



Communication On Progress

Serac Group

2015



General Introduction & CEO's Statement

Serac's continued support towards the Global Compact initiative

It's with great excitement that I want to address our very first *Communication On Progress* to the United Nations; the present document reaffirms our support to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

As we are also committed to share any relevant CSR information with our stakeholders, I can only encourage you to refer to our Annual CSR Report, which will be available for the first time in 2015. We will give deeper reporting details, as well as auditing results, local initiatives of our subsidiaries, etc.

As you will see, this COP will give the reader a general overlook of our actions during the past two years on how we integrated the Ten Principles into our business strategy, our corporate culture and our daily operations. We are very proud of both our teams and our machines: it's no secret that in order to achieve significant economical growth during more than 40 years, both excellence of machines and efficiency of teams are critical success factors. It is with great pride that I can confidently assess that's something we daily achieve here at Serac.

With my best regards,



Guy Dumargue

Chairman of the Board

Serac

Principle 1:

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

Principle 2:

Make sure that they are not complicit in Human Rights abuses Assessment, Policy and Goals.

Human Rights

Description

With our international deployment (our factories are located in France, Malaysia, Brazil and the USA), Serac is directly concerned about the definition of Human Rights, since it covers several legal frames. Our main objective is to influence all of our stakeholders to respect the Universal Declaration of Human Rights and environmental protection. Our Ethical Code complies with the principles in The Universal Declaration of Human Rights of 1948; the Principles from the International Labour Organization; the Guiding Principles of the Organisation for Economic Co-operation and Development (OECD) intended to international companies; the Principles of the United Nations Global Compact, and any legislative frame specific to countries in which the group operates.

Implementation

Based on our commitment towards Human Rights, we have set up an Ethical Code, which has been handed out to all employees, to make our position clear for all our stakeholders. We have published and actively informed all our suppliers, partners and employees of our commitment and encouraged them to commit as well. An internal system is in place where the employees are trained in regards to our commitment.

Measurement

We launched a whistleblower system in order to allow all of our employees, clients and partners to report back if they suspect any wrongful doing in regards to our CSR guidelines and Ethical Code. No reports have been filed since the system has been implemented.

Extract from our Ethical Code regarding Human Rights:

“By adhering to the United Nations Global Compact, Serac is committed to respect and promote fundamental rights from the Universal Declaration of Human Rights, the dignity and value of a human being.

Serac is also committed to respect legislations which come from local Labour Codes where the group operates, as well as those from the International Labour Organization (freedom of association and the effective recognition of the right to collective bargaining, effective abolition of child labour, elimination of all forms of forced or compulsory labour).”

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

The elimination of all forms of forced and compulsory labour;

Principle 5:

The effective abolition of child labour;

Principle 6:

The elimination of discrimination in respect of employment and occupation
Assessment, Policy and Goals.

Labour Practices

Description

Serac complies to legislations and regulations related to child labour and other forced or compulsory labour. In compliance with international standards, Serac commits to systematically compensate or remunerate its associates through the following means (non-exhaustive list): salaries, paid leave and overtime. Serac is also committed that these compensations be at least equal if not above the minimum required by the law in the country in which Serac is established.

Implementation

Same implementation than for Human Rights (please refer to our Ethical Code). Serac prohibits all illicit conduct constituted of sexual or moral harassment, including in the absence of hierarchy or subordination. Serac commits to guarantee its employees an adapted working environment in adequacy with its health and security awareness policy. Moreover, Serac thoroughly makes sure that each associate is in legal age to work as well as legal in the scope of their work and projects (visas, work permits, etc.).

Measurement

We launched a whistleblower system in order to allow all of our employees, clients and partners to report back if they suspect any wrongful doing in regards to our CSR guidelines and Ethical Code. No reports have been filed since the system has been implemented.

Extract from our Ethical Code regarding Labour Practises:

“Serac ensures its associates’ rights. By adhering to the United Nations Global Compact, Serac commits to create an initiative to promote diversity, in conformance with the Millennium Development Goals.

Serac also commits to fight against all forms of discrimination, regardless its nature, whether linked to sex, ethnic origin, nationality, religion, health, handicap, marital status, sexual orientation, political opinion or philosophical opinion of its associates, whether during the hiring process or in working relationships.”



Principle 7:

Businesses should support a precaution any approach to environmental challenges

Principle 8:

Undertake initiatives to promote greater environmental responsibility;

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies Assessment, Policy and Goals.

Environmental Principles

Description

Serac is aware of environmental impacts linked to its activities and therefore encourages all its stakeholders to prefer policies which respect the environment. In this context, Serac commits to respect the Principles established by the Rio Convention

Implementation

Serac's environmental objectives are numerous: local and international legislation conformity, continuous improvement of existing systems, communication on progress to organisations such as the United Nations, setting-up extra-financial indicators, environmental issues awareness towards associates, analysis of CO2 rejection and energy consumption... To materialise these objectives, Serac commits to multiplying these initiatives: waste repurposing, energy saving programs, responsible resource management, less travelling...

Measurement

During the first year of our adherence to the Global Compact initiative, we launched multiple reporting tools inspired from the Global Reporting Initiative (GRI). During second year, we analysed our first figures and the results are here: we've been improving our Carbon Disclosure Project (CDP) score, as well as our score in EcoVadis' evaluation. These two independent and recognized auditing companies reward our efforts so far.

Extract from our Ethical Code regarding Environmental Principles:

"Serac commits to decrease nuisances linked to the manufacturing (exhaustion of non-renewable resources), use (energy consumption) and end of life (pollution) of its IT equipment.

Serac also commits to take the initiative to analyse the energy efficiency of its machines: electrical consumption, water consumption, polluting products..."

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

Anti-Corruption Principles

Description

Serac is convinced that trust is the base of a healthy economy and society – **corruption destroys that trust**. Through the risks and difference it causes, corruption slows economic growth and social progress: the sums which are embezzled are often at the cost of collective interest, increasing poverty, and environmental and health concerns. Corruption practices, pursuits and scandals which are triggered are serious concerns to the reputation of companies and those of implicated individuals.

Implementation

Serac is hence committed to respect the Principles of the United Nations Convention against corruption: **through this, Serac refuses to give, receive or supply, directly or indirectly, any form of benefit (whether it be monetary or in nature) to a State representative or on his/her behalf, to a political party or on their behalf, to an employee or a client's public or private agent or on their behalf, to a loan organization or a bank or on their behalf, in the sole objective to obtain or maintain a commercial transaction or even receive any ease or favour implying the transgression of a regulation.**

Measurement

We launched a whistleblower system in order to allow all of our employees, clients and partners to report back if they suspect any wrongful doing in regards to our CSR guidelines and Ethical Code. No reports have been filed since the system has been implemented. Serac has also never faced any legal charges regarding any bribery, corruption or anti-trust cases.

