

## Step 1 – Message from our CEO

To our stakeholders:

*Being the CEO of Saet Group, I am proud to confirm that our companies are totally committed to support and defend the respect of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.*

*My management and I, we daily work hard to make our people believe and fight to give the above principles a strong meaning: our philosophy is building a good example among our employees and our environment, teaching and sharing every day how to “work in respect of humanity”.*

*In our first-ever Communication on Progress, you will see that we are working to improve the integration of the Global Compact and its principles into our business environment.*

*I wish you a good reading and I look forward to hearing your comments and suggestions,*

*Warm regards*

DAVIDE CANAVESIO

Chief Executive Officer – Saet Group

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## Step 2 – HR:

### Assessment, policy and goals

In agreement with the Universal Declaration of Human Rights, since its birth our Group decided to commit to the Ministry of Equal Opportunities (italian and european governmental department born to defend human rights in every environment) and support the “**Carta per le pari opportunità**” (Equal Opportunities paper).

This paper connects and commits us to fight against every form of work discrimination as:

- sex gender,
- age,
- sexual orientation

and gives us the great opportunity in particular not to consider workers as “production machines” but human beings to live with (as working together means sharing a lot of our time with our colleagues and sort of live together!), showing every day appreciation and genuine respect.

Our Human Resource department (Elisabetta Cannarozzi – HR Manager) is fully involved in making sure every point in this paper is properly respected.

**A copy of the mentioned paper will be attached to this document or sent separately.**

### Implementation

As concrete actions to implement Human Rights policies, assess Human Rights risks and respond to Human Rights violations, our Human Resources department, endorsed by our CEO and company management periodically checks the “state of the art” of each employee’s commitment to the “human projects” through:

- face-to-face meetings,
- satisfaction questionnaires;
- small groups and / or general presentations

As an example of what we mean with “involving our people in our business”, each HR meeting or presentation normally treats the following topics:

- Defining personal level of satisfaction;
- Giving information about company culture, projects and possible awards upon results achieved;
- Listening and discussing work problems, critical points, possible injustices;
- Providing feedbacks and solutions when required
- Sensitize employees on critical aspects company related (i.e.: financial crisis)

Moreover, in 2009, the Social Project was launched by HR & Saet Group management in Leini – the headquarter plant of the group itself.

This charity program sees SAET employees spending some paid-but-volunteered week working hours in two different charity foundations to help out people in needs

- PAIDEIA – for kids with difficult life situations;
- CEPIM – for life improvement of down syndrome people.

The choice of offering human support instead of just money, aims to highlight the importance of the human commitment within the society: indeed, the impressive achievement of the Social Project is that since March 2009, more than 20 SAET employees' families are involved in it too.

**A copy of the presentation of the project will be attached to this document (+ some local press related) or sent separately.**

### **Measurement of outcomes**

As we consider our people the engines of our Group, the building soul of our projects and the heart of our companies body, achieving and tracking results, making progress both human and business related is crucial.

All our departments are fully involved in periodical measurements of human performances together with:

- Periodical reviews,
- Direct and clear reports;
- Our internal "Values Paper"

We define at least 3 – 4 times a year what we have achieved and what we need to improve to respect our commitment to Human Rights.

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## **Step 3 - Labour**

### **Assessment, policy and goals**

Our group's mission and vision aim to satisfy the clients detailed requests but most important aspect is that our employees have to be happy, show respect and be respected.

As per our internal Value Paper, we have only few values but solid as pillars:

- In all the plants of our Group (Europe, Asia, India and USA), children are not allowed to work;
- Ethical code: respect every department and everybody's work regardless of the importance of the activity;
- Collaboration and mutual help: no force and compulsory labour;
- Mutual human respect regardless of hierarchy, furthermore – very very important – we don't tolerate sentences as: "it's not my job" or "I am better than you, consequently I deserve more respect";
- Common goals and mutual respect in their achievements: when we have our tasks we all have the same rights, and we respect and help each other.
- Transparency, coherence, trust and reliability from both sides: management and employees.

### **Implementation**

As the "security on working place" reputation of our companies includes a massive check of the respect of the Value Paper, our Security Department (Name – Security Manager), endorsed by Saet Group management strongly insist in:

- Training for employees on labor rights and security policies;
- Grant equal health and safety insurances of all employees: on the top of the "mutua" (italian free health system), every employee is protected and ensured against work accidents;
- Participation in international framework agreements with labour unions

### **Measurement of outcomes**

As per the previous paragraph, Saet Group Board of Directors, Management, and the Security Department are fully committed in monitoring and evaluating employees human and technical performances:

HR + Security departments organize joined review of results meetings with the rest of the department managers.

Severe actions are taken against disrespectful behaviors on workplace: irresponsible actions as violence, racism, age, gender and sexual discrimination mean sacking most of the times.

