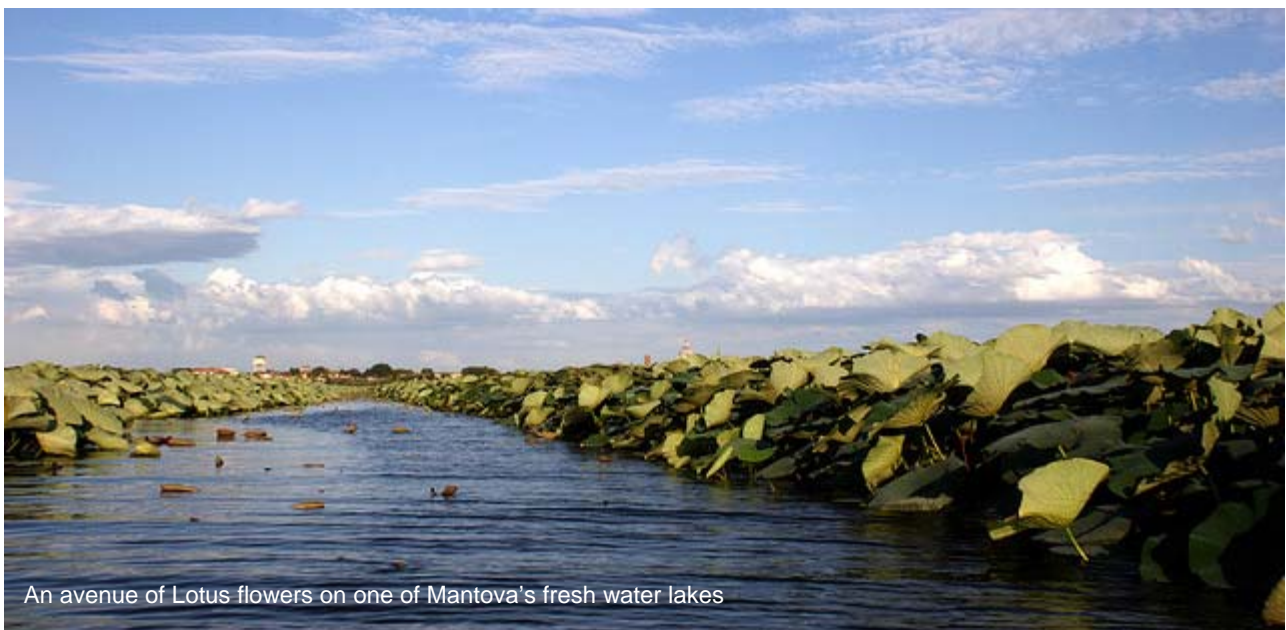
In Euro Mec's COP 2011 year an example of the company's active and continuing interaction with local water managers was given, introducing the proposal made in 2008 for the environmental recovery of the historic lakes in Mantova.

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.

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

2 3 4



An avenue of Lotus flowers on one of Mantova's fresh water lakes

# ANTI-CORRUPTION

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 continuing to examine the possibility of creating a specific Euro Mec Code of Ethics which will clearly incorporate articles that recall directly or indirectly the ten principles of the UN Global Compact. Euro Mec is in the process of buying into another water treatment company that already has a code of Ethics so time is being taken to evaluate that code and other company documents with a view to possibly integrating them with ours. In the meantime Euro Mec continues to cite the ten principles and the UN Supplier's Code of Conduct as primary references for our ethical conduct.

**Corporate Social Responsibility**

1. Supplier Relationships;
2. Promoting the Principles of the Code of Conduct;
3. Subcontracting.

**LABOUR:**

4. Freedom of Association and Collective Bargaining;
5. Forced Labour;
6. Child Labour;
7. Discrimination;
8. Working Hours;
9. Remuneration;

**HUMAN RIGHTS:**

10. Human Rights;
11. Harassment, Harsh or Inhumane Treatment;
12. Health and Safety;
13. Mines;

**ENVIRONMENT:**

14. Environmental;
15. Chemical and Hazardous Materials;
16. Wastewater and Solid Waste;
17. Air Emissions;
18. Minimize Waste, Maximise Recycling;

**ANTI CORRUPTION:**

19. Corruption;
20. Conflict of interest;
21. Gifts and Hospitality;
22. Post employment restrictions;

**UN Supplier Code of Conduct**

The provisions as set out in the Code of Conduct provide the minimum standards for suppliers to the United Nations. The expectation of the UN is that suppliers adhere to all applicable laws, rules and regulations, and strive to exceed both international and industry best practices.

The United Nations recognizes that achieving the standards set out in this Code of Conduct is a dynamic and not static process and encourages suppliers to strive for continuous improvement.

In 2010 Euro Mec took a step towards actively supporting these principles...

Slides from company profile presentation including reference to the UN Supplier Code of Conduct and the UN Global Compact

# PARTNERSHIPS FOR DEVELOPMENT

Euro Mec continues to be a leader in supporting Italy's SME Association and Confindustria, the country's leading industrial organisation for the manufacturing and service sectors in Italy.

CEO Water Mandate

2 3 4

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



Image above: Snapshot of Aquae Italiana's new website: [www.aquaeitaliana.it](http://www.aquaeitaliana.it)

**UPDATE:** As mentioned in previous COPs, Euro Mec was instrumental in forming the consortium AQUAE ITALIANA presenting the impressive collective capabilities of Italian companies and partnerships initially to the Russian Federation but now to a wider audience.

In February 2013 AQUAE Italiana announced its inclusion in the association "Conoscere Eurasia", chaired by Professor Antonio Fallico, President of Banca Intesa Russia. This was an important step towards strengthening the social and economic relations with Russia and involvement in large-scale international operations, such as the Italian-Russian Forum for the promotion of cooperation for modernizing and innovation, organized every year in Verona, Italy.