Extract from our Ethical Code regarding Anti-Corruption Principles:

“Serac’s associates will act according to the OECD Convention from 17 December 1997 on the fight against corruption. On a general note, Serac encourages all its associates to contribute to these efforts of transparency in business while having constant vigilance, lucidity and ethics.

Operations and transactions which are performed by Serac Group are saved accurately in the accounts of each subsidiary, in compliance with the effective norms and regulations. No parallel un-saved activity, or other secret account will be tolerated within Serac Group.”

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Ethical Code

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I. Introduction

“We honor our commitments” is not only an advertising slogan: this motto has a significant place in the core of the existence of the Serac group since 1969. Through this motto, concepts such as ethics, respect, and responsibility are implicitly laid in the company foundations.

Honouring our commitments enables us to make a promise to respect the terms and conditions of a contract and all its stakeholders. The concept of *commitment* shows that Serac chooses to be responsible, pro-active, and present with the concerned stakeholders, may they be direct or indirect.

These commitments are multiple: they are firstly intended to our customer, towards whom Serac commits its deadlines, quality, and assistance. But not forgetting our partners, our suppliers, and civil society organisations and local authorities with whom we operate!

To extend our willingness to go further in terms of CSR, Serac pursues its vision of a company convinced by the durability of its relationships with all its stakeholders.

Serac has decided to create a Code of Ethics to highlight the existing group strategy in terms of social responsibility and sustainable development.

Serac believes it must make ethics a vital means of improvement for its global performance. Ethics are essential to operations, won contracts and markets. It is also the pedestal of all forms of well managed collaboration with our employees, our clients and our suppliers.

This Code of Ethics is aligned with the three pillars of sustainable development and commits Serac to the following axes:

- Social and Societal
- Environmental
- Economic

This Code of Ethics is intended to all of Serac’s different stakeholders and will be supported by its team members.

We Honor Our Commitments

What are Serac's expectations from its team members in terms of ethics?

Serac simply expects that its teams act in compliance to ethics and local laws, as well as the group's Code of Ethics at any given time or place.

Serac also expects its teams to be confident enough to speak out and act without fear. As a whole, Serac and its associates have the responsibility to notify all illegal and fraudulent conduct or that may be against ethics. By notifying and rising such issues, Serac will be able to maintain a healthy and ethical working environment without compromising its performance on all levels.

In any case an associate will be reprimanded if he or she notifies Serac a concern in good faith.

What to do in case of an issue?

In the case where a situation goes against the Code of Ethics, Serac encourages its employees to share this information to their usual hierarchy communication process. This can begin with a discussion with a direct superior (or with a person at the following hierarchy rank), a representative from Human Resources or the legal department.

Any associate can also take the initiative to contact the Ethics Committee through the following e-mail address: ethics@serac.com

This committee is composed by management representatives, employee representatives, and the CSR representative.

What are Serac's commitments in terms of ethics?

Serac does not tolerate reprisal against its associates, clients, suppliers or individuals that will notify the company of any issue whether ethical or legal. Anyone who uses reprisal towards a person who speaks up violates Serac's ethical standards and will be internally submitted to possible sanctions defined in the Company Rules & Regulations, or, externally, to judicial proceedings.

Those who speak up effectively help maintain a healthy and pleasant work environment while keeping it efficient and protecting the group's reputation of excellence.

Serac is committed to consider each reported allegation in a serious manner, with the objective of resolving each one in a fair and impartial way.

We Honor Our Commitments

From the overall tools that are available to each individual who wishes to communicate on an ethical concern, Serac will not receive any anonymous complaint. Indeed, employees, clients, suppliers or individuals (those who speak up) who would like to share their concern have sufficient and solid guaranties to not worry. Serac will be strongly compelled to confidentiality in all types of situations.

II. Summary of Commitments

Generally, Serac concurs with:

- The principles in The Universal Declaration of Human Rights of 1948;
- The principles from the International Labour Organization;
- The guiding principles of the Organisation for Economic Co-operation and Development (OECD) intended to international companies;
- The principles of the United Nations Global Compact
- Any legislative frame specific to countries in which the group operates.

We Honor Our Commitments

III. Social Aspects

a. Human Rights

By adhering to the United Nations Global Compact, Serac is committed to respect and promote fundamental rights from the Universal Declaration of Human Rights¹, the dignity and value of a human being².

Serac is also committed to respect legislations which come from local Labour Codes where the group operates, as well as those from the International Labour Organization (freedom of association and the effective recognition of the right to collective bargaining, effective abolition of child labour, elimination of all forms of forced or compulsory labour)³.

b. Compliance to Local Laws

Whichever the country or economic zone where the group operates, Serac will always ensure its compliance to local rules and regulations.

On a wider scope, Serac commits to be aligned with the framework of international laws and legislations/regulations: international trade, anti-trust laws, data protection.

i. Compliance to Labour Standards

Serac complies with legislations and regulations related to child labour and other forced or compulsory labour.

In compliance with international standards, Serac commits to systematically compensate or remunerate its associates through the following means (non-exhaustive list):

- Salaries,
- Paid leave,
- Overtime.

Serac is also committed that these compensations be at least equal if not above the minimum required by the law in the country in which Serac is established.

Serac prohibits all illicit conduct constituted of sexual or moral harassment, including in the absence of hierarchy or subordination.

¹ See [The Universal Declaration of Human Rights](#)

² See the [10 Principles of the United Nations Global Compact](#)

³ See the [ILO Declaration on Fundamental Principles and Rights at Work](#)

We Honor Our Commitments

Serac commits to guarantee its employees an adapted working environment in adequacy with its health and security awareness policy.

Moreover, Serac will thoroughly make sure that each associate be:

- In legal age to work,
- Legal in the scope of their work and projects (visas, work permits, etc.)

c. Employee Rights

Serac ensures its associates' rights. By adhering to the United Nations Global Compact, Serac commits to create an initiative to promote diversity, in conformance with the Millennium Development Goals.

Serac also commits to fight against all forms of discrimination, regardless its nature, whether linked to sex, ethnic origin, nationality, religion, health, handicap, marital status, sexual orientation, political opinion or philosophical opinion of its associates, whether during the hiring process or in working relationships.

Serac recognises the right and the importance of workers' union. In any case, Serac will not tolerate any form of intimidation or harassment towards its associates who wishes to approach or keep away from a legally recognised trade-union.

The respect of dignity and private life of each of its associates as well as their well-being constitutes an important concern to Serac. Consequently, any associate will never be forced to work over the number of hours initially planned in their work contract. In the event of overtime hours, these will be paid for and will not in any case be imposed.