The person committing a bad action is normally:

- warned with a complain letter provided by our HR Department,
- following periodical meetings with his own department manager and HR manager to see his/her improvement;
- Losing his / her workplace if he /she shows no interest in improving his /her behavior and basically waste the "second chance".

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## Step 4 – Environment

### Assessment, policy and goals

Since its birth in 1966 SAET, and nowadays Saet Group has built its reputation on heat treatment applications: that remains today our core business. By pioneering innovative solutions such as gear contour hardening, slewing ring seamless hardening, and protective atmosphere heat treatment, we always strive to turn our know-how into benefits for our customers and caring for the environment.

Our Research and Development department is constantly committed in looking for the employment of Renewable Energies to respect and defend our "slice of world".

Our business areas are various: for the future we are working hard to create new solutions and new components for "environmentally sustainable power supply"; for instance, today the majority of wind mills are built with components treated by our machines.

Our CEO's personal commitments are the well being of his employees (no hierarchy, no level, no preferences) and growing a friendly attitude towards the environment.

Starting from a "clean and nature sustainable" collection and recycling of waste, Saet Group policies against pollution are as strict as human tolerance and respect on workplace: if you pollute you disrespect.

As in our business is sometime very challenging a constant commitment with clean environment, when we say we are working hard we mean:

- Internal written company policies on environmental issues distribution;
- Periodical classes for all employees;
- Management meetings to discuss updates, the "state of art", improvement, news;
- Strict "ethic code" for our suppliers;
- Environmental challenge: every department has to think, find, prove, suggest new environment friendly solutions to improve the quality of our company's environment respect.

### Our business:

To describe briefly what we do, Induction heating (IH) is a particular process which uses electromagnetic fields for heating conductive materials (steel, copper, brass, aluminium...). The main principle of IH is described in the following figure where a coil (inductor) is wound round a cylindrical conductive work-piece. In the exciting coil, an a.c. current  $I_1$  of suitable frequency flows and creates an alternating magnetic flux  $F$ ; the flux  $F$ , linked with any ideal conducting path in the work-piece to be heated, induces a.c. currents  $I_k$ ; the induced currents  $I_k$  heat the work-piece by Joule effect.

The main difference from a traditional heating process is the location of heat sources which are distributed inside the work-piece. For this reason the IH process is very fast and controllable. Depending on the frequency used the heating can be superficial (induction surfacehardening) or deep in the piece (forging, heat treatment etc.).

The main advantages of this technology are: high production rate due to the high specific power delivered to the work-piece, high automation of the process, precise repeatability of treated pieces, in-line installation, low floor space needed, controllability of temperature with high precision, avoiding of deformation of pieces especially in surface hardening, primary energy saving, reduction of CO2 emissions, safe and clean work environment for employees.

There are a lot of applications where IH is used in different industries: melting of metals, heat treatments (hardening, tempering, annealing), forging, hot rolling, surface hardening, cold crucible melting, welding, pre-heating, dry-coating, special applications. All these applications get benefits from the suitable characteristics of this technology.

## **Implementation**

In order to be always on the top of new environment friendly technologies, our CEO is constantly:

- Promoting, tracking the results and awarding each personal challenges on this topic, plus monitoring and controlling the company's environmental performance ,
- Attending Environment sustainable meetings organized in the company and outside;
- Training new employees on environmental protection;
- Organizing external inspections to grant a correct waste materials recycling and distruction of resources as energy, fossil fuels, water, electricity, paper, packaging and various.
- Looking for new environmental friendly network to grow ideas on environmental friendly energies.

## **Measurement of outcomes**

To measure the outcomes, the whole group organizes (CEO, Board of directors, Security, Research & Development and Human Resources departments) periodical reviews, and sometime proper event to track and celebrate company and personal results.

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## **Step 5 - Anti-Corruption**

### **Assessment, policy and goals**

Although the phenomenon of corruption is talked about widely, it's difficult to find a proper definition to this word, specially in our country where corruption in business is often related to Mafia, Camorra and other organizations threatening clean companies and clean workers.

As our group's small compared to other important brands and is based in the north Italy, at the moment we are not in the finder of criminal associations.

As a company culture Saet Group (Administration department, supported by a strong team of lawyers and business consultants) has always had written internal policies of no-tolerance for corruption, bribery and extortion.

### **Implementation**

Our concrete actions against all forms of corruption are the following:

- Transparency of information and strong "one common view" between company owners and management;
- Involvement and training of employees about the company's policies regarding anti-corruption and extortion: periodical meetings and classes bringing up bad examples, consequences, and "how to avoid" measures;

### **Measurement of outcomes**

In case of any sign of corruption (internal among employees / management – or coming from outsiders), our team of lawyers and business consultants are 100% endorsed and supported by CEO and Board of director to act consequently:

- Transparency of Information about how the company deals with incidents of that particular episode of corruption
- Periodic reviews and meetings among CEO, Administration, lawyers, consultants and management on updates and measures taken concerning that particular episode of corruption attempt;
- Fines and legal actions, if necessary.