The association "Conoscere Eurasia" was formed in 2008 to develop cultural relations and social and economic relations primarily between Italy and the Russian Federation, but also within the Eurasian geopolitical area in which Russia has an active historical role, the Belarus to Kazakhstan as far as China and India.

Honorary members of the association "Conoscere Eurasia" include the Ministry of Foreign Affairs of the Russian Federation and the Secretary General of the Eurasian Community whose member states include Russia, Belarus, Kazakhstan, Kirghizia, Tajikistan and Uzbekistan.

# ENGAGEMENT

By way of offering feedback to the UN Global Compact Bulletin team, we would like to mention that the Bulletin of November 2012 sparked our interest for a specific reason and gave Euro Mec a chance to engage with a wider public.

Under the heading ENGAGEMENT OPPORTUNITIES this Bulletin included the invitation below:

## UN GLOBAL COMPACT BULLETIN

November 2012

### **2. Call for Examples: Responsible Business & Investment in High Risk & Conflict-Affected Areas**

The Global Compact and PRI are developing a new resource that will showcase actions taken by companies, investors and Global Compact Local Networks to implement responsible business practices in high-risk and conflict affected areas. The resource will serve to inspire companies on how they can support peace when operating in such areas.

*Global Compact business participants are invited to submit good practice examples to be considered for inclusion in this resource.*

In 2007 Euro Mec signed a long term agreement with an important client for the supply of wastewater treatment plants to various worldwide locations. The agreement included ongoing onsite technical assistance in conflict affected areas so Euro Mec took the opportunity to respond to the call above describing our work with a valued local partner in Sudan.

Euro Mec quickly found a good candidate to provide and coordinate this assistance in Africa. Euro Mec helped Ammar to set up his own business and continues to provide him with training on a range of Euro Mec products in Italy and on international job sites.

Ammar has become a valuable part of the Euro Mec team and is also continuing to invest in his business and therefore in his home country of Sudan where he is based.

Euro Mec is benefiting from our partner's education and experience while those intangible assets stay in Sudan and two SMEs are cooperating across borders. In terms of supporting peace and stability, in addition to assisting actual field missions, most of the time Ammar is at home, loving and providing for his growing family in Sudan – *it starts at home*.

After the original submission, phone conferences and several drafts the article is in the final stages of editing. Euro Mec thanks KPMG and all supporting the development of the Resource Package for their professional and always positive collaboration.

Euro Mec took another opportunity to engage with a wider public when invited to speak at a conference organized by the International Council for Caring Communities (ICCC) for UN-Habitat at the United Nations Headquarters in New York on February 8<sup>th</sup> 2013.

Recognising the recent publication of UN Habitat's report "State of the World's Cities 2012/2013", a presentation was made to a meeting of approximately 60 people on water and connectivity in the context of urban prosperity. Following the meeting Prof. Dianne David, founder of ICCC and meeting organizer wrote:

"...we deeply appreciate your participation at the "Prosperity of Cities....South Meets North" High Level Session on the 8th Feb. ...we have received positive comments from many of the participates regarding your presentation which gave all much "food for thought"...and greatly enhanced the dialogue."

An interesting discussion at the end of the day's presentations highlighted the importance of sharing information and using different networks, such as the UN Global Compact local networks, to further client, company, community and global objectives.

Photo, from left: Ornella Speggorin (Euro Mec), Dianne Davis (ICCC) and Wendy Blechynden (Euro Mec).



# 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.

In addition to the aforementioned engagement opportunities taken by Euro Mec in recent months, the company's Global Compact communication initiatives continue to include:

1. UN Global Compact flyer included as standard with marketing material;
2. Specific presentations at meetings and events in Italy and abroad;
3. Section of company website [www.euromec.net](http://www.euromec.net) dedicated to the UN Global Compact;
4. Inclusion of the WE SUPPORT logo on company letterhead and drawing blocks;
5. UN Global Compact posters displayed in offices;
6. General promotion of UN Global Compact participation at meeting and events.

The image displays two documents related to Euro Mec's communication of the UN Global Compact. On the left is a screenshot of the website page [www.euromec.net/en/global-compact.aspx](http://www.euromec.net/en/global-compact.aspx). The page features the Euro Mec logo, navigation tabs (HOME, COMPANY, KNOWHOW, CERTIFICATION, GLOBAL COMPACT, CONTACT US), and a 'GLOBAL COMPACT' section with text and a 'UN GLOBAL COMPACT' sub-section. On the right is a 'project data sheet' flyer. The flyer has a header with the Euro Mec logo and a landscape image. It is titled 'AT A GLANCE' and 'UNITED NATIONS GLOBAL COMPACT'. It lists 'Participants Since: March 2010', 'Local Network: Global Compact Network, Italy', and 'Related Initiatives: CEO Water Mandate'. It also lists 'Resources' such as the Universal Declaration of Human Rights and the UN Global Compact's ten principles. A list of ten principles is provided, covering human rights, labor, environment, and anti-corruption. The flyer includes the 'WE SUPPORT' logo and contact information for Euro Mec S.p.A.



Euro Mec S.r.l. – Registered Office: Via Boccalera, 2 – Montichiari (BS) – Italy  
Sales Office: Via Parigi, 1/B – 46047 Porto Mantovano (MN) – Tel. +39 0376 44 32 11 – Fax +39 0376 44 32 99  
E-mail: [info@euomec.net](mailto:info@euomec.net) – [www.euomec.net](http://www.euomec.net)