Serac is also committed in terms of equal rights of disabled individuals. The 2010 ratification of the Code of Employment for Workers with Disabilities includes fair and equal treatment of those with disabilities, especially regarding: access to employment according to acquired or potential expertise, professional training and professional evolution in the company.

We Honor Our Commitments

d. Customer, Supplier, and Subcontractor Relationship Management

Serac commits to work honestly and fairly with all its customers by supplying them with quality products and services which meet their requirements. Serac is also committed to be accurate on the information given on its products and services rendered.

Confidential, sensitive, or private information related to clients must not in any case be communicated to others by any employee of Serac Group.

The support given by agents, consultants or intermediaries for commercial purposes may be necessary in areas where Serac Group's implementation is poor due to technical competencies. The resort to these intermediaries is only justified in a contractual framework and only if the services are genuinely rendered. Their payment is according to these services and will be in line with their contract with Serac.

Serac associates do not accept to receive, directly or indirectly, any payment, gift, loan, entertainment, or any kind of benefit from anyone engaged in a commercial relationship with Serac Group. Only courteous and hospitality acts are accepted, work meals, or other forms of expressions related to the profession or to the country's culture, as well as gifts other than monetary if their value is low and if such practice is conform to customs. Hierarchy will have to be informed of all kinds of requests or offer of unusual benefits which concerns an associate.

e. Moral and Sexual Harassments

Serac respects French and European laws in effect regarding moral harassment. Any violation of this legislation will be sanctioned.

Moral harassment is defined by repeated acts with the objective to degrade working conditions likely to infringe a worker's rights at work and their dignity, to alter their physical health or to compromise their professional future. These acts cover numerous aspects but essentially⁴: acts with the objective to morally harm or upset an associate, voluntarily push an individual to commit a mistake, all forms of humiliation or hierarchical intimidation, physical or social isolation... Serac encourages all its associates to speak up if need be.

⁴ Code Civil du Travail, [chapitre IV, article 169](#)

Serac respects French and European laws in effect regarding sexual harassment⁵. Any violation of this legislation will be sanctioned.

Sexual harassment consists of harassing others through forced acts in order to obtain sexual favours for the harasser or a third party. Serac encourages all its associates to speak up if need be.

f. Political Neutrality

Serac has never and will never contribute in any form to the financing of any political party or similar organisation.

Serac associates who have political activities will do it privately, outside workplace and working hours. They are prohibited, in this context, to communicate on their political memberships within the Serac Group.

g. Mutual Cultural Respect

Due to its international activities, Serac Group is regularly confronted to manage many nationalities, cultures and languages in its exchanges. Serac commits to respect a certain form of cultural neutrality towards all its clients, suppliers and employees in a mutual cultural respect context of customs.

h. Management Systems

Serac ensures to apply consistent attitudes with a policy of good company governance. Its board as well as the management commit to create and entertain management systems to prevent all forms of attitudes which may go against the Code of Conduct and to ensure that all of Serac Group's associates are aware of the rules in the Code of Conduct.

Serac has also set-up internal measures which allow verifying:

- The working conditions of employees and all relevant stakeholders at its suppliers and sub-contractors, in accordance with the Universal Declaration of Human Rights
- The compliance to effective laws and regulations in its subsidiaries.

⁵ Code Civil du Travail, [article L122-46](#)

IV. Environmental Aspects

a. Respect for the Environment

Serac is aware of environmental impacts linked to its activities and therefore encourages all its stakeholders to prefer policies which respect the environment. In this context, Serac commits to respect the Principles established by the Rio Convention⁶.

Serac's environmental objectives are numerous: local and international legislation conformity, continuous improvement of existing systems, communication on progress to organisations such as the United Nations, setting-up extra-financial indicators, environmental issues awareness towards associates, analysis of CO2 rejection and energy consumption...

To materialise these objectives, Serac commits to multiplying these initiatives: waste repurposing, energy saving programs, responsible resource management, less travelling...

b. Awareness

Serac is committed to pursue its efforts in Green IT, more importantly by the decrease of this ecological footprint linked to the use of Information Technology (IT).

Serac commits to decrease nuisances linked to the manufacturing (exhaustion of non-renewable resources), use (energy consumption) and end of life (pollution) of its IT equipment.

Serac also commits to take the initiative to analyse the energy efficiency of its machines: electrical consumption, water consumption, polluting products...

⁶ See the [Principles of the United Nations Declaration on the Environment and Economic Development, June 1992](#)

V. Economic Aspects

a. Corruption

Serac is convinced that trust is the base of a healthy economy and society – **corruption destroys that trust**. Through the risks and difference it causes, corruption slows economic growth and social progress: the sums which are embezzled are often at the cost of collective interest, increasing poverty, and environmental and health concerns. Corruption practices, pursuits and scandals which are triggered are serious concerns to the reputation of companies and those of implicated individuals.

Serac is hence committed to respect the Principles of the United Nations Convention against corruption⁷. **Through this, Serac refuses to give, receive or supply, directly or indirectly, any form of benefit (whether it be monetary or in nature) to a State representative or on his/her behalf, to a political party or on their behalf,** to an employee or a client's public or private agent or on their behalf, to a loan organization or a bank or on their behalf, in the sole objective to obtain or maintain a commercial transaction or even receive any ease or favour implying the transgression of a regulation.

Serac's associates will act according to the OECD Convention from 17 December 1997⁸ on the fight against corruption.

On a general note, Serac encourages all its associates to contribute to these efforts of transparency in business while having constant vigilance, lucidity and ethics.

b. Free Competition

Serac respects all its stakeholders in its professional environment, including its competitors: exchanges are essential and Serac acts with its competitors as how the group would like to be treated. The interest for Serac is to work in an industry where commercial practices benefit from a good reputation: the fact of sharing information could give the impression that agreements on prices are made, sharing land or all other forms of manipulation or distortion with competitors.

⁷ See the [United Nations Convention against corruption](#)

⁸ See the [Convention implementation](#)

In such, Serac commits not to associate to agreements with competitors with the intention to fix prices, falsify a call for tender, share certain markets, limit production or boycott a client or a supplier.

Each associate is therefore prohibited from all interest from a supplier or client, except if it is done through the purchase of titles on public markets, in the context of a title portfolio management and in the compliance of rules prohibiting the use of privileged information.

c. Conflicts of Interest

In terms of conflicts of interest, Serac commits to prevent situations in which personal situations could be in conflict with the interests of Serac Group (the most simple suspicion of conflicts of interest could harm the Group's reputation as well as those of its associates).

This is why Serac commits in a proactive initiative which encourages its associates to report all potential conflict of interest, even if these could only give the impression to influence opinions or acts on other associates.

d. Finances

Operations and transactions which are performed by Serac Group are saved accurately in the accounts of each subsidiary, in compliance with the effective norms and regulations.

No parallel un-saved activity or other secret account will be tolerated within Serac Group.

Serac commits to communicate fully and accurately on such information to concerned parties when necessary.

e. Confidentiality

From the nature of activities of Serac Group, the term confidentiality is particularly sensitive and more importantly regarding: innovations, patents, commercial strategies, prices, or any other potentially sensitive activity. In the scope of his/her work, if an associate were in possession of sensitive information (personal information, protected expertise, confidential data...), the latter would ensure its compliance to confidentiality and will ensure its protection.

Each Serac Group associate therefore has the obligation not to divulge professional and confidential information to which he/she has access to, to external third parties (including

We Honor Our Commitments

members of his/her family) or to individuals within the Group who are not entitled to such knowledge.

Each associate is prohibited to directly or indirectly use, for personal reasons, privileged information that he/she could have in the context of his/her work. In the event of leaving, each associate will have to give back all the confidential information he/she had access to (including all electronic copies) to his/her hierarchy.

VI. Summary

1. **Thorough compliance to laws, regulations and internal norms.** especially in terms of health and security protection and the preservation of the environment;
2. **Respect of associates,** by complying to the Universal Declaration of Human Rights and to the International Labour Organization fundamental conventions
3. **Respect, honesty and fairness** towards clients, partners and competitors;
4. **Sincerity et trustworthiness** of internal management, accounts, and financial information;
5. **Respect of free competition rules and rejection of corruption** in all forms, most importantly those prohibited by the UN and the OECD;
6. **Loyalty towards the company,** by avoiding conflicts of interest, breach of confidentiality or personal appropriation of company assets;
7. **Solidarity-minded** between subsidiaries;
8. **Constant efforts for the sake of quality and sustainable development;**
9. **Political neutrality in the company,** by avoiding financial contributions to political parties;
10. **Mutual respect of local cultural differences.**

We Honor Our Commitments

Ethical Code for Suppliers

I. A few words from the
Group Management

II. United Nations Guidelines
Compliance

a. Human Rights

b. Labour

c. Ethic Conduct

d. Environment

The logo for Serac, featuring the word "serac" in a bold, blue, lowercase sans-serif font, enclosed within a white oval with a blue border. The background of the entire page is a light blue gradient with a close-up photograph of green and yellow plant buds on the right side.

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"We honor our commitments" is not only an advertising slogan. It is a phrase which entirely defines Serac's existence, since 1969. Through this phrase, ethics, respect, and responsibility are all intrinsically linked to the company.

Honoring our commitments is not only a promise to respect and agree to the terms and conditions of a contract, but also respect all stakeholders involved in its creation. *Commitment* is the choice that Serac makes to take responsibility for its actions, to be proactive and to be present directly and indirectly amongst the same stakeholders."

Guy DUMARGUE

Chairman of the Board

A few words from the Group Management

Through this Supplier Ethical Code, we want to ensure fair and ethical workplace standards in every corner of our supply chain. No exceptions or indulgence of any kind shall be tolerated towards the 17 points developed.

Conceived as efficient as possible, this Code will be the direct translation of our **commitment towards the community.**

Wilfrid MARIE

Group Vice-President

Serac believes that a strong commitment and a strategic approach to corporate responsibility are essential for managing the challenges and opportunities of a rapidly changing global environment.

Therefore, in line with Serac’s vision for its suppliers, Serac wishes to actively engage its supply chain by the adherence of all its suppliers to its Supplier Ethical Code that has been developed with recognition of the Ten Principles outlined in the United Nations Global Compact, as well as with the following requirements from the United Nations initiative⁹:

1. Freedom of Association and Collective Bargaining

2. Forced or Compulsory Labour

3. Child Labour

4. Discrimination

5. Wages, Working Hours and Other Conditions of Work

6. Health and Safety

7. Human Rights

8. Harassment, Harsh or Inhumane Treatment

9. Mines

10. Environmental

11. Chemical and Hazardous Materials

12. Wastewater and Solid Waste

13. Air Emissions

14. Minimize Waste, Maximize Recycling

15. Corruption

16. Conflict of Interest

17. Gifts and Hospitality

⁹ These principles are derived from United Nation Supplier Code of Conduct and are set out in the [UN Supplier Code of Conduct](#) (Rev.05)

A. Human Rights

Serac expects its suppliers to support and respect the protection of internationally proclaimed human rights and to ensure that they are not complicit in human rights abuses¹⁰.

Harassment, Harsh or Inhumane Treatment

Serac expects its suppliers to create and maintain an environment that treats all employees with dignity and respect and will not use any threats of violence, sexual exploitation or abuse, verbal or psychological harassment or abuse. No harsh or inhumane treatment coercion or corporal punishment of any kind is tolerated, nor is there to be the threat of any such treatment.

Mines

Serac expects its suppliers not to engage in the sale or manufacture of anti-personnel mines or components utilized in the manufacture of anti-personnel mines.

¹⁰ These principles are derived from Universal Declaration of Human Rights (UDHR) and are set out in the United Nations Global Compact (see http://www.unglobalcompact.org/Issues/human_rights/index.html)

B. Labour

Child labour

The minimum age for employment shall be based on the laws of the respective country and shall not be less than 14 years of age regardless of the type of work. The minimum age for allowing any type of employment or work which by its nature or the conditions under which it is performed may harm the health, safety, or morals of young people shall be based on national laws and shall not be under 16 years of age¹¹.

Forced labour

Forced or compulsory labour of any type is prohibited. Workers shall be free to leave work or terminate employment with reasonable notice as provided for under the law. Employers are prohibited from withholding any identity papers, passports, training or apprenticeship certificates, work permits, or other documents. Employing convicts is permitted. The only condition is that their work must be voluntary and they must be remunerated for their work¹².

Wages and benefits

Suppliers shall pay workers at least the minimum wage required by applicable laws and regulations and provide legally mandated benefits. (This also applies to apprentices, interns, and employees in trial period.) In accordance with national laws on maximum working hours, overtime shall be paid at a higher rate than normal working hours.

The basis for calculating wages shall be formalized and known to all workers. Wages shall be paid in cash or by cheque or bank transfer. All other forms of payment shall only be permitted in special cases as provided for under national laws. Wages shall be paid in regular and reasonable intervals¹³.

Freedom of expression and freedom of association

Serac expects its suppliers to recognize the freely-exercised right of workers, without distinction, to organize, further and defend their interests and to bargain collectively, as well as to protect those workers from any action or other form of discrimination related to the exercise of their

¹¹ These principles are set out in the ILO fundamental Conventions, No. 138, Minimum Age, 1973 and No. 182, Worst Forms of Child Labour, 1999 and in the UN Convention on the Rights of the Child.

¹² This principle is set out in the ILO fundamental conventions, No. 29, Forced Labour, 1930 and No. 105, Abolition of Forced Labour, 1957.

¹³ These principles are set out in ILO Conventions No. 95, Protection of Wages, 1949 and No. 94, Labour Clauses (Public Contracts), 1949 and in a number of Conventions addressing working time (see: <http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/working-time/langen/index.htm>).

right to organize, to carry out trade union activities and to bargain collectively¹⁴.

Discrimination

Suppliers shall not discriminate against any worker on the basis of race, skin color, age, gender, sexual orientation, marital status, ethnicity, disability, religion, political affiliation, union membership, etc. in hiring or employment practices, including access to training and continuing education, promotion, and remuneration¹⁵.

Health & Safety

Serac provides a safe workplace to its employees. Serac expects that the occupational health and safety of employees is a priority for the supplier throughout all significant aspects of its activities. As a minimum, the supplier must comply with all applicable health and safety laws, regulations and standards. The supplier shall take appropriate action, such as policies, standards, procedures, contingency measures and management systems, in order to prevent occupational illnesses and work-related accidents and to provide a safe and healthy workplace to its employees¹⁶.

Serac encourages suppliers to:

- Communicate to its management, employees and contractors its commitment to improving health and safety, and to provide training on such commitment;
- Systematically evaluate its health and safety performance through appropriate audits and report progress.

¹⁴ These principles are set out in the ILO fundamental Conventions, No. 87, Freedom of Association and Protection of the Right to Organise, 1948 and No. 98, Right to Organise and Collective Bargaining, 1949.

¹⁵ These principles are set out in the ILO fundamental Conventions, No. 100, Equal Remuneration, 1951 and No. 111, Discrimination (Employment and Occupation), 1958 .

¹⁶ These principles are set out in the [ILO Conventions, Recommendations and Codes of Practice](#)

We Honor Our Commitments

C. Ethic Conduct

Serac promotes integrity and ethics in all aspects of its activities. Serac expects the supplier to comply with all applicable laws and regulations on corruption, bribery, prohibited business practices and extortion. Furthermore, the supplier must never make or approve an illegal payment to anyone under any circumstances.

Anti-corruption

Suppliers shall commit to fight all forms of corruption, including blackmail and bribery.

Suppliers are prohibited from offering Serac Group employees money in any amount, gifts, loans, discounts, or valuables. Gifts and invitations that fall within the scope of normal business hospitality, custom, and courtesy are excluded from this prohibition.

Ensuring compliance

Suppliers shall have all necessary internal procedures and processes in place to sufficiently ensure compliance with all of the above principles.

Auditing

Suppliers shall permit Serac to audit compliance with these principles or to have an independent third party that is approved by both parties audit compliance and to take appropriate action in the event of noncompliance.

Conflict of interest

The supplier must disclose any actual or potential conflict of interest, and discuss it with Serac's management. Any activity that is approved, despite the actual or apparent conflict, must be documented.

We Honor Our Commitments

D. Environment

Serac expects its suppliers to have an effective environmental policy and to comply with existing legislation and regulations regarding the protection of the environment. Suppliers should wherever possible support a precautionary approach to environmental matters, undertake initiatives to promote greater environmental responsibility and encourage the diffusion of environmentally friendly technologies implementing sound life-cycle practices.

Compliance with laws and regulations

Suppliers shall comply with the laws and regulations of the countries in which they operate. Suppliers shall obtain and keep current all required certificates, registrations and/or permits for operating their sites and meet the requirements of such certificates, registrations and permits.

Chemical and Hazardous Materials

Chemical and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and disposal.

Wastewater and emissions

Suppliers shall monitor, control, and treat wastewater generated from operations before discharge. Suppliers shall monitor, control, and treat air emissions of hazardous substances before discharge into the atmosphere.

Solid waste

Suppliers shall recycle or reuse solid waste wherever possible. Suppliers shall ensure that all solid waste generated at all sites is managed under a secure, reliable waste management system that covers handling, movement, storage, recycling, etc.

Suppliers shall endeavor to eliminate or reduce pollution caused by their activities in order to conserve natural resources.

Pollution prevention

Suppliers shall ensure that all substances that pose a threat to the environment are properly identified, labeled, and stored in order to ensure proper handling and disposal in the event of leaks or accidental spills. Suppliers shall ensure that they have an organisation in place that is prepared and has the necessary means available to deal with accidents entailing a risk of land or water pollution.

Resource management

Suppliers shall endeavor to reduce their consumption of energy, water, and non-renewable resources.

Climate change

Suppliers shall measure their emissions of greenhouse gases and voluntarily commit to reducing them.

We Honor Our Commitments

2015 Vision and Actions

Serac Cares

DISCOVER OUR
2015 VISION AND
OUR OBJECTIVES
FOR THIS COMING

UNDER PROCESS
AUDITS
CDP & ECOVADIS

UNITED NATIONS
GLOBAL COMPACT
2015 C.O.P.

UNITED NATIONS
G.R.I.
MONTHLY INDICATORS
REPORTING



2015 Vision and Ambitions



The new « Serac cares » logo has been designed to symbolize and emphasize our commitment to CSR activities. As a matter of fact, 'Serac' spelt backwards is 'Cares'.

Business success and Corporate Social Responsibility do not rule each other out: actually, we believe they go hand in hand. As a matter of fact, since Serac machines are being recognized for their great resilience, high performance and mechanical precision, we are already talking about sustainability.

As mentioned to you before, Serac Board of Directors has decided to improve its proactivity in the CSR field.

In order to do so, each subsidiary appointed local CSR coordinators, who have recently been requested to provide data and monthly reports. It is critical that you understand how important your support is on those initiatives: as high level managers, you all have great impact on the efficiency and the dynamism of this global initiative.

We Honor Our Commitments

From now onwards, and every month, please make sure your teams provide the following indicators:

■ Environmental indicators

- Electrical consumption, in Kwh
- Fuel consumption, in Kwh
- Water consumption (in M3)
- Paper and toner consumptions, respectively in Kg and number of used units.
- Offices and industrial wastes: we are currently working on the reporting process at this time and will keep you updated for further developments.

■ Social indicators

- Absenteeism - method of calculus has been sent to your local CSR coordinator. Feel free to request additional info if needed.
- Work accidents - method of calculus has been sent to your local CSR coordinator. Feel free to request additional info if needed.

We will of course develop additional indicators over time. Also, we hope to achieve a CSR project in each subsidiary every year: an example in 2015 would be the flood campaign we successfully achieved in SMA.

Our standpoint today

All subsidiaries appointed local coordinators. The first round of the previous indicators' reporting was successful.

Once they have been consolidated, the numbers are sent to the Executive Board for review and are discussed quarterly by the Board of Directors. We plan to communicate on these numbers once a sufficient period of time will have lapsed and when the process of reporting will be strong enough.

As we are just starting to communicate on these elements, the matter is quite new for Serac: the CDP audits results for 2013 and 2014 are both unfortunately confirming it. We are however confident to significantly improve our scorings if everyone is on board.

We Honor Our Commitments

Our actions moving forward

Thanks to our adherence to the United Nations Global Compact, our first due Communication On Progress (COP) will be published this summer and will constitute our first Annual Sustainability Report. It will summarize all of our initiatives and progresses on the ten UN principles: we plan to publish a COP annually from now on. It will be given to all of our stakeholders via our corporate website and on demand.

We also plan to establish the definitive legal frame in which Serac's CSR will evolve: although we are convinced of the pertinence of the United Nations programs, we need to study which versions/updates of these programs we will follow.

A few CSR projects have been successfully conducted or are currently under progress:

- The Malaysian flood charity campaign: 10,000 ringgits have been distributed through donations directly to the flood victims of the Kelantan state. This action is a particular one: firstly for its emergency imperatives but also by its nature. Indeed, it can be assimilated to our Corporate Citizenship Program, which is slightly different than CSR concept: we don't expect to conduct a CCP project in every subsidiary. Do feel free to suggest initiatives!
- Also completed and just fresh from the oven: the audit conducted by EcoVadis on our french subsidiary. This audit evaluated our general CSR performance and rated us Silver, which put us in the top 10% suppliers assessed. More complete report is available at the end of this note.
- Serac has been audited by CDP in 2013, 2014 and will be in 2015. Our scoring has been quite poor for the past two years (with an average score of 30%): we are convinced that with the new monitoring system, our scoring will significantly go up: results are expected by November 2015.
- Still undergoing, the recycling of office wastes project in SAS & 3S: in partnership with a professional reinsertion organism for disabled people, we plan to recycle all of our paper wastes (including grinded paper) from now on. This initiative combines both the environmental and social aspects of the CSR: environmental by recycling tons of paper, and social by giving working opportunities to our local community.

We Honor Our Commitments

See below few screenshots of the monthly template report, to be provided to Serac Shareholders Board:

SMA				
2014	Consommation d'eau (en M3)	Consommation d'électricité (en kWh)	Consommation de fuel (en kWh)	Effectifs
janvier				
février				
mars				
avril	78	1,04	12 430	166
mai	55	0,73	11 590	155
juin	51	0,68	12 499	167
juillet	43	0,57	12 250	163
août	50	0,67	13 803	184
septembre	103	1,37	12 399	165
octobre	440	5,87	12 974	179
novembre	414	5,52	13 965	186
décembre	348	4,64	15 339	205
	21,1		1 563	

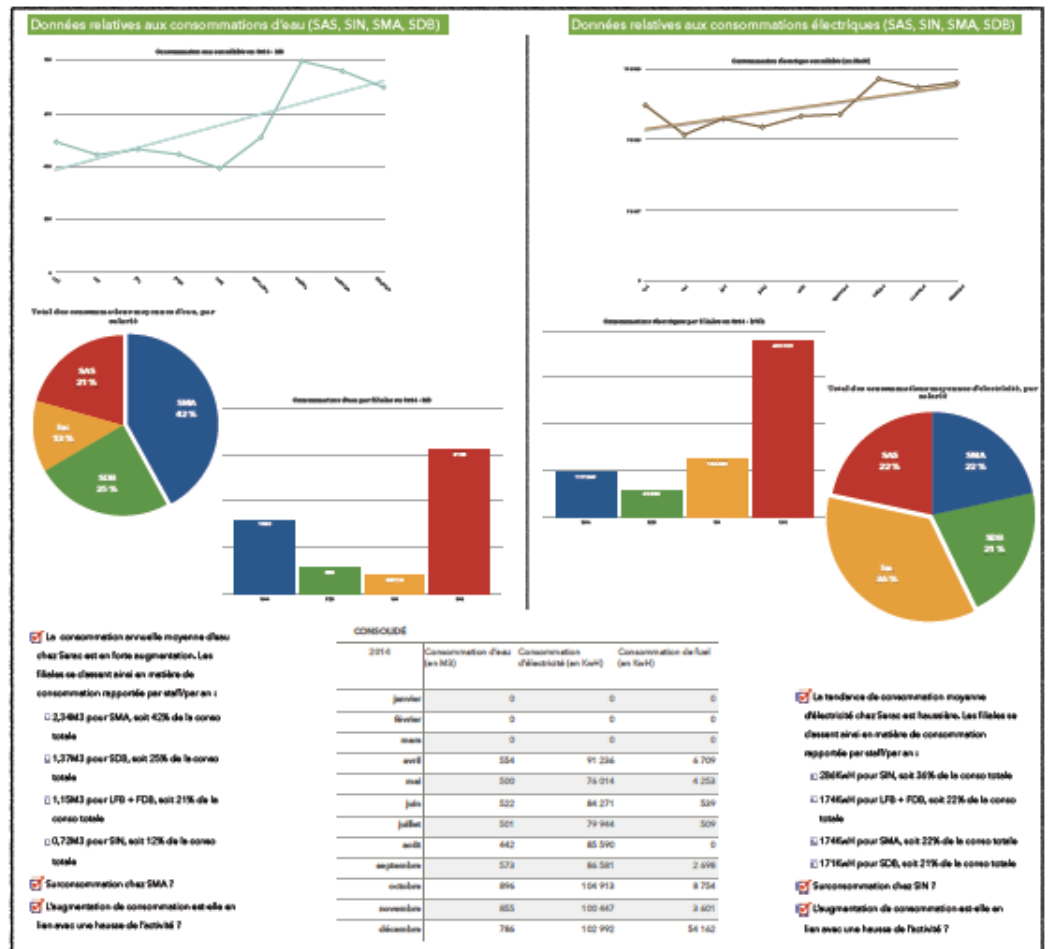
SDB				
2014	Consommation d'eau (en M3)	Consommation d'électricité (en kWh)	Consommation de fuel (en kWh)	Effectifs
janvier				
février				
mars				
avril	75	1,67	8 285	184
mai	57	1,27	6 545	145
juin	78	1,73	7 552	168
juillet	77	1,71	7 130	158
août	4	0,09	7 739	172
septembre	79	1,76	8 708	194
octobre	73	1,62	7 285	164
novembre	53	1,18	7 880	175
décembre	59	1,31	8 146	181
	32,3		1 541	

Monthly scorecard, by subsidiary - all indicators

Serac Eco				
2014	Consommation d'eau (en M3)	Consommation d'électricité (en kWh)	Consommation de fuel (en kWh)	Effectifs
janvier				
février				
mars				
avril	55,72	0,93	18 120	302
mai	42,51	0,71	13 440	224
juin	48,42	0,81	18 480	308
juillet	35,96	0,60	19 380	323
août	43	0,72	19 560	324
septembre	46,14	0,77	18 540	309
octobre	38,16	0,64	17 340	289
novembre	42,93	0,72	15 000	250
décembre	34,3	0,57	14 820	247
	6,5		2 578	

LFB + FDB				
2014	Consommation d'eau (en M3)	Consommation d'électricité (en kWh)	Consommation de fuel (en kWh)	Effectifs
janvier				
février				
mars				
avril	345	1,15	52 405	174,67
mai	345	1,15	44 439	148,13
juin	345	1,15	45 740	152,4664
juillet	345	1,15	45 304	137,3444
août	345	1,15	44 488	148,2932
septembre	345	1,15	46 934	156,4444
octobre	345	1,15	67 234	224,0464
novembre	345	1,15	63 620	212,0664
décembre	345	1,15	64 687	215,6232
	30,4		1 549,03	

Monthly consolidated scorecard - all indicators



We Honor Our Commitments

Reasons why we initiated Serac Cares

Our larger competitors have already a real advantage on their CSR programs: considering its growing size, Serac needs to catch up by implementing ambitious programs and reporting criteria in order to stay ahead of competition.

More and more of our largest customers are requesting their current and potential suppliers to provide CSR data in order to be shortlisted: BASF, L’Oreal, Unilever being good examples. We are therefore convinced that your sales forces will benefit from corporate documents focusing on our CSR activities.

Competition Benchmark

	UNGC	CDP	CSR Corporate Communication	Internal Initiatives, Documentation
Bosch	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Krones	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pago	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
IMA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sidel	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Gebo - Cermex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Coesia	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
OCME	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Arcil	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Acma	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Logoplaste	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gea Procomac	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
KHS	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P.K.B.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ronchi	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sipa	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sipac Emmetti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Weightpack	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Zalkin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Federal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ermi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arol	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kosme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lafranchi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barry Wehmiller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



60% of the panel

communicates on at least one aspect of the Sustainable Development

40% of the panel has

no CSR strategy or at least

don't publicly communicate on it

20% of the panel is highly

committed to CSR, by providing sufficient documentations or subscribing to international standards

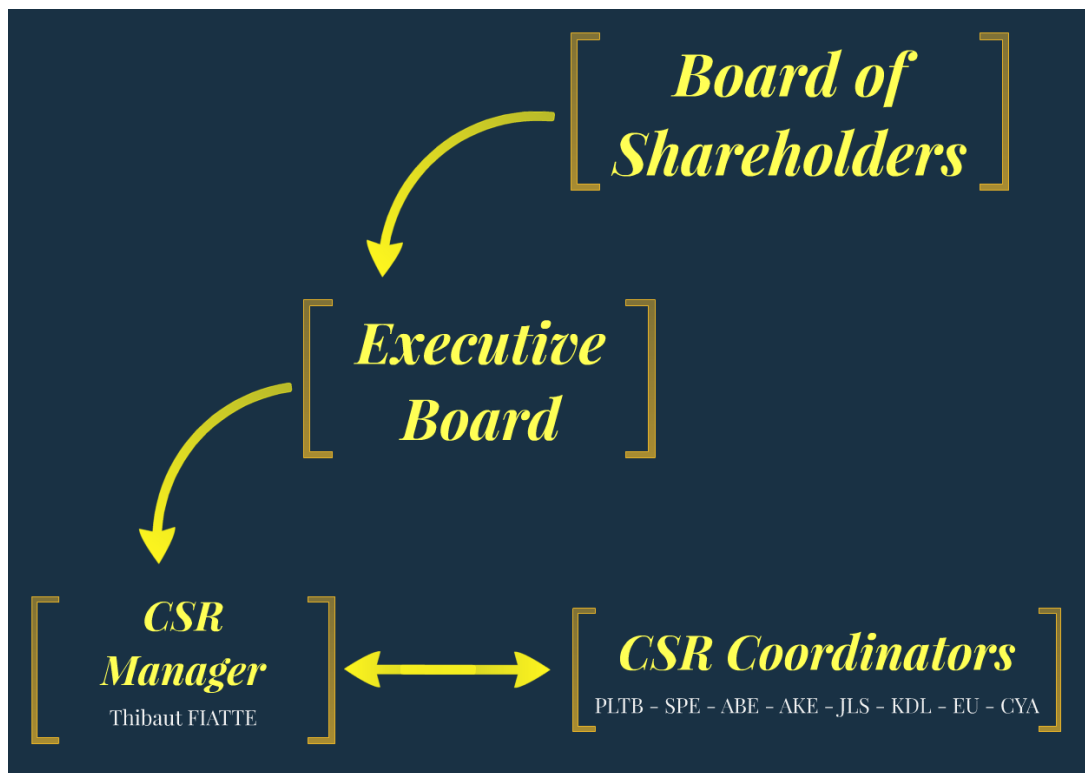
Highlights & conclusions

- ❖ With its current strategy, Serac will manage to enter in the top of its sectorial class, despite its size.
- ❖ Big players present strong cases: it seems that the smaller you are, the less you tend to integrate CSR to your strategy and corporate communication

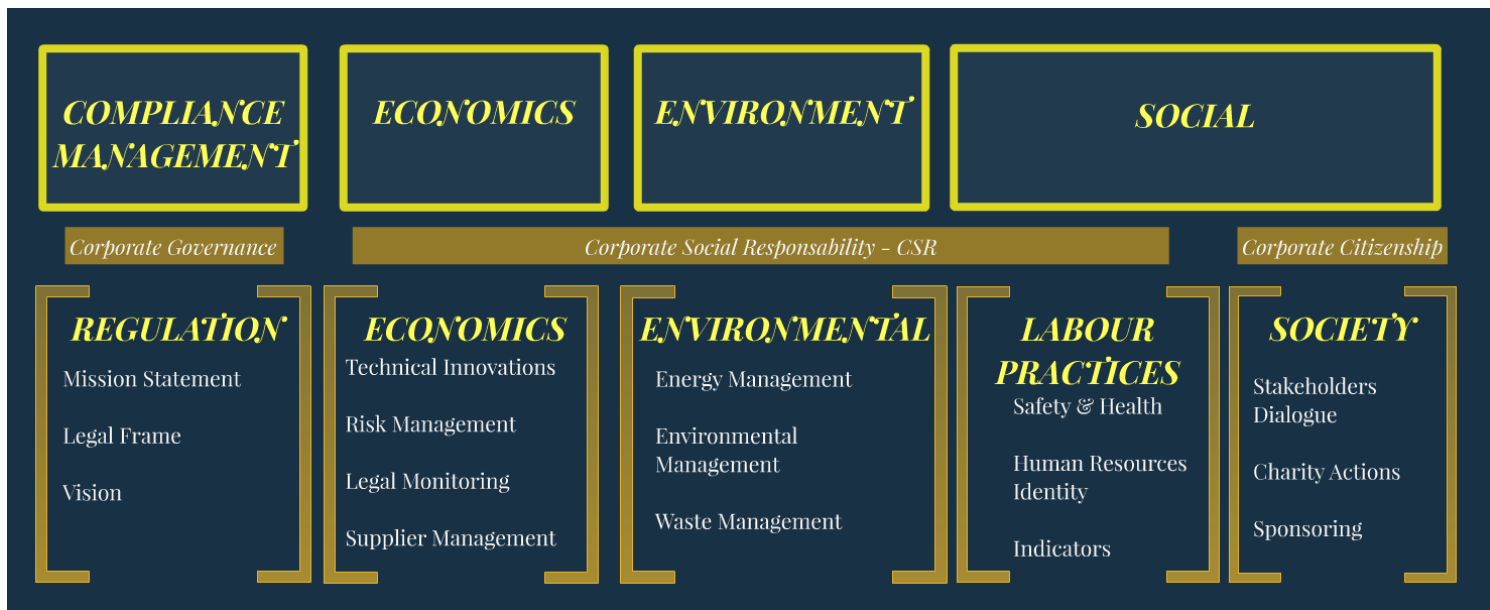
We Honor Our Commitments

How things are organized?

In terms of persons:



In terms of structure:



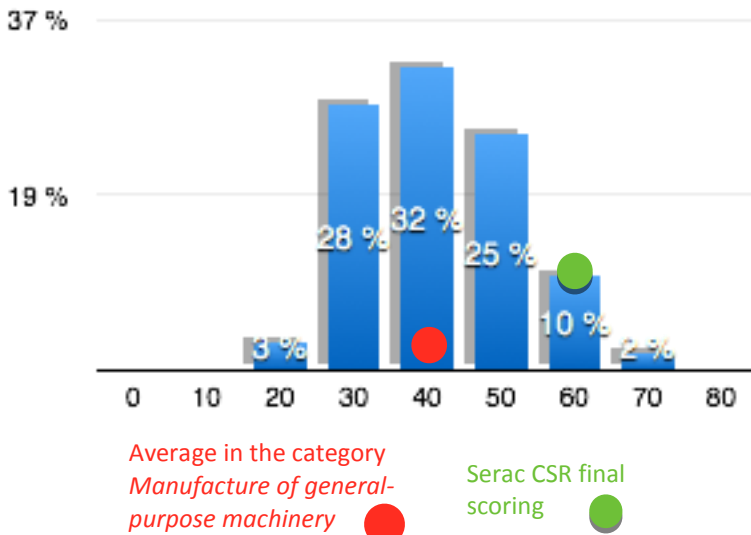
We Honor Our Commitments

EcoVadis Audit Results - Highlights

Serac has an overall score of 56 out of 100 and the company is ranked alongside the 25% of companies which have Confirmed CSR engagement.



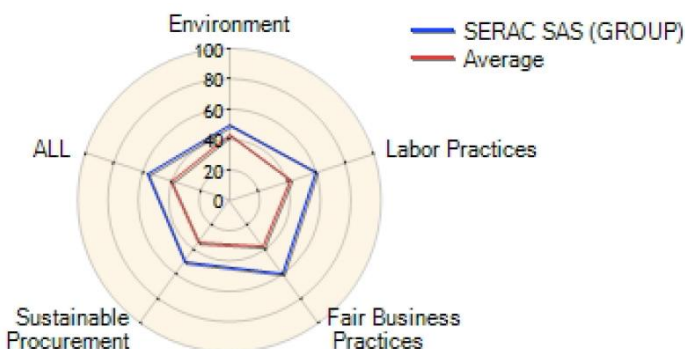
Our global CSR performance overview



Serac compared to all suppliers assessed by EcoVadis. The graph shows the distribution of the overall score of suppliers in %, at the time we extracted datas.

- ✓ **Labour practices:** Serac is in the **TOP 13%** of suppliers assessed by EcoVadis in the category Manufacture of General-Purpose Machinery.
- ✓ **Fair business practices:** Serac is in the **TOP 10%** of suppliers assessed by EcoVadis in the category Manufacture of General-Purpose Machinery.
- ✓ **Suppliers:** Serac is in the **TOP 15%** of suppliers assessed by EcoVadis in the category Manufacture of General-Purpose Machinery.
- ✓ **Overall:** Serac is in the **TOP 8%** of suppliers assessed by EcoVadis in the category Manufacture of General-Purpose Machinery.
- ✓ **Overall:** Serac is in the **TOP 11%** of suppliers assessed by EcoVadis in all categories.

Benchmarking



This is the position of Serac compared to the average of all companies assessed by EcoVadis in the same industry.

Industry sector: Manufacture of General-Purpose Machinery



The grey bars represent the range of ratings attributed to companies operating within the same industry as Serac. NOTE: The top and bottom 5% of performers are excluded to ensure statistical relevance.

We Honor Our Commitments

The global framework Serac is involved in:



According to its current leader - UN Secretary-General Ban Ki-Moon, « *The Global Compact asks companies to embrace universal principles and to partner with the United Nations. It has grown to become a critical platform for the UN to engage effectively with enlightened global business.* »

As a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour,

environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

With over 12,000 corporate participants and other stakeholders from over 145 countries, the UNGC is the largest voluntary corporate responsibility initiative in the world.



The Global Reporting Initiative (GRI) develops and disseminates guidelines for reporting on the economic, environmental and societal dimensions of organisations' activities, products and services.

The GRI works closely with businesses, non-governmental organisations,

government institutions and other groups. The latest GRI guidelines, called G4, were published in May 2013. The use of these guidelines is voluntary: they have become established as the standard for sustainability reporting worldwide.



The Carbon Disclosure Project, or CDP, is an organisation based in the UK which works with shareholders and corporations to disclose the greenhouse gas emissions of major corporations. As disclosure of emission related data as CDP's primary activity, the quality of the data reported to CDP is key. In 2008, it published the emissions data for 1550

of the world's largest corporations, accounting for 26% of global anthropogenic emissions.

EcoVadis became a trusted partner of procurement organizations aiming at implanting sustainable supply management practices. It aims at improving practices of companies by leveraging the influence of global supply chains.



We Honor Our Commitments



The logo for Serac, featuring the word "serac" in a bold, blue, lowercase sans-serif font, enclosed within a white oval with a blue border. The background of the entire page is a close-up photograph of green leaves with water droplets.

serac

Communication on Progress

2015

For any enquiries, do feel free to contact
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12 months validity

Serac

